FOREST SERVICE REFORM

OVERSIGHT HEARINGS

BEFORE THE

SUBCOMMITTEES ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
AND OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON NATURAL RESOURCES HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

THE FOREST SERVICE'S ROLE IN PRESERVING THE NATION'S NATURAL RESOURCES AND IN SUSTAINING THEIR LONG-TERM ECONOMIC PRODUCTIVITY

FEBRUARY 1, 1994 AND FEBRUARY 3, 1994—WASHINGTON, DC

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FOREST SERVICE REFORM

TUESDAY, FEBRUARY 1, 1994

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS, JOINT WITH SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, COMMITTEE ON NATURAL RESOURCES,

Washington, DC.

The subcommittee met, pursuant to call, at 10:05 a.m. in room 1324, Longworth House Office Building, Hon. Bruce F. Vento (chairman of the subcommittee) presiding.

STATEMENT OF HON. BRUCE F. VENTO, A U.S. REPRESENTATIVE FROM MINNESOTA, AND CHAIRMAN, SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS

Mr. VENTO. The Subcommittee on National Parks, Forests and Public Lands as well as the Oversight and Investigations Subcommittee, many of whose members are common, is in order.

These hearings are being held jointly by the two subcommittees, and of course Oversight Subcommittee Chairman Miller, who is also chair of the committee may be by a little later. He has a full agenda this morning, but I am pleased that he is interested, as well as other members, in this topic.

I especially want to note Congressman LaRocco's interest in forest health, which is one of the building blocks in terms of the hearings that we are having today. So I hope that he will be by and review the testimony.

Today, of course, we are going to hear from public witnesses from throughout the nation who have devoted much research and thought to the subject of Forest Service reform. Each is an expert in the field, and most have published articles or reports on the subject. I appreciate the witnesses taking time to be here to share their ideas with us, and I am certain that the testimony will meet the quality that is reflected in the work that they have done prior to this hearing and will do after the hearing.

The Forest Service is the world's preeminent natural resource agency with research personnel and fiscal resources unparalleled to meet its complex mission. In recent years, its implementation of the mission has become increasingly controversial, the subject of heated debate, but today there appears to be a fragile consensus in Congress and the administration and the Forest Service itself that some basic reforms are needed. There is new leadership and new directions.

The purpose of the hearing is to identify and to focus upon the reform menu. We will therefore explore many aspects of the Forest

Service, including policies, organization, budgeting, personnel, and other such practices such as forest health, as I have indicated, based on the individual member and witness discussion at this hearing. Of course, we hope that things don't end here; we hope that they continue. We hope to act as a catalyst to be used over and over again, I guess, in terms of this renewal of the Forest Service.

House rules provide that the chairman announce an opening statement. I have done that, and in the future I am looking to work in cooperation with the other members to withhold statements so that we can provide more opportunity to have an interchange between witnesses. This morning few members are in attendance, and since there had been no notice of my intentions, I will yield to my colleagues for whatever brief comments that they have.

I want to just point out again that we have today a long list of witnesses and experts on forest reform issues and those that are interested in it, and then Thursday we expect the new chief of the Forest Service, Chief Thomas, and Assistant Secretary Lyons to be present at the hearing so we can devote the entire hearing at that point to those witnesses.

Mr. Hansen.

STATEMENT OF JAMES V. HANSEN, A U.S. REPRESENTATIVE FROM UTAH

Mr. HANSEN. Thank you, Mr. Chairman.

I join with you in welcoming the witnesses, a very impressive list of individuals who are here. I appreciate them taking the time to be here.

I am pleased that we could finally hold hearings on the reorganization and reform of the Forest Service. Our national forests are great treasures that serve our country in many ways; thus the term and mandate of multiple use and sustained yield.

As the administration somewhat attempts to steer the Forest Service and other Federal agencies toward ecosystem management, we must remember that people are affected; communities, cultures, industries and businesses are deeply rooted around our national forest system. As we consider the future of the Forest Service, we must consider the extraordinary impacts on these people. We cannot expect to erase over a hundred years of policy and management by overreacting to cries of abuse and destruction. We are dealing with a large bureaucracy that I am sure has some waste and inefficiencies. However, the issue is, how do we fix these problems without creating de facto wilderness?

The Act of 1960 is still good law. The first line reads:

> It is the policy of the Congress that the national forests are established and shall be administered for outdoor recreation, range, timber, watershed and wildlife and fish purposes.

If we cannot agree that all of these uses are important, then we will continue the battles of the past. I hope we can move beyond the traditional battle lines and recognize the wisdom of multiple use and sustained yield.

Thank you, Mr. Chairman. I agree with your comments about opening statements.

Mr. VENTO. Yes. Today there is no real problem in terms of a Secretary or the Chief being here, so we will extend the opportunity for anyone.

Congressman Johnson, did you have a comment this morning? We appreciate your presence. I know of your intense interest in these topics.

Mr. JOHNSON. No, thank you, Mr. Chairman.

Mr. VENTO. Congressman Calvert.

Mr. CALVERT. Mr. Chairman, I would just submit my remarks for the record and thank the witnesses. I look forward to hearing their testimony.

[The statement of Mr. Calvert follows:]

STATEMENT OF HON. KEN CALVERT, A U.S. REPRESENTATIVE FROM CALIFORNIA

Thank you, Mr. Chairman.

As a representative from California, I am particularly glad to be here this morning to participate in these oversight hearings on Forest Service reform.

Millions of acres of forests, rivers, and trails in my State are under Forest Service management.

This agency plays a tremendously important role in protecting the national resources of my State.

It also plays a vital role in balancing economic, recreational, and ecological interests of the State and region.

At a time when the unemployment rate in California is far above the national average, I am particularly anxious to hear what weight the Forest Service plans to give to economic intersts, and how these interests fit into the proposed reforms of Forest Service policies.

Let me also take just a minute to congratulate the Forest Service on the fine work its people did in helping put out the devastating fires in southern California last fall.

They showed great courage and skill, and those of us who live in that part of the State are most appreciative.

Thank you, Mr. Chairman.

Mr. VENTO. Yes.

One of the things about opening statements I just would say—and I think it is a new area, something we would like to try and do—we can always make opening statements on the time that we would be questioning the witnesses and/or asking questions within that. So it doesn't really cut off members, it really just engages us into the hearing in a more advanced way.

Very often when we have had opening statements, we have ended up having an important witness listen to us for an hour without any type of interaction, and I think that most of us could agree that the interaction is probably better than listening to one another. I am, of course, the worst offender of this, so it will probably spare you a lot more pain than it will me.

In any case, I am pleased to welcome back the few members that are here this morning. I am sure we will be joined by others in the new year. We have a very full agenda this year in terms of commitments I have made to hearings and to issues that are before the committee. We have a lot of outstanding issues, and so I look forward to an intense year, an effective year.

I am especially grateful, I might say—and I want to say it publicly—to Congressman Hansen and the others on the committee when, in the remaining days of the session, they provided the opportunity to act on legislation that was on the House Floor. I am very grateful that we were able to do that and clear our agenda,

so to speak, of those issues and deal with matters that were before the House and of importance to the members. We have so much legislation that we processed, but these issues continue to be very important to members.

Mr. Allard, did you have any comments to open? I want to welcome you back. It is good to see you back in full vigor and form from the West, from Colorado, back here to the banana belt of Washington, DC.

Mr. ALLARD. Thank you, Mr. Chairman. I want you to know that while my pipes were freezing here, we were cooking hamburgers in our back yard in Colorado.

Mr. VENTO. I think I could have freeze-dried just about anything in Minnesota yesterday. It was 50 degrees different from Washington, DC, living up to our reputation in Minnesota.

Mr. ALLARD. I don't have any statement, Mr. Chairman.

PANEL CONSISTING OF JAMES DUFFUS III, DIRECTOR OF NATURAL RESOURCES MANAGEMENT ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY JOHN H. ANDERSON, JR., ASSOCIATE DIRECTOR FOR NATURAL RESOURCES MANAGEMENT; JAMES K. MEISSNER, REGIONAL MANAGER, SEATTLE REGIONAL OFFICE; AND LINDA G. MORRA, DIRECTOR, EDUCATION AND EMPLOYMENT ISSUES; AND DR. ROSS W. GORTE, CONGRESSIONAL RESEARCH SERVICE, AND OFFICE OF TECHNOLOGY ASSESSMENT, WASHINGTON, DC.

Mr. VENTO. Well, I am very pleased to welcome the first panel of witnesses, and that is James Duffus, III, the director of the Natural Resources Management Issues, U.S. General Accounting Office; and Ross Gorte of the Congressional Research Service.

Dr. Gorte, I don't know that you have appeared before the committee before. At least I haven't learned to pronounce your name yet, Dr. Gorte.

In any case, he is from the Congressional Research Service and Office of Technology Assessment.

I am especially pleased with the report that came out that we requested from the Office of Technology Assessment, in reading the review of it. I and Congressman Brown obviously both had comments on it, but it will be good to hear further insight from you this morning.

Your statements are all before us at this time, and they will be made part of the record, without objection, in their entirety. All the statements of witnesses will be made part of the record in their entirety—hearing no objection, it is so ordered—as well as opening statements and other material from members that are appropriate, without objection.

Mr. Duffus, please proceed with your statement.

STATEMENT OF JAMES DUFFUS III

Mr. DUFFUS. Thank you, Mr. Chairman.

I would like to introduce my colleagues. On my right is John Anderson, associate director for natural resources management in

GAO; and to my left is Jim Meissner, our regional manager in Seattle and also serves as the associate director for timber issues.

We are pleased to be here today to discuss issues that need to be considered in developing a strategy to reform the Department of Agriculture's Forest Service. My observations today are based on the work that we have done over the last several years on the activities and programs of the Forest Service and of the other three primary Federal land management agencies: The Department of the Interior's National Park Service, Bureau of Land Management, and Fish and Wildlife Service.

In summary, our work has shown that many of the issues that need to be considered in developing a strategy to reform the Forest Service transcend the agency's jurisdictional boundaries and affect the future effectiveness and efficiency of the other three primary Federal land management agencies.

We have reported that the infrastructure constructed to provide access to or make use of natural resources on Federal lands, which is approaching $200 billion in value, is in a growing state of disrepair and that the condition of the lands is deteriorating. For example, we reported that the Forest Service will require at least $644 million to eliminate maintenance backlogs and reconstruct trails and develop recreation sites and millions of dollars more to develop and maintain special recreation and wilderness areas in accordance with current standards. Moreover, tightening budgetary constraints will require substantial cuts in discretionary spending in future years and will not allow funding for new or deferred needs.

One alternative to further cutbacks in services or maintenance standards would be to obtain a better return for the sale or use of natural resources on Federal lands and to dedicate at least some of the additional revenues to the agencies or individual land units that generated the revenues through their programs or activities.

For example, the Forest Service does not always recover its costs on sales of timber, resulting in below-cost sales. We estimated that in fiscal year 1990, under our most conservative definition of costs, about $36 million in preparation and administration expense went unrecovered. Our estimates ranged as high as $112 million when we considered all operating costs and payments to States.

We have noted that eliminating below-cost timber sales could adversely affect the stability of communities in areas that depend on timber from Federal lands for logging and other related jobs. To reduce the risk of economic hardship in these areas, we have observed that, first, if the Federal Government provides assistance to dislocated workers to help them obtain the skills to reenter the work force, their receipt of benefits should be closely tied to participation in the training; second, efforts to provide retraining and income support cannot sustain workers or their communities unless new jobs are created; and, third, helping dislocated workers before or when they lose their jobs increases the likelihood that they will participate in assistance programs, which in turn facilitates their transition to new employment.

In other situations, the Forest Service could also receive a better return for the sale or use of natural resources on its lands. For example, as we reported in 1991, on the basis of available financial

data, concessioners operating on Forest Service lands pay the Government, on average, about 2.4 percent of their gross revenues. In April 1993, we reported that the current ski fee system does not, as required by law, ensure that the Forest Service receives fees that are based on fair market value from permittees operating ski areas on its lands. In 1991, privately owned ski areas operating on Forest Service land paid about 2 percent of the total revenues generated to the Government.

Obtaining a better return for the sale or use of natural resources on Forest Service lands could have environmental as well as economic benefits. For example, some believe that forest managers should be rewarded for making money and protecting the environment. They have suggested that forest managers be allowed to charge fair market value for all of the resources within their land units and that each land unit receive funds from the net receipts it earned the previous year.

While this approach would require specific statutory authority, Federal requirements that such receipts be deposited in the U.S. Treasury rather than returned to the agencies or land units that generated them have discouraged the agencies from generating additional revenues. Legislative precedents exists for returning revenues, such as user fees and timber sale receipts, to the agencies or land units carrying out the activities or programs.

We believe that market-based incentives for both users and managers of natural resources on Federal lands should not be excluded from discussions of reforms in the Forest Service and other Federal land management agencies.

The current budgetary climate requires that the Forest Service also find ways to operate more efficiently. Toward this end, the Forest Service and BLM have begun an experiment in south central Oregon in which a forest supervisor serves concurrently as a BLM district manager in the same community. Objectives of the experiment include improving interagency coordination and customer services and streamlining the work of both agencies. We believe that such tests are needed to build support for consolidating the management of adjacent Federal lands.

In addition to budgetary constraints, scientific research seems to dictate that all Federal land management agencies, including the Forest Service, rethink their organizational structures and relationships with one another.

During the last two years, the Forest Service and the other three land management agencies have announced their intentions to preserve natural systems by implementing an approach that has come to be known as ecosystem management, and the administration is currently considering a strategy to implement this approach across the Federal Government.

However, since the boundaries of natural systems and of the ecosystems that they combine to form are not consistent with the boundaries of existing Federal land units, ecosystem management may require that activities and uses be coordinated and managed across existing Federal land units and agencies. At the request of the chairman of the House Committee on Natural Resources and others, we are examining various issues related to implementing ecosystem management and plan on issuing a report this spring.

In summary, our work has shown that budgetary constraints and scientific findings will challenge the Forest Service as never before to find new and different ways to achieve program goals with fewer resources and to realize the agency's goals for the future in an affordable manner. Responding to these challenges will be neither quick nor easy.

We believe that the Forest Service needs to work closely with the Congress to obtain a better return for the sale or use of natural resources on its lands. It also needs to work with the Congress and other Federal land management agencies to find ways to operate more efficiently and to manage activities and uses across existing Federal land units so as to preserve the nation's natural resources and sustain their long-term economic productivity.

We believe that to accomplish these objectives, a coordinated interagency strategy may be needed to link Forest Service reforms to reforms being considered by other land management agencies. The ultimate goal of this strategy would be to coordinate and integrate the programs, activities, and functions of the Forest Service with those of the other land management agencies so that these agencies operate as a unit at the local level.

Mr. Chairman, that concludes my summary, and we would be glad to respond to questions.

[The prepared statement of Mr. Duffus can be found at the end of the hearing.]

Mr. VENTO. Thank you very much, Mr. Duffus.

We are going to proceed to hear from, of course, Dr. Ross Gorte first, and then we want to question both of you.

Actually, I think, Dr. Gorte, as I had indicated, nearly two years ago, about 22 months ago, OTA concluded a study—I guess you were one of the key players, Dr. Gorte—on the Forest Service reform issue. It was requested by the various committees of Congress. So often we get more information than we can digest. This happily coincided, incidentally, and I think has been drawn upon by the Forest Service as it begins to look at the menu and the agenda for change. It certainly will be helpful to us, and we are very pleased with the work that was done, as you know from my comments.

You may have made some waves in terms of issues. But, you know, if you don't do that, then you are not properly doing as much as you could do. So it is a pleasure to welcome you, and I apologize for mispronouncing your name, but I don't think that you have testified before the committee before, nor have we personally met.

Mr. GORTE. I think the last time I testified before the subcommittee Mr. Seiberling was the chairman.

Mr. VENTO. That was a while ago.

Mr. GORTE. A few years.

Mr. VENTO. Welcome, and please proceed with your statement. It has been made part of the record, so you can summarize or read the relevant portions. Thank you for being present.

STATEMENT OF ROSS W. GORTE

Dr. GORTE. Mr. Chairman and members, I am a specialist in natural resources policy with the Congressional Research Service and was on detail to the Office of Technology Assessment to direct the

study of Forest Service planning that was requested by Mr. Vento, among other members that signed the letter requesting the study. I am here today to provide relevant information on the concerns and considerations in reforming the Forest Service from my work for both agencies.

The four findings in the OTA study describe the major concerns over Forest Service management. The first is that the Forest Service emphasizes timber and other physical outputs in planning and decisionmaking. Outputs are certainly important, but the sustainability of the ecosystems that generate those outputs is paramount. However, planning gives relatively little attention to ecosystem conditions.

The relative emphasis on timber results from many factors. The Multiple Use Sustained Yield Act and the National Forest Management Act imply a focus on outputs. It is also easier to inventory timber than other conditions and values. FORPLAN has an objective function that is to maximize outputs.

Our second finding is that there is inadequate monitoring. It is unclear how effectively the forest plans are being implemented. This results in part from inadequate inventories of resource uses and outputs and ecosystem conditions. It is impossible to monitor the results of activities without baseline information. It also results from the lack of penalties for not monitoring. Managers are evaluated on three factors: achieving the easily measurable outputs, the hard targets; spending money as it was appropriated; and preventing problems from reaching the boss by resolving the problem, postponing a decision, or otherwise avoiding the issue.

Again, control of outputs and expenditures is important, but efforts to achieve other goals could be postponed and ecosystem conditions could deteriorate without knowing it. Furthermore, monitoring that shows degraded conditions or unbalanced plan implementation would not only reflect poorly on the agency, it would also provide the public with information that could be used to challenge the activity. Thus, Forest Service managers have a distinct disincentive to monitor the implementation of plans and activities.

The third finding is that budget decisions can override plans. The annual budget and appropriations are inconsistent with the budgets in the forest plans in part because most plans assumed unrealistic budget increases to achieve all the goals desired by the public. Such plans may seem ideal since no one is clearly responsible for paying the additional costs, but budget requests cannot be built directly from forest plans with unrealistic budgets.

The resource-oriented line items used in the budget also impede meshing plans and budgets. Forest plans integrate and coordinate resource management, but the budget must be translated into line items that are then modified throughout the appropriations process to meet various political needs and responsibilities. The result is that appropriations often bear little resemblance to the coordinated budgets needed to implement integrated management plans.

Finally, the permanently appropriated special accounts and trust funds hinder effectively meshing plans and budgets. Six of the largest funds accounting for more than a quarter of the Forest Service budget in fiscal year 1992 are largely or entirely related to timber

activities, although the Forest Service must rely on annual appropriations for most other activities.

The fourth finding is that national direction can nullify local decisions. The RPA established a national strategic planning process for renewable resources on all lands. The Forest Service notes that information on opportunities and capabilities flow from the plans into the RPA assessment, and quantitative targets from the RPA program are allocated to the forests. The inadequate inventories and monitoring prevent an effective flow of information from the forest plans into the RPA assessment.

More importantly, however, allocating RPA targets to the national forests can negate local agreement about management direction for a national forest. Allocated targets may be infeasible because a national analysis necessarily loses site-specific interactions and constraints and because the RPA program is subject to national pressures and priorities that may be insensitive to local demands and capabilities. Thus, at a minimum, allocated national goals substantially alter the Forest plans established with considerable local analysis and public input.

Proposals to reform or reinvent the Forest Service are generally suggested to improve the agency's performance. Several factors will influence the effectiveness of such proposals. One is the comprehensiveness of the direction. Forest Service programs—as guided by legislation, departmental, and agency regulations and directives, the RPA program, and the forest plans—will be more acceptable to the public if they include all of the values generated from forests and rangelands. These values include the uses and outputs of the lands: recreation, timber, livestock grazing, wild animals, et cetera. Other values associated with ecosystem health or with spiritual or aesthetic values, such as the naturalness of undeveloped lands, are often unmeasured.

Finally, forests and rangelands have financial values often generating revenues but requiring expenditures to manage. Different perceptions of the relative importance of these values contribute to the acrimony over national forest planning. Establishing goals and objectives related to all of the values would at least demonstrate the intent of balanced, comprehensive management.

Monitoring the results of Forest Service activities is necessary to determine whether the goals were achieved and, if not, why not? Was it lack of funding? Was it an infeasible plan? Was it a natural disaster, or was some other factor involved? As with direction, monitoring will be most effective if it assesses performance in achieving the goals for all the values associated with forests and rangelands.

Effective monitoring also requires adequate baseline inventories and performance measurements for the values. Measures of resource conditions are rare or inadequate. For example, range land condition is identified as satisfactory or unsatisfactory with no distinction between barely adequate or superior quality rangelands, and wilderness is reported only in acres designated with no data on the condition of the areas. Acceptable measures of spiritual or aesthetic values are difficult to develop, although public satisfaction with the participation processes as well as with the resulting plans and activities is one measure.

Public reporting of the results also contributes to effective performance. It makes managers accountable to the public and allows comparisons among managers and over time. Involving the public in devising the measurement systems may be necessary to develop acceptable measures of all values. It also helps both the public and the agency to understand how the results relate to the goals and the direction. Public involvement can help the Forest Service reduce monitoring costs by performing some monitoring and by assuring that the critical outputs, sites, and values are examined. Finally, accurate reporting of results can help build trust between the employees and the public and among the disparate interests in national forest planning and management.

The current budget structure may not permit consistency between goals and budgets. Some agencies receive appropriations by unit. This would assure budgets consistent with planning goals, but it would increase inter-regional tensions and might reduce the linkage between appropriations and results, thus reducing the efficiency of Forest Service management.

End-results budgeting is an alternative that could provide flexibility by consolidating the many line items into a handful of categories. However, until the Forest Service has adequate measures of the values, especially the financial values, and adequately monitors and reports on the results of their efforts, end-results budgeting would reduce Congress's constitutional responsibility to control the budget.

Additional budget concerns include the substantial agency discretion over the size and use of trust funds and special accounts, the compensation of counties for tax-exempt Federal lands by sharing timber and other revenues, and the unrealistic budget assumptions used in national forest planning.

Thank you for this opportunity.

[The prepared statement of Dr. Gorte can be found at the end of the hearing.]

Mr. VENTO. Yes, thank you, Dr. Gorte, for your testimony.

I think that since you touched on this budget issue last, that it might be appropriate to review that a little bit and call my colleagues' attention to it, the structure of the budgeting system and the issue that you raised.

I note also that GAO has had some observations on this topic. But how we spend the money or how the money comes about, it seems that each administration that comes to us in any proposal—and the Forest Service certainly reflects this—they want to maintain a lot more flexibility.

One of the ways that Congress limits some of that flexibility is through the policy actions that we take in this committee. Another way is through the line item process. You say they are trying to reduce it to 60, Dr. Gorte. How many line items do they have now?

Dr. GORTE. I believe it is between 60 and 65. I don't remember exactly.

Mr. VENTO. So they are consolidating approximately 60 into a smaller number.

Dr. GORTE. I believe it is about 10 or fewer than 10. I am not sure exactly.

Mr. VENTO. That would obviously leave a lot more flexibility then. Is that the idea?

Dr. GORTE. That is the intent, to provide the flexibility to be able to implement the forest plans.

In many respects the increased flexibility is desirable as long as Congress can be certain that the results of those efforts in fact achieve what Congress wants them to achieve. Thus, giving the agency the flexibility and the discretion to use that money as they see fit to implement the plans should be contingent upon evidence that they are in fact achieving the results that they expected to achieve when they asked for the money.

Mr. VENTO. Actually, my staff tells me that there are 72 separate line items for the Forest Service. It depends, I suppose, how you score some of these, whether they are joint or shared by other agencies and so forth.

Mr. Duffus, did you have any comments on this line item or the number of budget lines in the appropriations bills?

Mr. DUFFUS. No, we did not.

Mr. VENTO. But it is important in terms of moving forward. There is this discussion of doing it by unit. But if we look at the Park Service, we can find out what the problems are with that by unit, forest.

Actually, much of this, the Forest Service, in my judgment, has had a greater degree of flexibility than some other land management agencies by comparison, hasn't it, Dr. Gorte?

Dr. GORTE. The Forest Service does have substantial flexibility, particularly over the trust funds and special accounts. Those accounts generate about 30 percent of the Forest Service's annual expenditures, and there are limits on how they can use the money that is based in the specific laws creating the trust fund and special accounts.

But the agency has substantial discretion over how much money goes into each one of those accounts. Thus, the agency does have, at least with respect to many of its timber activities, substantial discretion to determine how much money is available for reforestation, for timber stand improvement, for brush disposal, and for other sorts of activities. I believe that that 30 percent in the 13 permanently appropriated trust funds and special accounts that the Forest Service has is much higher than in most other agencies.

Mr. VENTO. The policy committees tend to side with the trust fund, a sort of affection for it in terms of limiting the appropriators and OMB. Most budget analysts tend to want to break those down and eliminate the walls that exist there and have the opportunity to, in fact, address the dollars unimpeded each year. So we have sort of a lively tension that exists here in terms of assuring if we are going to put a policy in place that generates some revenue, that at least it then is focused.

The problem with that is, seldom do the trust funds have the type of change possibility as conditions and so forth might be modified, although we would strive to do so if the Forest Service generally knew what they wanted to do. But I think what they usually come back with is a request for flexibility to eliminate the requirements without any new ones.

Mr. Duffus, did you have any comments on the trust fund issue, as long as we were into that?

Mr. DUFFUS. No. We are currently doing trust fund work at the Forest Service, but don't have anything to add to the discussion at this time.

Mr. VENTO. They borrow against those, and sometimes they don't have the resources then to do things that are necessary, and that of course represents a problem.

I think Dr. Gorte touched on the different values, the outputs, the timber, mining, the outputs for the conditions, the value of the health of the resource, as Congressman LaRocco has constantly pointed out, and then of course, third, the aesthetic values, all of which, you know, today have to be melded together in a policy path in terms of a forest management plan. You point out the difficulty of doing that, both Dr. Gorte and the 75 studies that are done by the GAO.

Mr. Duffus, you are talking about trying to put in place studying the ecosystem approach. What are you finding are the difficult factors in terms of putting that in place?

The first question is always trying to define an ecosystem. I just refer people to ODUM, and they can read about it themselves. But what other problems do you refer to?

Mr. DUFFUS. I think a big problem you have is that ecosystem management crosses jurisdictional lines and the need for the land management agencies to collectively and collaboratively deal with this.

GAO is in a unique position to take a look across the board at these land management agencies and not necessarily focus on any one in particular. When you talk about ecosystem management, you are talking about systems that cross jurisdictional boundaries, and you are right, Mr. Chairman, there is not a definition of ecosystem management, and that is part of the problem.

But there has to be improved collaboration, improved coordination, and a strategy so that the impacts, the actions, the decisions, and the programs that take place in one agency are consistent with those in other agencies. So it is a difficult concept to grasp, and I think it is going to be an extremely difficult concept to manage.

Mr. VENTO. Well, it is. I think it is a conversion, though, of issues. I mean it isn't just of laws and policies, whether it is the Endangered Species Act or other requirements that exist under NEPA or any series of laws, the Clean Air Act. So I think that this is convergence of these things coming together. Whereas it is much easier, for instance, to measure timber harvest or water flow, there are some quantitative things, but these others are left in an area where there is, some would suggest, a subjectivity.

But I think the question is, Can we in fact quantify in some terms what is taking place? And of course that is the basis for the committee's request, Chairman Miller's request, for some of the work that you are doing.

My time has expired, but I may have a few more questions in another round.

Mr. Hansen, for five minutes.

Mr. HANSEN. Thank you, Mr. Chairman.

I appreciate the testimony of the witnesses.

Mr. Duffus, you have a very interesting report. It covers a little bit of everything in here, and I find it fascinating as I go through it, a lot of ideas.

Just out of curiosity, coming from a western State, how come the States can do it cheaper than the Federal Government? I used to be speaker of the House in the State of Utah and chairman of the Appropriations Committee, which was given to the speaker by statute. We noticed we did things a lot cheaper. I went out on the ground for a long time, and we were doing what BLM and the Forest Service—we were doing it for 25–50 percent less. Did you ever figure that out?

Mr. DUFFUS. No, we never did. That is an interesting question. We have never looked at trying to compare the differences in administering programs at the State and Federal levels and why one may be able to do it more efficiently than the other.

As I said here today, there is a need for the Forest Service to operate more efficiently, because we have an environment of tight budgetary constraints and things have to be done differently, and one thing that we think has to be done differently is the agency has to find ways to operate more efficiently. Now, how that compares to the States, we have never gotten into.

Mr. HANSEN. I notice that, and I have noticed all the way through there the efficiency of the BLM and Forest Service and any of those who are custodians of the public land. I have just wondered, and I state very respectfully, but I just wonder why the Federal Government always seems to feel that they are the answer to everything. Sometimes the States do a much better job, if I may respectfully say so, and can do it much less expensively and, I feel, do it just as efficiently as the Federal Government does it.

You alluded to the idea concerning those who use the public grounds should pay for the public ground. In one part of your testimony you talk about skiers. Are you saying that those who ski, like the States of Colorado and Utah where the ski industry is very large, that those who use the public ground should pay substantially more for it?

And let me take off on that and ask, Would you also include in that everyone who uses public ground? We are caught in this thing of grazing and we discuss it ad nauseum around here for 18 million bucks and we blink and spend $2 billion.

But anyway, if I may say so, in our State, there are just an awful lot of people who use it for fishing. I am one of those; hunting, I am one of those; backpacking, bird watching, camping, whatever it may be. I mean, that is why a lot of people live in the West, so they can use this public ground that they didn't get like many of our eastern folks when they got theirs by fee title. We got licenses and permits. But anyway, that is hindsight. I think that should be rectified.

But should all these people pay for something?

Mr. DUFFUS. Well, I don't know that I would go as far as to say that everybody who uses Federal lands should pay a fee. You know, that is a policy question; we have not done the work to back it up.

But you mention ski fees. There are laws that require that fair market value be returned by ski operators operating on Federal lands, and when we took a look at this, we found that they were

returning about 2 percent of the total revenues generated. This represents about—I just forget the exact numbers—about $13 million paid to the Federal Government on $740 million of total revenues. The Forest Service has acknowledged it could do more; that this is not a fair return. It did some studies in that regard.

We have reported the need for a better return from concessionaires operating on Forest Service lands and on lands of the other Federal land management agencies.

We are not saying that the Federal Government should charge everybody for using its lands, but there should be an effort to obtain a better return in many instances for the sale or use of its lands. More needs to be done than we have seen to date.

Mr. HANSEN. On pages 7 through 9 of your testimony you allude to all people who use the public ground, but then in your oral statement you are saying that that is really not quite the way you look at it, that you are really more concerned on the idea of those big users like those who mine, who cut timber, who graze on the grounds. You draw a distinction between the 33,000 deer hunters that go on the public ground and the 15 miners. Is that right?

Mr. DUFFUS. On pages 7 and 9, we are setting forth some ideas that others have suggested. We are not endorsing them. We are bringing to the table some ideas that others have advanced with respect to charging all users of Federal lands for the use of the lands and then returning the net receipts earned back to the unit that generated them to be used to improve the unit, and to halt the deterioration. That is something that we have not looked at. I do not think that this idea should be ignored in discussions of reform of the Forest Service. I think it is a valid issue, but we do not endorse charging everybody a fee that uses Federal lands. However, it should not be excluded from consideration.

Mr. HANSEN. Taking into consideration the idea that the Forest Service—we always get into this discussion here about below-cost timber sales. Below-cost timber sales. You folks ride into the ideas of the trails and roads and all that type of thing that goes into it. Do you also take into consideration those other than timber people who use those things? I mean those of us from the West fully understand that the timber people probably don't use them 10 percent compared to the public, per se.

Mr. DUFFUS. Are you talking about the roads?

Mr. HANSEN. I am talking about, as you do, some cost accounting on it. Whatever accounting procedure you use, the roads are always thrown up as one of the biggest costs going in there, and let's face it, it costs a lot of money to go into those areas. But there sure are a lot of folks that use those. The environmentalists use them constantly to go into those areas. Those of us who love to backpack use them constantly. Those that fish and hunt use them. Other government entities use them. When you do your accounting, is that all taken into consideration?

Mr. MEISSNER. Yes, Congressman, it is considered. In fact, that is one of the reasons why the Forest Service doesn't even charge against timber use many of the costs of roads. So, yes, it most certainly is taken into consideration.

One of the issues in the Forest Service is how you divide joint costs, and the Forest Service is currently having to deal with that.

In other words, what proportion of the cost of a road should be allocated to recreation, to timber, and to other uses? That is currently an issue the Forest Service is trying to deal with.

Mr. HANSEN. I appreciate that.

Mr. VENTO. Would the gentleman yield just on that?

Do they also take into consideration the cost of road restoration?

Mr. MEISSNER. That is a maintenance cost, and yes, it is taken into consideration.

Mr. VENTO. That is, the closure of the road is the restoration. That is the artful term that we use. Is that taken into consideration? That is what I am talking about. That is what road restoration means in the Forest Service, as far as I know.

Mr. MEISSNER. OK. The basic prism of the road is not depreciated as a timber cost because the Forest Service looks upon the prism as being a permanent part of the road, and it is not included in that cost.

Mr. VENTO. If it is going to be. I just wanted to raise that. That is one of the problems. The renewable resource management plan is going to be guided by recreation use where timber is and other factors that are used. So it is a question in my mind how close the parallel is.

These are, of course, debatable or argumentative points, I realize that. But I wanted to just point out that not only is recreation taken into the cost of the restoration, the closure of the road, to make it clear to everyone so we know what we are talking about, and/or whether or not this actually matches the management plan is another question. But if it is a presumption that wherever somebody cuts timber, that is where we are going to have recreation, hunting, and so forth, that is an interesting point that should be noted.

Mr. HANSEN. Mr. Chairman, I just have one further question. I have used my time, I am sure.

Mr. VENTO. Certainly.

Mr. HANSEN. I appreciate that answer. That is kind of you to do that.

All through your statement you are talking about the idea of redundancy and duplication, BLM and others, and you allude to the idea that under President Carter he made a suggestion, and then you go on to discuss the Grace Commission and some of their suggestions, talking about the duplication between the Forest Service and the BLM, and I applaud you for that observation because it seems to me there is a lot of it.

These kids graduate from a land grant college. One goes to BLM, one goes to the Park Service, one goes to the Forest Service, and they all basically do the same thing to a certain extent. Maybe that is part of the answer of why the States can do it a little cheaper than the folks in the Federal Government; they don't have as much duplication.

But not to dwell on that point, is there some innuendo in your report that you expect that that would be a better way, if the Congress moved in that direction, to cut down many of the costs that seem to be so overwhelming with these organizations that handle our public lands?

Mr. DUFFUS. What we are suggesting is that there needs to be a common approach to Federal land management. Now whether or not the best way to achieve that common approach is to combine the land managing agencies into one department is a decision that will have to be made. That should not be a goal in itself, however. It is the common approach that is the key thing.

Mr. HANSEN. But you comment about them all doing identical work in there, and we see all through the West the BLM office right next to a Forest Service office, and they go to coffee together, they discuss together, and the only thing is, there is an imaginary line that somebody drew between the BLM and the Forest Service. It seems somewhat ridiculous to people who come out of the business community, if I may say so.

Mr. DUFFUS. They share a lot of the same problems, and they manage with a lot of the same goals in mind. As I pointed out in my testimony, in Oregon the Forest Service is experimenting with having the forest supervisor carry out the BLM district manager's role as well as the Forest Service role. I think this is something that should be looked at closely, and if it works, then I think it can serve as a basis for expanding this sort of concept.

Mr. HANSEN. Thank you.

Thank you, Mr. Chairman. I appreciate that.

Mr. VENTO. Yes.

Congressman DeFazio, we are pleased to see you back at work today.

Mr. DEFAZIO. Thank you, Mr. Chairman. I hadn't felt like I was gone very long.

Dr. Gorte, as I understand the thrust of your testimony, we should develop a framework for the Forest Service where we are measuring the diverse outputs we want, whether we want a measurable recreation output or fish output or a timber output or whatever the outputs are, and then sort of optimally we would have a budget that would reach our targets for those outputs. Is that correct?

Dr. GORTE. I think what would be desirable would be, the Forest Service would present a budget request that they need a certain amount of money, and with that money they expected to achieve certain outputs and certain changes in conditions in the coming year. Then they report back to Congress on how well they have achieved, and where they didn't meet what they expected to based on their budget request, why not? For example, was there some other problem that arose that was unanticipated when they requested the money? Were there some other factors involved that prevented them from achieving the goals that they had established when they requested the money?

So there is some linkage between the money that is given to them and the results that they achieve. That linkage between the end results and the budget is, in fact, critical. Congress tends to focus on the input side on how much money we give the Forest Service for timber or for recreation or for trails, because that is all they can control right now because we don't have very good measures of the output side.

Mr. DEFAZIO. Well, unfortunately, I think Congress has been very focused on a certain aspect of the output side, which is the

cash-flow that comes off those lands. Particularly in western Oregon, Washington, northern California, we have what would be called sort of not-below-cost forests, so that this instance is becoming very current. I mean they were a cash cow that was milked for years by the Forest Service, and they essentially were run on those trust funds you are talking about. I mean there was large use of those funds.

As those funds drop off precipitously, we are finding that the Forest Service has been unwilling to reallocate funds into our region, adequate to make up the shortfall. Have you noted that?

Dr. GORTE. I haven't looked at the details in the last couple of years.

Mr. DEFAZIO. Because the President has put forward a plan which has, I think, rather ambitiously proposed a different set of outputs for the forest, so-called Option Nine of the FEMAT report. It will be very complex and expensive to implement, and yet we haven't seen the willingness on the part of the administration or the Forest Service to put that money up. Congress itself allocated a piddling amount of money for stream restoration and some of the investment activities.

I guess the key is, what we are looking at is, we are really changing, at least in the forests in my region, from a time of treating them like a cash cow and draining them, to a time of investment and renewal. I don't think I see that willingness in either the Forest Service or the administration; I am not even sure I see it among my colleagues here in the Congress. They would rather spend the money on the military than they would on future forests.

Dr. GORTE. Well, one of the keys is making sure that we understand what the money is going for and then making sure that the investments are, in fact, made. There are examples of sites in Oregon and Washington that have not been successfully reforested, where the efforts have gone on several times, and the cut-over sites still have not been reforested. The Forest Service needs to demonstrate that, in fact, they are being successful in doing what they say they are going to do with the money that they have got. But to date they have not been required to demonstrate their successes very effectively.

Mr. DEFAZIO. All right, but we are at a point where they are being given a major new mandate in my region. It is admitted in the report of the scientists who created that mandate behind closed doors. Whether you agree or disagree with it, we don't know what went into it. We just ended up with a result, here it was, it was science, and they said this is going to be very expensive to implement and there should be no further reductions in FTE in the region, no further reductions in the budget because it will be very expensive to implement this.

Have you looked at whether or not the proposed budgets are going to be adequate to implement the proposed forest plans of the President?

Dr. GORTE. I have not looked in detail at whether the budget requests are indeed adequate to implement Mr. Clinton's forest plan for the Pacific Northwest in detail. I suspect that, from what I have seen, in fact, the budget requests have not matched what was proposed in the plan that was announced last summer.

Mr. VENTO. Would the gentleman yield?

Mr. DEFAZIO. Yes.

Mr. VENTO. If you want to continue with the budget questions, we are going to have hearings.

Mr. DEFAZIO. No. I understand.

Mr. VENTO. A question that came to my mind as you were questioning is, is this sort of typical of the inability of the Forest Service to shift funds from certain categories to other areas where emphasis is needed? Is this a thread that runs through the testimony?

Mr. DEFAZIO. Mr. Chairman, if I could reclaim my time, I think the actuality in my region is, they have been using those funds to support an infrastructure that perhaps was outside the scope of those funds.

Primarily, when I go to the Willamette Forest, I hear you are having these massive layoffs. There is no one left in this ranger district. You have got to do all this watershed analysis and these new things, but there are no employees—you know, there are two people left. What is going on? And the forest supervisor says there are a couple of things going on. One is, they are not getting the money from Washington, but the second is that they were generating a lot of their own money before out of timber which they apparently were using maybe with illegal flexibility beyond the timber programs. They were supporting a lot of their other activities, and now as those funds drop off and the general funds don't replace it, you are seeing a double effect.

Mr. VENTO. And I just wonder if you want to direct that question. I don't want to take any more of your time, but I didn't want the opportunity to pass.

Is this typical? If there aren't timber receipts, then we are not able to shift the dollars to do things in terms of policy. So it sort of means if you don't have a timber program, then you don't have a Forest Service presence?

Dr. GORTE. There has long been recognized a distinction between what were called rich forests and poor forests. The rich forests were the ones that had timber to sell where they could generate trust funds and special accounts. The poor forests were those that didn't have the timber to sell to generate their own revenues and their own expenditures.

I think the problem in the Pacific Northwest, or one of the many problems, is that in fact the forests have gone from being extremely rich to being only middle-of-the-road rich in terms of their finances.

Mr. DEFAZIO. Given the current harvest levels, I think they are headed toward the poorhouse.

So in the differentiation between the rich forests and the poor forests, historically, perhaps the poor forests were 100-percent or 85-percent supported by general fund from Washington, DC, and the rich forests were 10, 15, 20, whatever, some small percentage supported that way. So now as all those funds drop off, the money is not replacing it. Is that what is happening?

Dr. GORTE. I haven't examined it, but that seems likely.

Mr. VENTO. I just wanted to add, I think it is like Region VI was swimming in money before. But this also then relates to the receipts that come back to local governments, as the gentleman is keenly aware of the difficulty that we face there.

Mr. DEFAZIO. Well, thankfully that is an entitlement, Mr. Chairman, and I think that was one of the wisest things the President has done in his short time in office, to make those funds an entitlement.

Thank you, Mr. Chairman.

Mr. VENTO. The gentleman's terminology, but I wonder if it is going to be a long lasting one.

Has the gentleman concluded his questions at this point?

Mr. DEFAZIO. Yes. I am looking forward to the agency witnesses on Thursday, Mr. Chairman. So I will save my fire until then.

Mr. VENTO. I don't know if the feeling will be mutual.

Congressman Allard.

Mr. ALLARD. Thank you, Mr. Chairman.

I would like to pursue a little further the line of questioning by my colleagues before me about your budget concerns when you are dropping the multiple use concept. You suggest in your testimony that you would like to see greater development of tourism and recreation in our national forest areas, and then I see a decrease in emphasis on mining and timbering and grazing of livestock on public lands. Your trust funds have been supported by the mining, timber, and livestock industries, which, as you indicate in your testimony, makes up to 30 percent of your total budget, and then you are dropping these off.

How are you going to recoup those revenues from tourism and recreation in our national forests? Do you have any ideas in that regard?

Dr. GORTE. I have not directly examined that question.

Mr. ALLARD. Don't you think you ought to?

Dr. GORTE. Well, my expertise within CRS tends to focus on timber and timber issues. We do have a recreation specialist that addresses some of those questions. In fact, it is a question that needs to be raised and needs to be examined very closely in making whatever changes are suggested in our proposal for Congress.

The funding of the agency is an important question. How we can or might generate revenues from those activities that currently do not generate revenues is an important question.

I am not sure I would propose a recreation user fee, but certainly people have, and there is merit in at least considering options for finding ways to get people who use the national forests to pay for those uses for the benefits that they are receiving.

Mr. ALLARD. Once you have decided that you want to go with a recreational fee, I think the question becomes how to collect it?

Dr. GORTE. That is one of the challenges. There are certain inefficiencies that are inherent in trying to collect fees from a widely distributed group of users.

I would also note that I am not particularly proposing that we ought to reduce outputs from the national forests. All I am trying to suggest is that we need to make sure that we have a reasonable understanding of what is happening to the ecosystem conditions as well.

If the ecosystem conditions can be maintained and we can maintain output levels, that seems perfectly desirable, but if maintaining output levels means deteriorating ecosystem conditions, we need to understand that so that the American people can choose

that if that is what they want or that they can choose lower outputs if they want to maintain ecosystem conditions.

It is that they need the information so that they can make that choice in a reasoned way rather than make the choice to maintain outputs or reduce them without understanding what that means for the ecosystem conditions.

Mr. ALLARD. I will get back. I would like to direct that question to Mr. Duffus. You did something on the redwood forests?

Mr. DUFFUS. Yes. GAO looked at what happened to dislocated workers from the Redwood experience.

Mr. ALLARD. What were your conclusions?

Mr. DUFFUS. I would like to ask Linda Morra who was directly involved in that report to respond, if you don't mind, Mr. Allard. She is the diector of GAO's education and employment issues.

Mr. ALLARD. If she could keep it relatively short, depending on the chairman's flexibility on that— two or three minutes.

Ms. MORRA. Sure.

We were asked to look at what happened with the Redwoods assistance programs. We were asked really four questions: What benefits and assistance were provided; what happened to the workers; what happened to the communities that were involved; and, what were the lessons that were learned.

The benefits and assistance that were provided included loans, priority for park jobs, alternative harvest production. Also retraining services were offered. That included job search, relocation, and actual training, and severance pay was an option as well as weekly benefits. The goal was for a full replacement wage. An estimated 500 to 1,000 workers were anticipated to be eligible for this program.

Now in terms of what happened to the workers, we weren't able to actually go out and track them because the Redwood Employee Protection Program no longer exists and it was too long ago to track what happened to the workers.

But in terms of what happened, about 6,000 people ended up applying for the program. The program ended up serving about 3,500 people, in terms of who got benefits. About $104 million was spent on these 3,500 workers. Of those people, only 13 percent took advantage of the training.

Most of those who took the training went into a two-year community college and took some training in carpentry or electronics. Of those who did take the training, in the end about 30–50 percent relocated.

The program offered generous benefits. The eligibility was rather easy. So there was some indication that some people who really weren't dislocated by the expansion of the park tried to take advantage of the program and get in.

On the other hand, some people who were affected by the expansion of the park because they were in employments related secondarily to the park, such as, they offered food services to the workers, were not eligible for the program.

In terms of what happened to the communities, we looked at Humboldt and Del Norte as the two counties that were most affected by the expansion of the park, and we found that many

things account for changes in communities. You can't make a direct tie because of this program.

In general, Humboldt County seemed to be more stable than Del Norte. Humboldt County apparently got more retirees over the years, and Del Norte in the end really didn't bounce back until 1989 when the State opened up a prison there.

In terms of lessons learned, we think it is important to tie the receipt of benefits to training. We think it is important to keep in mind that—if you want to keep workers in the community—training alone won't necessarily do that unless the training is geared to what the job opportunities are in the community, or if necessary, there is some thought given to job creation, and also that the help must be timely.

This program suffered because the Department of Labor didn't get regulations out on the retraining portion of the program for 14 months. There was some initial confusion about who was covered and who wasn't, and people sort of found out about it word of mouth.

So these are the highlights of our findings.

Mr. ALLARD. One of the mandates you had was what types of revenues replaced the loss in revenues in that forest. In other words, I think there was a directive to you to talk about tourism. Was there enough tourism that was generated in that to make up for the loss of revenues and jobs on the other side? My understanding is that there wasn't much tourism generated. Could you substantiate that?

Ms. MORRA. Workers were given priorities for park jobs, but they didn't tend to qualify for those jobs, so that didn't happen. Another program gave them the alternative timber harvest, but that harvest was apparently down because of other environmental concerns, and as for tourism, at least in terms of these communities being large beneficiaries of tourism, that does not seem to have happened.

Mr. VENTO. Would you give your name for the record again so that we have that clearly?

Ms. MORRA. Yes. My name is Linda Morra, and I direct GAO's education and employment work.

Mr. VENTO. Now what was the period of this report? This was in the early 1980's that you did this report?

Ms. MORRA. No. This report just very recently came out. It is a December 1993 report. But we had to take a real look backwards in time because the main program was operating pretty much from 1978–1984, so it is hard to go back and try to gather data at this point.

Mr. ALLARD. I just did some quick calculation on your figures. You said you spent $104 million on the program; there were 3,500 people who qualified. That adds to about $30,000 a person. Was that worth it?

Ms. MORRA. Was that worth it?

Mr. ALLARD. Yes. I mean that is an awful lot of money to spend. I wonder if the results justify that kind of expenditure. We have done all this program, we have spent a lot of dollars, but I am not sure we have changed much. That is the bottom line.

Ms. MORRA. Yes. Those individuals certainly benefited from those funds, but in terms of actual training, new skills that people gained or new employment, only 13 percent participated in retraining programs. In the end, a lot of the workers simply left those communities. The timber-related work force in Del Norte, for example, which was 25 percent of the work force before the expansion of the parkland, is now about 5 percent. In Humboldt, it went from about 17 percent of the work force to less than 10 percent of the work force, and we do know that many people in the end relocated.

Mr. ALLARD. Thank you.

Mr. VENTO. The time of the gentleman has expired.

One of the points in terms of rhetorical is, what does it cost to train anyone? Of course, if they were just given the money as dislocated workers, who is to say they didn't go off and start a business or do something else? We don't know that. We don't know what the work reduction was in other timber-related counties. Thirty thousand dollars sounds like a lot. What does it cost to train someone in a technical college for a year? I mean there is a taxpayer-supported effort. So education and training, some people thought it was free. That is a radical idea.

Congresswoman Shepherd.

Ms. SHEPHERD. Thank you.

I would like to talk about the relationship of what the Forest Service does on public land and what happens on private land. There is a great deal of timber that is owned by private landowners across the country, including in Utah. As you develop strategies toward ecosystem management, obviously you have to have a strategy for working with private landowners and including them in whatever management system you had.

Mr. Duffus, I would like to hear you comment on what your strategies are in dealing with private landowners.

Mr. DUFFUS. I don't have any strategies personally, and I don't think the GAO has any strategies for dealing with the private landowners.

I would agree that with the concept of ecosystem management, private lands have to be taken into consideration. I don't think that they can be excluded, and it is going to make the task more difficult as these four land management agencies implement this concept.

We have to define what it is first, and then we have to see how it is going to work and what the impediments are. The report we are planning to issue this spring is going to touch upon some of those issues and talk about the impediments and the things that need to be addressed in ecosystem management.

Ms. SHEPHERD. Thank you, Mr. Chairman. That is all.

Mr. VENTO. Thank you.

Congressman Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

Ms. Morra, I was particularly interested in your testimony about this $30,000 expenditure per worker and most of the workers ended up leaving town.

I have become convinced that most of these retraining programs are simply set up as ways to ease the conscience of those who are destroying all these jobs in the timber producing areas. I think it

is very, very sad that we are destroying all of these jobs. Then we somehow seem to justify it by saying that, well, we are going to retrain these workers.

You said that there were 3,500 workers, and one thing I wasn't clear on. You said 3,500 workers, but you said only 13 percent participated in the programs. The 3,500, was that the 13 percent, or did you mean 13 percent of the 3,500?

Ms. MORRA. Thirty-five hundred received benefits, for example the severance pay or the weekly wage replacement benefit. But of the 3,500, only 13 percent participated in training, a little over 430 people.

Mr. DUNCAN. Only 430 actually participated in the retraining.

Ms. MORRA. That is correct.

Mr. DUNCAN. And how long a retraining program was that?

Ms. MORRA. They had various options that they could choose from. They didn't have to go into a specific retraining program. The majority who took training opted for training at the two-year Redwoods College, and they took either carpentry or electronics type of training.

Mr. DUNCAN. But you said that some of the workers were retrained but were directed to other timber harvest jobs, but they weren't there because of environmental concerns, something like that.

Ms. MORRA. Yes. We were told these people were not necessarily those that were retrained, but part of the package of programs that made up the redwood assistance, was this alternative timber harvest. The idea was that there would be some harvest loss certainly in the Redwoods but they would make it up, or some of it up, through giving more access to another harvest. However, that harvest was apparently never as large as people thought it was going to be at the time.

Mr. DUNCAN. Mr. Duffus, in your testimony, you say to reduce the risk of economic hardship in these areas, CBO suggested that the level of below-cost timber sales be lowered gradually, Federal training and job replacement skills be provided, and greater development of other activities such as tourism and recreation in the national forests be encouraged.

Have you done any studies, or do you have any idea what percentage of these jobs roughly would be replaced by greater development of tourism or recreation?

Mr. DUFFUS. We haven't done any studies, other than what Linda Morra has talked to you about in terms of the Redwood experience. We haven't done anything beyond that.

Mr. DUNCAN. I have just been handed a staff figure that says the National Park Service projected 16 million visitors after the Redwood Park—or 1.6 million visitors after 7 years for the Redwood Park and actual visitation was 35,000. Do you not think that in many cases these benefits of tourism have been greatly exaggerated?

You know, we have a wonderful National Park System, but we can't turn the entire country into a National Park unless we are just going to destroy the country economically.

Mr. DUFFUS. It would be speculation on my part to say that these figures were exaggerated. I don't think anyone would call for

turning the country into a national park, but I think you raise some pretty interesting issues and important issues.

I cannot comment on whether or not the 1.6 million was a realistic estimate, and the 35,000 was accurate.

Mr. DUNCAN. All right.

We have been provided figures that show that in fiscal year 1992 the Forest Service had a budget of $3.87 billion and approximately $1.4 billion was from receipts for activities conducted on its lands. Do you know or do you have any projections of where that is headed? Is roughly 40 percent of the Forest Service budget still going to be produced by receipts from activities used on the land in the years ahead, or do you see that gap widening?

Mr. DUFFUS. I really can't say if I see it headed in that direction. I think historically timber receipts have made up a good portion of Forest Service budget. Now where it is going to head in the future I can't say. I really don't know.

Dr. Gorte.

Dr. GORTE. It does seem likely with the changes that have occurred in the timber sale program in the Pacific Northwest that revenues from the Forest Service will probably decline over at least the next few years, which suggests that it is going to be a lower percentage.

Mr. DUNCAN. What percentage of those below-cost timber sale fees are being offset by increased fees from tourism and recreational use?

Dr. GORTE. At this point, none that I know of.

Mr. DUNCAN. All right. Thank you very much.

Mr. VENTO. Congressman LaRocco, welcome back. It is good to see you here at your forest health hearings which have become forest reform hearings.

Mr. LAROCCO. It is good to see you, Mr. Chairman. I appreciate that, and I know that we will be discussing forest health.

Mr. VENTO. We have been this morning.

Mr. LAROCCO. I understand. I was discussing rural health care down at the Ways and Means Committee. I apologize for being late. I had to testify down there.

But as part of rural health, it is a nice segue into forest health, quite frankly, for the health of timber-dependent communities out my way.

I would ask unanimous consent, if I could, Mr. Chairman, to enter into the record a statement from Neil Sampson from American Forests.

Mr. VENTO. Without objection, we are pleased to have that.

Mr. LAROCCO. Thank you.

[The prepared statement of Mr. Sampson can be found at the end of the hearing.]

Mr. LAROCCO. I do have one question, Mr. Chairman, now that you have recognized me. I would let the committee know that I have introduced my bill on forest health, and it does discuss some reform for the Forest Service that deals with end-result contracts, stewardship contracts, that are under trial out in the field.

I have also reintroduced a wilderness bill for the First District of Idaho which I think is important to my district and also has some watershed improvement projects in there and some other as-

pects that I think are important, a pilot project on watersheds in the Meadow Creek drainage.

But I did want to ask Mr. Duffus a question, because you were talking about below-cost timber sales, I understand, while I was out of the room.

You know, some of the things that we are doing out in Idaho and out my way when we are getting into some of these stands of lodgepole for forest health reasons—they are not all that economically viable—but when these projects are done for forest health and they don't meet the test on the deficit side, what do we do about that? What are your thoughts with regard to forest health projects?

Mr. DUFFUS. I would like to ask Mr. Meissner to respond, Mr. LaRocco.

Mr. LAROCCO. Thank you.

Mr. MEISSNER. Quite frankly, we have commented on below cost at least four times, and one of the recommendations that is in those reports deals explicitly with that concept. We have asked that the Forest Service determine what the costs are and that those costs be used as part of the Forest Service decisionmaking process, and that at an early decision point the Forest Service makes a below-cost determination. If they decide to proceed with it, they can either increase the cost calculation to cover all costs, or make a decision that the sale cannot recover costs and not proceed with it.

So one of our recommendations explicitly deals with it, and disease is one of the examples that we use whereby the Forest Service could make a legitimate decision to go ahead even though it is below cost.

Mr. LAROCCO. Dr. Gorte, you were shaking your head. Did you have any comment?

Dr. GORTE. No. I think that is a fairly reasonable approach.

Again, one of the important factors is, and I hark back to, first, knowing what the conditions are and then knowing what the conditions will be after you are done. If, in fact, there is an improvement in some measurable way that people would widely agree is an improvement, it may well be worth the expenditure. But one has to look at what those changes are in some quantitative way to know whether it is worth the expenditure of public money.

Mr. LAROCCO. OK. Thank you very much.

I will yield back, Mr. Chairman, but I want to say that I am going to be looking at the timber supply issue out in Idaho very closely. Obviously, the impacts just on the communities and I think on fiber to the country and the mills in my area really are of great concern. Things are really grinding to a screeching halt, and, quite frankly, I am very, very concerned about the pressure that the reduced timber sales are putting on private lands and what that is doing really to the ecosystems as well.

So I am going to be looking at that out my way very closely over the next few weeks actually, and I hope to report to you both through this committee and individually on that situation.

Mr. VENTO. I appreciate the gentleman's concern.

Obviously, that is foremost, and much of what is being discussed is reform, because I am certain that various constituencies and others that are interested look at this for what it does in terms of ag-

gravating and causing some of those problems, whether it is either forest health or forest reform.

I think the encouraging aspect about health is that you look for alternative ways to put money into watershed or enhancement of the forest's sustainability.

I note that Dr. Gorte specifically didn't say it as sustainability, but the second value that you talked about in terms of ecosystem really talks about its sustainability. I often wondered even as a biologist, the concerns about looking at whether the actual nutrients are present and what limiting factors do occur when you start harvesting.

As an example, there was this sort of surreal dependence on the ability to reforest, and some reports that GAO has done have looked at the reforestation efforts of the Forest Service and the BLM, talked about backlogs, talked about the ability in harsh areas, which is one of the focuses of forest health in terms of, what do you do when you get an area?

So often the Forest Service or most of us tend to think in general terms of reforestation as occurring in rocky soils and soil types. We don't look at the fact that they are really basically micro-environments in these ecosystems where there is either no moisture or little moisture and little ability to reforest, and so it becomes a very uneven—reforestation just simply doesn't meet up to the expectations or the general expectation that you can go back in and reforest.

Dr. Gorte, do you have any comments about that?

Dr. GORTE. I did a report for CRS looking at the Reforestation Trust Fund a few years back. That was a fund that was created principally to address the reforestation backlog that the Forest Service identified in, I believe it was 1974. The results of that were not encouraging.

About 70 percent of the lands that were identified as needing reforestation were subsequently removed from the timber land base and defined as not needing reforestation because they were no longer timber lands rather than actually being reforested.

Mr. VENTO. Does that mean that they were harvested once and reforestation had failed, or does that mean that you were not able to reforest because of the arid conditions or other circumstances that would limit the attempts to reforest?

Dr. GORTE. It is unclear why the reforestation was needed. Some of it may have been timber harvesting, but it may also have been fire or some other natural factor that caused the reforestation need.

The Forest Service decided in their planning process that the lands would not be reforested because they were not going to be timberlands. Whether that was because they were designated as wilderness or identified for some other use that did not include timber harvesting, it is unclear, not specified in the reports.

Mr. VENTO. We can go on for quite a while on this particular topic.

Mr. Duffus, with 75 reports having been completed, you present a special problem as a witness to the chairman to run the hearing. I would like to get into a lot more detail, but do you have any general comments or any one of your stars you want to call on?

Mr. DUFFUS. I don't believe so, Mr. Chairman.

Mr. VENTO. On reforestation, any comments?

Mr. DUFFUS. Mr. Meissner.

Mr. MEISSNER. Well, we have done a limited amount of work, and one of the items deals directly with what Dr. Gorte has just said.

Two things. When the Forest Service has a large fire, in five of the regional offices in the Forest Service they do not go back and reestimate how much land has to be reforested until they have a silviculture plan. So reforestation can be delayed years, and it is entirely possible in any one year the amount of lands that needs to be reforested is substantially understated because they are awaiting some finalization of a plan.

Mr. VENTO. Yes. Well, the other on reforestation is the mono-culture versus the biodiversity. Maybe it will all happen by itself, but I don't know if those regenerative and diversity analyses have really gone forward long enough.

You know, we are dealing with cycles here that we can't use fruit flies for. So it represents a real problem in terms of understanding the dynamics of what might occur.

I see Congressman LaRocco has to scurry away again with all of the activities going on. But the Forest Service, if you look at the mandates that go back through its history in talking about reform, I mean, candidly, up into the mid–1940's, we didn't harvest over a billion board feet because nobody wanted to buy it, they were cutting their own. Now, of course, even in recent years as we have cut back the sales, I guess it is still coming in at 7 or 8 to 10 billion board feet a year. So it has gone from a billion in the 1940's to something like the mid-teens in the 1980's in terms of what was being harvested or being sold. I don't know, you can get into that particular debate. So now that is a level down, but it is nothing like what it was through the first 40 years of the Forest Service. Is that correct, Dr. Gorte?

Dr. GORTE. Absolutely. The Forest Service timber sale program started to expand fairly substantially after World War II. It reached 10 billion for the first time in about 1960 and stabilized at the 10–12 billion-board-foot level from 1960 through almost 1990. It has declined since 1990. But the sale level was fairly stable at between 10 and 12 billion board feet for that almost 30-year period.

Mr. VENTO. Think a little more about recycling, even recycling homes and some things. I deal with the issue. Mr. Meissner, did you have any comments on this.

Mr. MEISSNER. No. That is correct. That is correct.

Mr. VENTO. Yes. So when you talk about reform, when you talk about what has happened in the dynamics of this, it isn't as though the Forest Service, even though we equate these output types of policies, through a long time of their formative years, the genesis of this was watershed protection, protection of the watershed for use, potable water and other reasons.

So the history of the Forest Service, I think, is one that is really steeped in this. This is not something new. This is really in essence something that has been superimposed in recent years because a lot of these botanists and scientists and foresters understood the issue enough to go out and dramatically do things like clearcut,

and some other things would follow, that reforestation model would come back in, that we could actually do that, of course.

One thing I would say, Ms. Morra, obviously the minority has surprised me this morning with this study, but I find it interesting and helpful. I don't find it radical that we would spend money on education and training people. In fact, it is something I believe in, and we are going to undergo reform.

Your concern is that we don't know that people were trained for $30,000 a throw here. That doesn't mean they weren't trained; it is just that you didn't have the information that they went through retraining. That they might have discovered a job without it, I guess, is one of the points. But we don't know that either, do we?

Ms. MORRA. No. We do know a lot of people relocated. Presumably they relocated to find work.

But one of the major points is that this could be improved, that one of the keys is to make sure that when people are dislocated, they know what training they are eligible for, what benefits they are eligible for, that help is there in a quick manner. We found in other programs that it is really important almost to have a rapid response team that gets there while the employees are still working.

Mr. VENTO. I see it took 14 months after the program implementation for the education and service providers who were reluctant to develop a retraining program. I mean, it is sort of like, "Why do I want to do that? We are involved in the humanities here." That is an interesting thought, but a little bit of common sense I think would go a long way in terms of talking to my colleagues in higher education.

One other point that I know came out was the issue about what has happened generally in terms of timber employment. The information that we have—and I would just call on your other colleagues or Dr. Gorte here—is that even though the sales of the billions of board feet were going up in the Forest Service during the 1980's, Mr. Meissner, what happened with the timber employment opportunities?

Mr. MEISSNER. One of the other factors was that the forest products industry was becoming much more efficient, and part of the decrease in employment is directly attributable to the increased efficiency within the industry.

Mr. VENTO. And that means that when we have all that quality control, that we have fewer timber workers. Is that correct?

Mr. MEISSNER. Yes, that is correct.

Mr. VENTO. Am I putting words in your mouth?

Mr. MEISSNER. No, no. There is no question that it is a more efficient industry now.

Mr. VENTO. So it just wasn't the park. It is this efficiency thing that we have to fight if we are worried about these workers, I guess.

Mr. MEISSNER. I don't know that I want to argue about fighting efficiency.

Mr. VENTO. We always looked over our shoulder with suspicion at these people when I was a blue-collar worker. In any case, I understand that that is the march of progress. Whether or not the park is, I guess, is a matter of someone's view. In my view, I think

it was progress, whether or not the dollars could or should have been expended.

But I do not find it revolutionary to spend money on education and training and/or help people that are dislocated. I would like to see all that come together and be a rational policy in terms of getting the best bang for our dollar in terms of ensuring that, and I think that is what Linda Morra is saying this morning.

I would look forward to reading more thoroughly your report. I think it would be very helpful to me.

Dr. Gorte, did you have any comments on this issue?

Dr. GORTE. No, Mr. Chairman.

Mr. VENTO. If not, let me call on my colleague, Congressman DeFazio, who has been patiently waiting.

Mr. DEFAZIO. Thanks, Mr. Chairman. I missed the advent of this report and hope that I will be provided a copy also.

Mr. VENTO. I can share mine with you.

Mr. DEFAZIO. Oh, we have got one.

Ms. MORRA. We will make sure we get you copies as soon as possible after this hearing.

STATEMENT OF HON. PETER A. DEFAZIO

Mr. DEFAZIO. Thank you.

Education and training is obviously key in my district which is disproportionately hit by the changes in forest policy. It sounds as though some of the concerns you are raising are things that we know how to address but we don't have enough money to address.

We do have rapid response teams, we do send people into the mills when the people are under their Warren Act notices and attempt to tell them what is available out there, but we have huge waiting lists for people to get retrained. Then there is the question of, retrained for what? In certain communities there is nothing to retrain people for. So then the Federal Government is hopefully taking on some obligation for community economic development and investment, and we have seen some first indications of that from the Clinton administration, but there is a lot more to be done.

Then, finally, you come back to the whole issue of reinvestment in the resource. You know, the best thing you can do—and anybody can address this—but it seems to me the best thing you can do with someone who is trained to work in the woods is to continue their employment in the woods. Perhaps they have got a shorter bar on their chain saw because now they are doing thinning and limbing or they are not operating a chain saw but they know how to operate heavy equipment, and they are now operating heavy equipment to provide stream restoration activities, road eradication, which is a thing the chairman is particularly interested in.

Mr. VENTO. Road restoration.

Mr. DEFAZIO. Well, whatever euphemism you want to use. I mean jobs in the woods for people who have been trained in the woods with a Federal investment in the resource is, to me, probably the easiest thing we can do with these folks. Down in southern Oregon Dr. Franklin and others have identified hundreds of thousands of acres of land that is highly at risk in terms of catastrophic fire which could use prescriptive burning and other activities that would reduce the fuel loading.

I mean there are a lot of things we can do, but it all comes back to, we have got to look at our public lands a little differently.

And, again, back to the point I was making, western Oregon, Washington, northern California have delivered for the Federal Treasury for years, and it is time to reinvest in those lands. We need a little different orientation. I hope to use points that each of you have made here to continue to make those points with the administration, particularly on Thursday when we have appropriate people here who I don't believe are delivering on that promise nor fully recognizing nor advocating for that need.

I guess that never did develop into a question, Mr. Chairman, but it was a good opening statement.

Mr. VENTO. You are following in the footsteps of the chairman.

Mr. DEFAZIO. Yes. Thank you.

Mr. VENTO. Well, I very much appreciate your interest and share your concern with regard to that. It is obviously a dilemma, because we are losing the receipts at the same time we have these tremendous needs for investment in the forests that so much affect the gentleman.

I want to thank this panel very much for your answers and your work beyond the short time you were before the committee this morning. It really does empower us to do our jobs and, I think, help the agency meet the goals and a good sounding board for them as well.

Thank you very much, gentlemen and lady.

PANEL CONSISTING OF ANDY STAHL, EXECUTIVE DIRECTOR, ASSOCIATION OF FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS (AFSEEE), EUGENE, OREGON; RANDAL O'TOOLE, FOREST ECONOMIST, PORTLAND, OREGON; BARRY ROSENBERG, DIRECTOR, FOREST WATCH PROGRAM, INLAND EMPIRE PUBLIC LANDS COUNCIL, PRIEST LAKE, IDAHO; AND JEFFREY RUCH, POLICY DIRECTOR, GOVERNMENT ACCOUNTABILITY PROJECT (GAP), WASHINGTON, DC

Mr. VENTO. We are pleased to welcome the second panel, which is Mr. Andy Stahl, the executive director of the Association of Forest Service Employees, Environmental Ethics, Eugene, Oregon; Randal O'Toole, forest economist from Portland, Oregon; Barry Rosenberg, director of the Forest Watch Program, Inland Empire Public Lands Council—it sounds like you should be from Minnesota—and, finally, Mr. Jeffrey Ruch, policy director of the Government Accountability Project, Washington, DC.

Let's get started. I think Mr. Rosenberg has got his map up there, and he is apparently on his way.

Mr. Stahl, we thank you for your presence and your efforts today. I see you submitted for the record this particular document, I guess, in lieu of testimony, and we will look to your oral comments.

I have asked all of the witnesses to limit your remarks to five minutes. We don't make any such promise from up here, but we will try to do the same.

Mr. Stahl, Andy Stahl.

STATEMENT OF ANDY STAHL

Mr. STAHL. Thank you, Mr. Chairman, and I want to say a personal hello to my congressman, Mr. DeFazio. I returned to Eugene, Oregon, a month ago, and I look forward to working with you.

Mr. DEFAZIO. You show uncommon good sense in returning to live in my district, and I appreciate that and wish we were there now.

Mr. STAHL. So do I. I will be back tonight.

The Association of Forest Service Employees for Environmental Ethics is a group of current, former, and retired Forest Service employees who are dedicated to the future of the Forest Service as a world leader in natural resource management. Our testimony, as the chairman pointed out, is contained in our pamphlet titled "Toward excellence in the U.S. Forest Service." In my five minutes today I am going to pick out two points to focus on of immediate interest: First, the issue of downsizing in the U.S. Forest Service; and, second, some changes to the National Forest Management Act forest planning process that AFSEEE recommends.

Downsizing is truly an environmental issue. The Forest Service can do no better job of resource management than its staff is capable of. If the wrong people are in the wrong positions in the Forest Service, then the job on the ground won't get done.

Ensuring the proper diversity of skills and perspectives in the agency in the proper positions within the bureaucracy is necessary to ensure that services from our natural resources are delivered to the American people.

Services to the people are delivered at the district ranger level, not the supervisor's office, not the regional office, and not the Washington office. The actual on-the-ground job of forest management is conducted in the woods, not in the office. The regional office, supervisor's office, and Washington office deliver policy analysis, administration, and other forms of overhead.

Now there is no question that the Forest Service is downsizing. It is going to shrink, it has to shrink somewhat. However, these reductions should occur sensibly; they should maintain the agency's on-the-ground muscle and lose the agency's upper-level fat. However, precisely the opposite is happening.

On May 18 of 1993, former Chief F. Dale Robertson issued a memo. He said, "Forest Service middle management is too fat." I am quoting from the memo. "Chief Robertson has asked regional foresters to reduce regional office staff by 35 to 40 percent," and he specifically identified Regions II, VI, and IX.

Approximately one year ago, the administration directed all Federal agencies to reduce total staffing by 4 percent, 10 percent of which was to be at GS–14 or higher. Let's see how the Forest Service has actually performed one year later.

One year ago, in September of 1992, the regional office in Region VI in Portland had 70 positions at the GS–14 or higher. Today they have 70 positions at GS–14 or higher. By 1995 they are to have 58. They have made no progress, and in fact just a month ago they were directed to fire their plans to meet that target by January 14, 1995. So we won't even know for a year how the Forest Service intends to meet this target of reducing upper-level management fat.

Let's just turn to the entire Forest Service. The target by 1995 to reduce fat in the administration of the Forest Service is to have 950 positions by 1995 at GS–14 and above. Today we have 1,143. A year ago we had 1,115. We are going in the wrong direction. We have added GS–14 fat, not lost it.

Mr. DeFazio, this has implications for your district and many others where it is the district ranger offices that are in the small towns. The regional offices and supervisors' offices are in the large urban areas. Oftentimes those district ranger offices are the largest employer in the town. We are seeing the cuts happening at the district level; we are seeing the regional offices in Portland, in Albuquerque, in San Francisco where Federal jobs are not needed to maintain those economies, that those offices are growing, not shrinking.

I want to turn to the second topic, a modest suggestion for making forest planning more rational.

Mr. DEFAZIO. If I could just interrupt for a moment, you know, all I got was this. Do you have a copy of your testimony that you have provided to the committee, because I wasn't given it.

Mr. VENTO. That is what he has submitted. Apparently after, you will submit your copy.

Mr. DEFAZIO. OK, because these statistics will be very helpful.

Mr. STAHL. What I have are the actual memoranda from which the statistics are taken, and I will provide those memoranda to the committee. They are Forest Service memos that I am quoting.

Mr. DEFAZIO. OK, but it would have been helpful to have this, because this will be very useful on Thursday, Mr. Chairman.

Mr. VENTO. I would just point out, we prefer, of course, written testimony, and witnesses are requested—obviously, we have a little forbearance. When we hear from the Departments and agencies, we have higher or other expectations. But we would expect that from witnesses; it is very helpful to us.

Mr. Stahl, proceed, but you have only got about a minute and a half remaining.

Mr. STAHL. The classic problem in forest management is figuring out how much timber to cut. The traditional method for doing that is to attain a regulated forest, an equal distribution of age classes up to the rotation age. Over the years we have developed complex computer programs to make those calculations. The most recent state-of-the-art program is called FORPLAN.

Allowable cuts, timber harvest levels determined from FORPLAN during the plans developed in the 1980's, have proven to be unrealizable on the ground. Those allowable cut levels have been too high. We have made promises to people that we can't keep. That creates distrust. That creates plans that are dysfunctional. Ultimately, it creates Forest Service management that doesn't work.

AFSEEE proposes a very simple solution, that the plans of the 1990's set as an upper limit on timber harvest no more than the amount of timber that was grown on the ground, on the suitable land base, during the previous 10 years measured by actual on-the-ground counting of board feet so that we are no longer engaged in hypothetical projections that we can't keep.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Stahl can be found at the end of the hearing.]

Mr. VENTO. Thank you, and we would appreciate you putting that in writing so that we would have it. I realize you had some of the documentation there.

Mr. O'Toole, welcome. We are pleased to have your testimony at this time. Take about five minutes, if you would, please.

STATEMENT OF RANDAL O'TOOLE

Mr. O'TOOLE. All right. Thank you, Mr. Chairman.

I just want to mention, Representative DeFazio, I used to be in your district. I was born in Eugene. As you know, i am temporarily displaced to Portland, but I am coming back.

Mr. DEFAZIO. You and Russell, both, as I remember, were neighbors.

Mr. O'TOOLE. Yes, and we still are good friends.

In any case, I am Randal O'Toole. I have spent the last 15 years traveling around the country, visiting over half the national forests. I have met hundreds of Forest Service employees, reviewed thousands of timber sales, and written over a hundred reports on various aspects of national forest management.

In visiting all of these forests, probably one of the most important lessons I learned was that the people who run the Forest Service are good people who are sincerely interested in doing a good job. They love the land, and they want to do the best possible job for the land. It seems to me that good people like this should have a good environment in which to work, an environment that rewards them for doing a good job and penalizes them only when they make mistakes.

Unfortunately, they don't have that good environment. Instead, the environment in which they work rewards them for losing money on environmentally destructive activities and at best does nothing, at worst penalizes them, for doing good environmental work or protecting resources.

The reason why this is true is because the Forest Service is a victim of the law of unintended consequences. If you are not familiar with that law, there was an article yesterday in yesterday morning's *Washington Post* on medicaid. It said that a medicaid provision that was passed in 1987 offered to reimburse some costs to the States. The original estimate was that it would cost less than $100 million a year to reimburse those costs. The actual costs turned out to be over a hundred times as great because the people who wrote the law and did the estimates didn't take into account the unintended consequences, which was that States would take advantage of the law and start attributing more and more costs to that particular activity.

Well, the same thing has happened in the Forest Service. We talked about the trust funds a little bit this morning. I want to concentrate on one particular trust fund, the Knutson-Vandenberg Fund. This law was passed with good intentions.

In 1930, Congress wanted to make sure the Forest Service had adequate funding for reforestation. In 1976 Congress expanded the law, allowing the Forest Service to spend timber receipts on wild-

life, recreation, watershed, and other forest improvements. Again, good intentions.

The unintended consequence is that timber sales have now become a fundraising tool for the Forest Service. If you want to do a good job managing your forest but you are restricted by tight budgets that are due to short money from Congress, effectively, then what you do is, you sell for timber sales to raise money. You often do more environmental damage with the timber sales you sell than you do good with the money that you get from the sales. I can cite several examples of that, but I will mention just one.

The Gallatin National Forest has 125,000 acres of prime grizzly bear habitat that it says is dangerous to the grizzly bear because of all the open roads. People will drive on the roads and they might encounter a grizzly bear, and if the grizzly bear eats them, then we will have to shoot the grizzly bear. That is the leading cause of grizzly bear mortality in that area.

So they want to close the roads. But Congress doesn't give them any money to close roads. Instead, Congress allows them to sell timber sales and use timber sale receipts to close the roads. So for the past eight years they have been selling timber sale after timber sale, building more roads with each sale, hoping to raise enough money to close the roads, but so far the timber sales have all returned so little money that they haven't closed a single road. We have been doing more damage to the grizzly bear habitat by building more roads, and we haven't accomplished our goal.

Well, another unintended consequence of this is below-cost sales. The national forests have an incentive to keep all the receipts because the Knutson-Vandenberg Act gives no limit. There is no limit as to how much of the receipts the forest can keep, and in fact, forest managers talk about any return to the Treasury as losses: If they return money to the Treasury, that is a loss because they can no longer spend it in their district; and so we have the spectacle of national forests earning millions of dollars on timber and returning nothing or less than nothing to the Treasury.

In 1992 the Tongass returned negative $14 million to the Treasury. The Willowa-Whitman Forest returned negative $7.6 million to the Treasury, and the Kootenai National Forest in Montana returned negative $3.8 million to the Treasury. How do you return negative money to the Treasury? I am not counting costs. This is just the returns to the Treasury.

What they did is, they took money that they had collected in previous years and returned it to the Treasury and said, "Well, we want it back now so that we can spend it under the Knutson-Vandenberg Act and spend it on activities in the sale areas."

The Forest Service accounting system for below-cost sales doesn't account for the fact that the Forest Service keeps much of the money. The Kootenai National Forest last year reported that it made $12.4 million profits. But the returns to the Treasury were negative $3.8 million. How can it make a profit? It reported profits because it counted all the receipts even though it kept all the receipts and more.

Below-cost sales, environmentally destructive sales, sales that harm wildlife habitat, other environmentally destructive activities, these are not the problems, these are symptoms. The real problem

is a budgetary process that gives forest managers an incentive to lose money on environmentally destructive activities.

If we want the Forest Service to do a good job, if we want it to practice multiple use, we have to give it incentives. You can't have multiple use without multiple incentives.

So I wrote a book called, "Reforming the Forest Service," and the book proposes a number of proposals, but they can be boiled down to four different ideas. First, fund the national forests out of their net income. No complicated accounting system. You say, How much did you take in? How much did you spend? What is your net? OK, that net is how much you will get to spend the next year. They can carry it over, and so on. But the basic point is, fund them out of net income.

Two, allow forest managers to charge fair market value for all resources—recreation, timber, grazing, minerals, water, anything they can charge for. You can't have multiple use without multiple incentives. If Congress insists that some resources be free and it allows managers to charge for other resources and keep the revenues, then the managers are going to emphasize the resources that they can keep revenues from, and they are going to ignore the resources that they can't keep revenues from.

I have two more proposals. One is to take away the "use it or lose it" provisions that are in national forest contracts. If I buy a timber sale, I have to cut it down even if I want to leave the trees there. If I have a grazing permit, I have to put cows or sheep out there even if I want to leave the grass for the elk or the deer. It is the law—well, it is Forest Service rules in some cases. Change those provisions so that conservationists can buy timber sales or buy grazing permits or buy mineral rights and not use them, put them in the marketplace.

The fourth proposal is to divert some receipt to trust funds which would be used to buy conservation easements or otherwise give public and private land managers incentives to protect biodiversity and wilderness.

These proposals are based on a simple concept, and that is the profit motive. That is kind of a foreign concept when we think of national forests, but we have to remember in 1905 when Gifford Pinchot took over the national forests, he promised Congress he would turn the profit. He failed, and since then they have failed almost every year, and by now we are so used to the Forest Service losing money that we think that is what it is supposed to do.

But profits are more than just a return to the Treasury, and they are more than just compensation for all the money that taxpayers have put into the forests. Profits are a symptom. They are a symptom of doing a good job; they are a symptom that the Forest Service is providing what the people want. As Winston Churchill said, "Socialists think that profit making is a vice. I think the vice is in making losses." In losing money, the Forest Service is demonstrating that it is producing things that people don't really want, or in some cases it might be producing what people want but it is an accident. It has no idea whether it is wanted or not.

Now these proposals will answer a lot of the concerns that I heard this morning. Why do the States make money and the Forest Service not? Why are State costs lower? It is because the State leg-

islatures require State agencies to earn a profit; they are required to.

What will this do to private land managers? If private landowners can start charging recreation fees—many of them do in the East, but they don't in the West because we have all this vast public land that gives away most of the recreation—if private land managers start charging recreation fees, they will have an incentive to start thinking about ecosystem management. We won't have to pass laws forcing them to do something; they will have an incentive to do it.

Well, that basically is my proposal and my testimony. My publisher, Island Press, won't give me 75 copies for the record, but I will offer to provide one copy for Members of Congress. I am sure after this hearing the copies at the Library of Congress are all going to be checked out. So I have one copy.

[The prepared statement of Mr. O'Toole can be found at the end of the hearing.]

Mr. VENTO. Well, we appreciate that, and I am certain that this one could be used by the members and some of the staff.

We appreciate your provocative testimony, Mr. O'Toole, and we will get back with a question or two in a moment.

Mr. Rosenberg, please proceed with your statement. It has been made part of the record, so if you would summarize, it would help us to proceed today.

STATEMENT OF BARRY ROSENBERG

Mr. ROSENBERG. Mr. Chairman, distinguished members, thanks for providing me an opportunity to testify before you today.

I am director of the Forest Watch Program for the Public Lands Council. We are based in Spokane, Washington. The purpose of the program is to teach concerned citizens how to effectively deal with the Forest Service and stop destructive and illegal timber sales. I have also worked on the national forests for 15 years both as a logger and a reforestation contractor. The last 12 years I have focused pretty much solely on trying to stop destructive timber sales.

I would like to start my testimony today reading from a quote from an editorial from the *Spokesman Review,* which is a moderately conservative newspaper in Spokane, Washington. It was part of a series they put out called, "The Failing Forest." The Council has mailed copies to all Members of Congress; I hope you have gotten them.

> The U.S. Forest Service (in which he is referring to Gifford Pinchot, founded) has degenerated into a tool for the logging industry. Over the years, powerful Senators and Congressmen browbeat local forest managers into swallowing conscience and regurgitating logs. The logging companies appreciated the profits, county governments appreciated their cut of the timber sale revenues, constituents appreciated the jobs, and politicians appreciated Big Timber's campaign contributions. What a system, what a mess, what a betrayal of the public interest and of Pinchot's legacy.

For 25 years, since the incorporation of the National Environmental Policy Act, the Forest Service has been producing environmental documents substantiating findings of no significant impacts. For 25 years they have been dramatically wrong.

I have a map before me which graphically illustrates why they have been wrong. This is a watershed map of the Idaho Panhandle National Forest in Mr. LaRocco's district. It is called a preliminary estimate of watershed condition.

The red indicates areas, in the words of the Forest Service, which are management constrained. If you wanted to be more truthful about it, these watersheds are trashed. The yellow indicates watersheds that indicate instability and need further study, and the green watersheds are primarily in roadless or lightly logged over areas.

Unfortunately, we are still getting illegal and destructive timber sales in these drainages. A point is the Coeur d'Alene River Basin where the Fernand District is still proposing large destructive timber sales, and the only way these things are being stopped is through the administrative appeals process.

The Coeur d'Alene River has extraordinarily high road densities, perhaps up to 20 miles per square mile. It is massively overcut, mostly clearcut. The watersheds are completely destabilized, the bull trout are extinct, and the west slope cutthroat trout, Idaho's State fish, is on the verge of losing its viability. Nevertheless, they are still putting out large timber sales in this drainage.

And why are they doing that? Well, because we still have the same managers governing the direction of the Forest Service, and they are in an untenable situation. Are they able to admit for the last 30 years what they have been doing has been destroying our national forests? These are the same people who have advanced themselves using stumps as stepping stones. They were rewarded for cutting trees, and, quite frankly, it is hard to break a Pavlovian response.

The Forest Service employees also need to change, and when I talk to them—we cover about 29 ranger districts on nine national forests—when I speak to these employees, I ask them, "What would you request from Congress? What do you want to change in the Forest Service?" And they all unanimously say one thing: We need to change the incentive system, and we need to change the budget process. We need to reward managers for good ecosystem management, for good land stewardship, and not for how much commodities they extract.

Second of all, we need to have the budget not tied to timber as it is currently. You must realize that for years the Forest Service has been chanting a mantra to itself: "We have got to get the cut out, we have got to get the cut out."

The Forest Service is a closed society. They talk to themselves, and even the most honorable and most concerned biologist has this "got to get the cut out" deeply instilled in his consciousness.

We need to have the Forest Service employees have a different attitude, be able to create a different attitude among Forest Service employees. One of the ways to do that is to have them talk to nonagency experts. We need to deprogram these employees to rid themselves of this institutional prejudice toward commodity extraction.

We also need accountability in the Forest Service. Instead of rewarding managers who have destroyed drainages, I can think of one ranger district that has almost been totally liquidated, and yet

that person, the ranger who was in charge of that, is now head of timber in a national forest.

We need accountability, and in order to facilitate that, we need to have less transfers among Forest Service employees so they can witness the consequences of their actions. What happens is, they propose a timber sale, and it takes about 5–7 years to implement the sale, and by the time the sale is through, they are already transferred to another district. They never see the consequences of their actions, and therefore they are doomed to repeat the mistakes over and over again.

Another excuse to log the Coeur d'Alene River is to get restoration, to get timber dollars to fund restoration projects. This is foolhardy. You cannot log your way to watershed health; you cannot create problems, the same kind of problems that you intend to fix.

The Forest Service also—and I disagree with Mr. O'Toole here—should not be obligated to support itself. I am not in favor of below-cost timber sale, but I am also not in favor of putting pressure on these managers to turn a profit. Our national forests are too important. They provide a spiritual and physical well-being that is absolutely essential to the welfare of our country.

I ask you, does the penal system support itself? Does the Defense Department? Does Congress? Why should our national forest system be forced to support itself also?

Thank you.

[The prepared statement of Mr. Rosenberg can be found at the end of the hearing.]

Mr. VENTO. Thanks for your testimony, and we will hear more of that in response. I am sure Mr. O'Toole has heard this, and you have responded to it before.

Finally, we have on this panel Jeffrey Ruch, the policy director of the Government Accountability Project.

STATEMENT OF JEFFREY RUCH

Mr. RUCH. Mr. Chairman and members, I am an attorney and the policy director of the Government Accountability Project or GAP.

For the last 17 years, GAP has served as a whistle blower protection organization, and we have represented employees in the public and private sectors ranging from Star Wars scientists to USDA meat inspectors to special agents of inspectors general to quality control engineers on hazardous waste

Since 1991, we have served as the legal arm for AFSEEE, the Association of Forest Service Employees for Environmental Ethics. In that capacity we have counseled literally hundreds of Forest Service employees and represented scores of others in litigation, negotiations, and disclosures in relation to the Forest Service.

Federal surveys by GAO and others, such as the Merit System Protection Board, indicate that Federal employees generally are beginning to speak out more, but they are also beginning to experience retaliation more. From where we sit, the Forest Service is in the vanguard. It is one of the worst agencies in Federal service in terms of whistle blower protection. It also exhibits highly unusual

levels of hostility toward its own scientific staff and a rather dysfunctional level of accountability.

In my testimony I detail a number of individual cases of harassment against whistle blowers, and I would just like to comment on a couple of them. These are all current cases. One involves Nancy Sandburg, who is an award-winning biologist, 17 years in the Forest Service, highly respected in her field. A little over a year ago, she found out that the resource officer in her forest, the Los Padres Forest outside of Santa Barbara, had ordered a bulldozer to build a road without any kind of review and had the bulldozer cross through a creek that was a pristine creek that was a habitat for a rare toad five different times.

She was quite upset because she was the riparian officer in charge of this. She went to the forest supervisor. She was as vociferous as she could possibly be, and the forest supervisor told her and later admitted that he told her that if she pursued it, he would make sure that her grant for riparian impact studies would be removed.

About two months after that, there was another project in which, contrary to instructions, fence post holes were dug in the streambed and concrete was poured into these creeks. There were other witnesses, and so the story didn't remain on the forest. There were outside investigations. It was a major problem. Nancy Sandburg was quoted in the press dutifully commenting on what she thought had happened. The response was, she received a two-week suspension. When that suspension was covered and she was quoted again, she received a reprimand, and right now Nancy Sandburg is fighting for her career.

Another employee, Sandra Schultz—and I just want to talk about two days in the life of Sandra Schultz. On her first day on the Sierra Forest, she was asked to sign off on a biological evaluation of a salvage sale that she had never seen. She refused and wanted to go out and look at the site and noticed that most of the trees that were marked for salvage were, in fact, green, healthy trees. Not only was that contrary to what was supposed to happen, but if you take green trees at salvage prices, it is literally a steal.

She went back, refused to sign. The sale went ahead anyway, and she was off on the wrong foot in the Sierra National Forest. On her last day in the Sierra National Forest nine months later, she was objecting to the fact that most of the maps of the spotted owl habitat "no cut areas" were grossly inaccurate, and she threatened to go to the regional office. She was then summarily terminated. Because she was a probationary employee, she could be summarily terminated, and the rationale was that she was difficult to get along with. what was cited was an incident where she threw a box of doughnuts across a table at a colleague, and that was the end of Sandy Schultz's career.

The retaliation even follows people outside once they leave the Forest Service. Tom Lake, who is a very fine person, a trails keeper on the Modoc National Forest for over 20 years, had discovered that wilderness funds that he was supposed to be administering were actually all being diverted—he was able to calculate over $200,000—to livestock improvements.

When he reported this, he found himself in career trouble, and the way it all ended up is, he ended up getting quite a sizable settlement from the Merit System Protection Board and retired. He then applied to be an outfitter guide. His permit couldn't be found, and he is still having trouble right now. Once it was found and finally eventually processed after the season was over, Tom Lake's life remains severely complicated.

This also translates to people that don't report waste, fraud, and abuse, that don't make a conscious decision to, in the view of some, be trouble makers, who are the scientists. In the Forest Service, the hydrologists and botanists are sort of collectively called ologists, and most of them call themselves combat ologists because their job puts them in constant conflict with their own management.

One person that we work with is a man named Cole Crocker-Bedford who is now on the Tongass but spent most of his career in Arizona. He is one of the nation's leading experts on goshawks. When his research which showed that goshawks, like spotted owls and some of these other birds, need greater area in order to have a successful mating career and they don't do well in clearcut areas—when his research suddenly found itself at the center of a court battle challenging timber sales—Cole Crocker-Bedford was muzzled. Not only was his professional life made miserable, but he was no longer able to represent the Forest Service at scientific conferences, and he has been told that he may no longer submit any of his research for peer review publication.

The forests in the Idaho Panhandle that Mr. Rosenberg was talking about in the Clearwater: In 1992, the Clearwater Forest in essence crashed. Their timber harvest was about a third of their target. The response of the regional office was to recommend that the entire scientific staff, the resource specialists, be disbanded—sort of a variation of kill the messenger; it was deport the messenger. The hostility—I guess the way Dr. Gorte put it in the first panel in more dispassionate language, Forest Service managers have a distinct disincentive to monitor the implementation of certain forest plans and activities. This disincentive extends to outside researchers.

In the testimony, we detail the case of Dr. Peter Stacey, who was prevented by armed Forest Service personnel from continuing to do Mexican spotted owl research. We have been in contact with a number of academics in the Midwest who are now being required by certain forests to apply for special Forest Service permits before they can do rare and endangered plant collections. These are respected academics, in some cases under contract to Federal and State agencies. They have never heard of such permits, and as of this moment, months later, it is still unclear how you apply for such a permit. What causes all this is a dysfunctional system of, sort of, lack of accountability.

One person that we represent is named Bill Shoaf. He is a forester on the Tongass. Until recently he headed the interdisciplinary team reviewing the central Prince of Wales and other sales up there. These are, I understand, the largest proposed timber sales in history; they are very large. He and his team were finding that the figures being supplied by the Forest Service to the public were

a vast inflation of harvestable timber and that there was also illegal expansion of the units. They would say they would cut here when in fact they would cut in a much wider area. This was not only illegal, but it sort of stood the whole process on its head.

He was ordered by people in the forest office and in the region to use what they believed to be unsupportable data. In 1991, he did, as a private citizen, a public comment on the EIS his own team had prepared. That was the way he went public. He didn't really get any response.

A few months ago, we helped him prepare a formal disclosure to the Office of Special Counsel documenting this. The Office of Special Counsel, after review, determined that there was a substantial likelihood of validity and has ordered the USDA to do an investigation. The USDA has asked that that investigation not begin until some time this year.

Bill Shoaf, who now has difficulty not only going to work but also going to the grocery store, has been waiting for three years for someone from the forest to come and find out if what he was saying was the truth.

We have also worked very closely and represented a number of the U.S. Forest Service special agents, the detective-level law enforcement, who have come forward and documented management interference with timber theft, widespread use of illegal aliens, certain cases of personal corruption by Forest Service managers, isolated but somewhat severe. These agents suffered a lot of direct retaliation and in Regions V and VI found themselves suddenly unfunded.

There was so much outside work by GAO and others that confirmed what they were saying that Congress this past year ordered that the Forest Service operation be reorganized and placed in a stovepipe that goes directly to the Chief.

What is significant to these agents now is that there has been no official review of their allegations, and to anyone's knowledge, not a single manager has even had the slightest reprimand for cover-ups of timber thefts.

What puts this in perspective is, we see Forest Service cases. What does the Forest Service investigate? Two forest supervisors in Montana, Ernie Nunn and Curt Bates, were summarily removed this summer during the transition period, and the basis of the removal was improprieties having to do with the purchase and transportation of a mule team to march in the 1991 Rose Parade. They were summarily removed with an incredible amount of haste, and they made some of the last people that were recruited by the former regional forester, John Mumma, to be removed in Region I.

Ernie Nunn is still fighting this case, and it is one of the cases sitting on the new chief of the Forest Service's desk.

We have heard very encouraging pronouncements from the new chief of the Forest Service, but we have heard these sorts of pronouncements before. We are strongly urging that rather than waiting for reform to come from the top, that it has to start with these individual cases and has to move district by district, forest by forest.

From our point of view, the only reform we are asking for is somewhat modest, and that is that Forest Service employees don't have to risk their careers just to do their jobs.

[The prepared statement of Mr. Ruch can be found at the end of the hearing.]

Mr. VENTO. Well, thanks for your testimony.

Probably a question grows out of that of deep concern, and that is the challenge of the professionalism of the Forest Service, the forest ranger, the researcher, the monitoring activities. It sounds as though a lot of focus is on that.

I know the Forest Service personnel somewhat well from my work the last decade in terms of leading land use policy questions in the House, and I think there are a lot of very dedicated people in the Forest Service and professionals who are really trying to do their job, but when you start looking at these individual incidents—and they certainly don't sound as though they are isolated—we know the problems in the region with John Mumma, and my former colleague, Congressman Sikorski, had specific hearings on that particular issue.

As we travel around we can find incidents where the best foot isn't put forward in terms of trying to rely on that professionalism that I think most of us would agree should be present and should be factored in terms of the decisionmaking. It may be a decision to cut across a watershed or riparian area on a road on occasions. It happens, and you have various activities going on in the forest.

We hope, and I think most of us believe, that there is a pretty strong fabric of professionalism that persists, and the question is, how do we draw on that?

You might come back and say, well, Congress ought to do something about all of this. But you know, if you get us, a group of political animals in the worst sense or the best sense, that isn't going to help matters in terms of what the proper policy is. I mean we rely on getting the Forest Service, and they seek more flexibility, and they also, incidentally, seek more money to run their operation, as Mr. O'Toole has pointed out today. So he has a different idea about that.

But about the fabric of professionalism here, Mr. Ruch, you have stated what you think the impact of this is. Can you just basically, all of you, give a brief statement on professionalism in the Forest Service today and what reforms needs to be instituted to maintain it.

Mr. RUCH. In my view, what you have in the Forest Service—this is just a personal view—is sort of a paradigm shift. You have people with different definitions of what their jobs are, and who are literally sort of at war with each other. I don't think it is a matter of people being good people or bad people, it is just that they view their jobs somewhat differently.

To me, the key is these individual cases. Just as John Mumma was quite a significant and profound message to the people in Region I that you had better tow the line, so the restoration of some of these people is an equally profound message. Some of these formerly discredited people put in positions of responsibility would be an extremely efficient way to do it. If you are going to spread the

new gospel, make sure that there are lots of apostles who have personally felt the healing power of the word.

Mr. VENTO. Let me get to the others, and if we can keep our answers brief, then everyone will have a chance to state something on professionalism, the status.

We see these sorts of incidents. You have other examples, Mr. Rosenberg.

Mr. ROSENBERG. I see them quite frequently on the forest that I cover also.

Unfortunately, I think back that the current managers, regional foresters, some forest supervisors, even some district rangers who have been weaned on cutting, on commodity extraction, have been rewarded for doing so over the years. I find it very difficult for them to be able to make that shift, although they are mouthing the words "ecosystem management." I find especially in Region I and some sections of Region VI, they are dragging their heels.

Mr. VENTO. Let me just remind you, my question is, what is the condition of professionalism in the Forest Service today? It has obviously been weakened by such type of misuse of their credentials or decisions that are made.

Mr. ROSENBERG. Well, I will give you an example. I go out in the field quite frequently with Forest Service employees, silviculturalists, timber sale planners, and they are so used to spending the last 20 years drawing circles on the map, removing all the trees from that area, burning it and planting it, that is all they know how to do. They really have lost the ability to see the forest from the trees to be able to treat each tree individually. As you walk across a forest, even every 100 feet, every 200 feet, the ecosystem changes. To do that little, small micromanagement, they have lost that ability.

Mr. VENTO. You are saying the suppression of the use of their credentials and expertise has resulted in some deficiencies in terms of what would be considered the best land management practices or the application of their professional credentials to the problem at hand. Is that what you are saying?

Mr. ROSENBERG. That is a more sophisticated way of saying it, yes.

Mr. VENTO. Mr. O'Toole, you have a different solution to this. I know that you think that trying to put this on a profit basis or on that basis would vastly improve it. It is not perfect, I take it, but you think it would improve. Can you give us a comment on the condition of professionalism?

Mr. O'TOOLE. Well, no system is perfect, but the Forest Service is a highly professional agency. I haven't met any employee that I wouldn't be proud to call my friend. But the Forest Service is a bureaucracy, and a bureaucracy has a natural selection process, and the natural selection process tends to favor things and people and ideas that lead to an expansion of the bureaucracy. That is the nature of any bureaucracy, and with the current incentives, timber expands the bureaucracy because you can keep all the timber receipts. Anything that limits timber tends to limit the expansion of the bureaucracy, so the people who get promoted are people who truly and sincerely believe that timber sales are good for wildlife

and watershed even though they may be doing more harm to wildlife and watershed. It is part of the natural selection process.

To change the level of professionalism, to eliminate the kind of problems that we have heard about, we have to change the incentives so that the natural selection process operates differently, and the people who are doing good things, whether that means selling timber or it means not selling timber—in some cases it wouldn't mean either one—the people who are doing good things are the ones who are getting promoted and whose ideas are getting promoted.

Mr. VENTO. One of the things that has to change is, if you are a professional and you keep an open mind to new information, if you can factor that in, then you would be able to see perhaps the total impact of what clearcut or timber harvest would be as opposed to simply a myopic view of what is happening.

Just an editorial comment. I want Mr. Stahl to get in because he is more precisely representing a group that is involved.

What about the condition of professionalism in the Forest Service under a cloud or under a mandate of change, as Chief Thomas has challenged you all?

Mr. STAHL. Well, thanks for letting me bat cleanup.

The Forest Service has the finest staff of professionals in the world in terms of resource management. However, it is a staff that right now is despondent, without leadership, a sense that they are being asked to do things that are illegal and unethical, and one of the driving factors are the targets that you, Congress, pass down to the Forest Service. When you pass numerical output targets to produce X number of board feet, X number of AUM's * of grazing, and it can't get done on the ground, you are putting those resource professionals in an impossible situation, and they have two alternatives. As Jeff talked about, they can blow the whistle and suffer the reprisals, or they can bite their tongue and lose their integrity.

Mr. VENTO. Well, I think that some of it is very subtle. For instance, in Region VI, we don't have the number now—I don't know that we have ever had AUM numbers, and I think we have also done a variety of things. It is a question of which one you picked up on in terms of being the policy on the ground.

Mr. STAHL. The numbers are all in the forest plans.

Mr. VENTO. I know. That isn't the law.

Mr. STAHL. Well, it is the law in the resource planning.

Mr. VENTO. It acts as law, but it isn't Congress—and I don't think you want us in that. Where we have done it, we have shown no great, I think, insight into a sensitive or appropriate policy path with regard to it. So I am just suggesting that. I don't know that you want us doing it. Where we have done it, it has been a mistake.

Mr. Hansen.

I have overextended my time.

Mr. HANSEN. Thank you, Mr. Chairman. I apologize to you and to the panel for not being here. I have been running in and out covering all the bases and the balls in the air that we have around this place, and I just quickly wanted to comment on some of the

* Animal unit months.

statements I have been trying to read here as you gentlemen have been talking.

Mr. Stahl, you had an interesting question about the Reagan and Bush years, on the timber that was cut. Actually, I hope you realize, there was more under President Carter than there was under Reagan and Bush in the same area, but a minor point. But be careful whom you beat up on anyway.

I am trying to figure out where you are coming from, Mr. Ruch. Your testimony deals with Forest Service employees you reported whose environmental projects were stymied by the bureaucracy, and it was well done, and I compliment you for that. Would your organization offer to represent a forest engineer or forester whose proposed road or timber sale was stymied by his supervisor's environmental agenda? We get just as many horror stories on that side as we get on the other side.

A guy says, "Hey, I have been doing this for years. I have tried to do what I think is right. I have got as many degrees as the next man. I have worked on this, and all of a sudden I have got some supervisor who has got an agenda that I don't think follows it." Would you represent him as well? Are you pretty unbiased on that, or do you folks just come down on the one side?

Mr. RUCH. To the extent that it is an abuse of authority that constitutes whistle blowing, yes.

Mr. HANSEN. Like the ACLU, you will take either side if you feel it is an abuse of your criteria of right or wrong. Is that right?

Mr. RUCH. That is correct. We have to be selective in the cases we take. We are only able to represent about 1 percent of the cases, and we try to take them that have impact.

Mr. HANSEN. Have you done any on the other side? Can you give us an illustration of one that you have done on the other side?

Mr. RUCH. In the Forest Service?

Mr. HANSEN. Yes.

Mr. RUCH. I can't think of one. The closest would be, we represent a lot of the law enforcement personnel who felt that they were interfered with in drug enforcement operations.

Mr. HANSEN. Do you get a lot of these horror stories? Apparently you gave us three or four right off the bat. Do you get a lot of those?

Mr. RUCH. Yes.

Mr. HANSEN. And so far you have represented the side of those who didn't like the CAT going through the stream.

Mr. RUCH. Most of the people that come to us hopefully are in a fairly early stage and are seeking advice, and we try to counsel them not to blow the whistle if they can at all avoid it unless they are on their way to transfer some place else. We end up working with a lot more people than we formally represent.

A lot of times people come to us and they are sort of already in the career emergency room. At that point sometimes the only thing to do is to litigate.

Mr. HANSEN. Mr. O'Toole, I would like to have the opportunity to read your book. That is an interesting thing you have brought up here. Thank you.

You have advocated the activities on Forest Service lands should pay for themselves, while most of the emphasis has been on timber

sales. In 1994 the Forest Service will spend maybe $400 million on a recreational program. At the same time the Forest Service is collecting $50 million in recreational use fees. Can you tell us how much you generated from the 30-plus million acres designated as wilderness?

The first thing I did 13 years ago was put 485,000 acres just in one spot in wilderness. I have often wondered on wilderness. Some of my good friends say wilderness will pay its way. I have never seen it pay its way. But would you believe the same thing on wilderness?

Mr. O'TOOLE. Yes, I do. The Forest Service collects virtually no money from wilderness users, and it is not the Forest Service's fault. The Forest Service has repeatedly asked Congress for the authority to charge dispersed recreationists.

Under the Land and Water Conservation Act of 1964 or 1965—it was passed in 1964 and signed in 1965—the Forest Service can only charge people who are doing commercial activities on the national forests, such as ski resorts or people who are camping in developed campgrounds or launching boats at developed boat launches. Those are the only things the Forest Service can charge for. They can't charge hunters except in a few States where they have signed cooperative agreements for the State to charge the hunters. They can't charge anglers; they can't charge wilderness users, hikers.

I believe they should be allowed to charge all of those people. If they would, you would see a lot of changes. For one thing, you would see a lot more money coming into the Treasury; you would see most counties who get 25 percent of receipts would get more than double the receipts they are getting today. You would see forest managers, if they were allowed to keep the same share of recreation receipts as timber receipts, you would see them planning timber sales with an eye toward how those sales were going to influence recreation.

If they have multiple incentives, it doesn't mean they are not going to do timber sales; it means the timber sales are going to be planned differently. There is a good example of that. International Paper in Arkansas and Louisiana started charging recreation fees on their lands in 1980, and since then they have reduced the size of their clearcuts by 70 percent. They have started leaving no-cut buffer strips around all lakes and reservoirs and streams, and they have left many acres of habitat for the red cockaded woodpecker—which is far beyond what they are required to do by law—and it is all because the recreation fees are bringing in up to a fourth of their profits.

Mr. HANSEN. You may have noticed that when the previous panel was here, the GAO folks, I asked them that question, and they drew a line there and said no. Do you think it is a misunderstanding? Frankly, out in my area—and I represent Utah—if you are familiar with the West, I don't think people realize how much the public land is used by those who recreate on the ground.

Mr. O'TOOLE. I didn't hear the GAO say no, I heard them say that that idea should be considered but they thought it was a decision Congress could make; they didn't feel they could make the rec-

ommendation. I suspect there are people on both sides within the GAO.

The real point is that recreationists, most of them, are happy to pay. If they know that their money is going for improved forest management, they will be overjoyed to pay, but they don't have the opportunity to pay, and the incentives are very important.

There is a forest manager of a national recreation area. In some national recreation areas they are allowed to charge fees, and I asked him if he was going to charge fees, and he said, "No, because we are not allowed to keep any of them. If we don't get to keep them, why should we charge them? Why should we alienate people?"

You have to allow them to charge fair market value, and you have to allow them to keep the net income they earn, and then they will want to maximize the resources that maximize the net income.

Mr. HANSEN. I am sure of that, and as I see it out in our particular area, the big issue that we talk about here is grazing on the ground, and it is infinitesimal compared to what you could get if you just took those who hunt deer in the West.

Mr. O'TOOLE. Exactly.

Mr. HANSEN. Or those who fish. I have backpacked since I was 10 years old, and I am an old man now, and I still do it, and I would be more than happy to pay. No one has ever asked me in the Wind Rivers or any wilderness areas—nobody asks you for a dime. I am happy to pay it. All of those who go out use it.

I agree with your statement. I think the vast majority of people would be pleased to pay a few bucks to go out on the ground, and if we are going to start assessing it, I think it should be assessed to everybody who uses the public ground, in my opinion.

Mr. O'TOOLE. We just finished a major report on grazing, and our proposals included an idea that ranchers should be allowed to take nonuse for grazing, leave the grazing to elk and deer, the forage for elk and deer, and then be able to charge hunters for the rights to shoot the elk and deer.

You know about the Deseret Ranch, of course, Deseret Ranch in Utah, and we set that up as an example of how grazing could be managed on both public and private lands.

Mr. HANSEN. They make a lot more money on the elk and deer than they ever make on the cows on that ground, I will tell you that.

Mr. O'TOOLE. That is right.

Mr. HANSEN. Thank you, Mr. Chairman.

Mr. VENTO. States won't give up their license fee, I don't think, though. They have some other premium that goes in a different direction.

Mr. DeFazio. Are we all set here?

Mr. DEFAZIO. Yes, yes. You know, some of the junior members of the panel aren't getting——

Mr. VENTO. Well, I would just confide to Mr. LaRocco that I have had the same problem with some others.

Mr. LAROCCO. I just forgot he was here.

I apologize to the gentleman from Oregon.

Mr. DEFAZIO. I thank the gentleman from Idaho.

Mr. Stahl, when you talked about the higher-level fat—and those are very interesting statistics, and again I would hope that you can get down to share them with my staff before Thursday in some written form that we can utilize to have some discussions with the new chief and Mr. Lyons. Also it will coincide with some work I have been doing with the regional office there.

Do you think it is totally inertia? I think part of the problem here might be that we didn't manage to get through some buy-out legislation. Do you see that as part of the problem?

Mr. STAHL. Yes, I do. AFSEE endorses the early-out incentives that Congress considered in the last session. The political homework was not done impeccably, and so it didn't go through, but we do endorse that.

Mr. DEFAZIO. Yes, I think there is a bureaucratic inertia there which we have to overcome and some turf protection in the regional offices that you mentioned, but I think there is also this problem with the way the current bumping system works. You are going to end up with GS–14's and lose some of your younger, more innovative staff because of the lack of the buy-out legislation for the people at the top.

Mr. STAHL. Yes. We aren't trying to ascribe motive, but we are explaining what we see and suggesting some solutions. I think the motive——

Mr. DEFAZIO. Right. I'll work on the motive; you just give me the statistics. So that is fine.

You mirrored a lot of the statements I have made over time. There are a lot of innovative younger people, another generation of people, coming up in the Forest Service who aren't being allowed to make the changes they see as being necessary, and we have got to overcome that inertia within the agency so they can make those changes.

Now, Mr. O'Toole, I am always interested, and I am interested that my colleague from Utah believes that people would be just thrilled to pay this recreation fee. My constituents, I guess, are different. I am not sure that people would be thrilled to pay a recreation fee to go on to public lands since more than half of our State is public lands. I even wonder, you know, would we pay a toll to go to the coast if we drove through the Siuslaw Forest because we are enjoying the resources as we went through, or maybe we just wouldn't be allowed to stop. I am a little more skeptical about that.

I am interested in sort of the overall thrust, which is, each forest, if we broke them down into units, should charge for resources in such a way that they would be encouraged to keep the net. Don't you think you are creating a dynamic here which argues against all the other reform proposals we are hearing? Because the quickest, easiest, and most traditional way for the Forest Service to get revenue is to sell timber. Timber is much more valuable than it has been historically now, so there would be even more temptation, it seems to me, to generate some revenue by selling timber. I have always been concerned about the implications of this. Every forest should be run on a net basis. That is one question.

Doesn't it argue against some of the reforms and the other concerns we are hearing about how people are driven toward timber

historically? Wouldn't it drive them even more toward those high values in the future?

Second, the whole issue of past problems that have been created. I mean, we have seen from the Pacific Rivers Council an estimate that a stream restoration program, riparian restoration program, and prevention program, perhaps even more importantly by prioritization, would cost somewhere around $800 million in Region VI.

If we begin to say, well, this region can only get what it can create, and yet we have an $800 million backlog from past problems that have been created, how are we going to work our way through that? I mean it seems to me you are going to be charging people $50 a day, or maybe it will be like going into the Serengeti, $100 a day. You want to go in the wilderness? OK, it is $100 a day. Well, then you have created a law that people will attempt to disobey, and they are out there sneaking around in the wilderness. Then we are going to hire rangers to go out and try and arrest them, and then people carry guns, and the whole thing escalates, and it gets pretty crazy.

So I have some real concerns about this. Every forest is going to have to generate revenues and only can live on its net.

Mr. O'TOOLE. Well, I am glad to have a chance to talk about this. The fact is, you can't design a bureaucracy that doesn't have incentives, and when it comes to marketable activities like timber or recreation, there are really only two incentives you can have. You can design an incentive to make money, or you can design an incentive to lose money. If you have an incentive to lose money, then you start emphasizing environmentally destructive activities because those are the ones that lose the most money.

So I have no hesitation in recommending that we should require forests to make a profit from timber. Sure, some forests will want to sell timber, but most forests will want to sell less timber than they sell today. They may want to adjust their cost structure so that they can sell as much as they are selling today by reducing their costs because they have an incentive to spend a lot of money, but if they have a counter-incentive to make money from recreation, that is going to influence them as well.

Last year, the Forest Service made about $1.1 billion on timber. The Forest Service economists estimated that if they could charge for recreation, they could make over $5 billion on recreation each year.

Mr. DEFAZIO. I hear these tremendous numbers. Tell me, what does that mean on the ground? What does that mean for an average? How are we getting the $5 billion? What are we charging individuals for daily use of the forest or wilderness area?

Mr. O'TOOLE. On the ground, that averages about $20 a day. As I was going to say, I think Forest Service economists exaggerate everything, and I think $5 billion is too high, $20 a day is too high. Three or four dollars a day sounds reasonable to me, not that we would be charging a daily use entrance fee. Most people would probably buy an annual permit, like a $25 permit to visit the Siuslaw Forest, maybe a $50 permit that would allow them to visit Cascade Wilderness areas or wilderness areas in Oregon or something like that. But an annual permit, a visible tag like a snow

park permit, if you are familiar with those, or a ski lift tag that you would wear if you were backpacking, that way it would be easily enforced.

Mr. DEFAZIO. Have you ever talked to rangers on the ground who are just trying to get people to display their voluntary wilderness permits? I mean, have you ever talked to them about some of their experiences?

I remember when I first started backpacking, we used to have a lot of back country rangers; because of the cuts, we have very few. First off, we would have to replace all those back country rangers we don't have any more. I think that would be kind of good. But beyond that, I mean I have to deal with the practical. What I find when I go out and talk to rangers, particularly when I am out there just by myself backpacking and they don't know who I am and they come up and ask to see my permit and we just sort of sit around and BS a little bit, I get some great stories about them being threatened by people with guns and other things just because they ask to see the voluntary permit, let alone the 20-buck-a-day permit.

Mr. O'TOOLE. If you give people incentives, they will go to enormous lengths to change their behavior in response to new incentives.

Mr. DEFAZIO. And if you give the public disincentives, they will go to enormous lengths in great part to change their behavior to avoid the disincentives.

Mr. O'TOOLE. Some people might, but recreation fees are largely accepted in the East where most lands are private. Recreation fees are largely accepted in the West where they do charge fees. When they started charging snow park permits, nobody batted an eye. When they doubled entrance fees into the national parks, nobody batted an eye.

Mr. DEFAZIO. Because the money in the case of the snow park permits is dedicated to making those areas in Oregon accessible.

Mr. O'TOOLE. Exactly. That is the key. We have to also let people know that when they pay their fee, that money goes to improve forest management. When they know that, then they don't have any problem paying the fees.

I can't speak for everyone in this room, but I bet if you polled people in this room, environmentalists——

Mr. DEFAZIO. I am not interested in polling people in this room, I am interested in polling people who live in the western United States and a majority of them. In any case, I understand.

Mr. O'TOOLE. I also want to mention a couple more things. On restoration, I think the $800 million figure we have heard for restoration is far too high. The Sand County Foundation, which is a foundation which manages Aldo Leopold's land in Wisconsin, is now managing almost 50,000 acres of land around the country that is owned by private landowners, managing them for ecosystem restoration, and they say they are doing it for 10 percent of the costs per acre that is quoted by many Federal managers.

Mr. DEFAZIO. Now this isn't a Federal group, this is an advocacy group in the Northwest that has quoted that number.

Mr. O'TOOLE. Oh, I know that. I know that.

Mr. DEFAZIO. And so you are saying their number is inflated phenomenally.

Mr. O'TOOLE. I am saying their number is too high. Frankly, I think we could do it for a lot less money if we had better incentives for good forest management.

I also want to mention a little bit about accountability in the regional offices. You were asking Andy Stahl about that. I have one story in my book. A forest planner who is now retired headed the regional office planning division. He told me he had 19 people on his staff, but he figured out most of them were just pushing paper and he could do everything they needed to do with just 9 people. If he shrunk his staff, his GS level was too high to oversee just 9 people and he would have to take a lower GS level, and so he didn't do anything about the other 10 people. This kind of inertia is all created by incentives within the organization, and we all know that.

C. Northcote Parkinson's book, "Parkinson's law," demonstrated that any bureaucracy is going to have more and more fat at the top and less and less at the bottom. His book sounds humorous, but it is factual, and we are just seeing that in the Forest Service.

You see that in private companies too. The advantage private companies have is, every once in a while there is a recession and they have an incentive to get rid of the fat at the top. The Forest Service hasn't suffered through a recession yet.

Mr. DEFAZIO. Maybe the time has come.

Thank you, Mr. Chairman.

Mr. VENTO. They have got some challenges.

Congressman LaRocco.

Mr. LAROCCO. Thank you, Mr. Chairman.

I have a couple of questions of Mr. Rosenberg.

Barry, what is the source of this data?

Mr. ROSENBERG. It came from the Forest Service.

Mr. LAROCCO. At what level and how?

Mr. ROSENBERG. I believe we got this from the supervisor's office, Idaho Panhandle National Forest. It is a preliminary estimate of current watershed conditions on the Panhandle.

Mr. LAROCCO. And this is in a public document where they say condition red, and there is a description for condition red and what that means in the Panhandle plan?

Mr. ROSENBERG. It is not in the forest plan. These were done very recently, and they have descriptions for each of the conditions, yes.

Mr. LAROCCO. And what does the Forest Service say about condition red?

Mr. ROSENBERG. They call it management constrained.

Mr. LAROCCO. Management constrained.

Mr. ROSENBERG. That is what they say.

Mr. LAROCCO. OK. And I can find this by walking into the office in Coeur d'Alene? They will give me this, and this is in a document that they signed off on?

How did they use this information?

Mr. ROSENBERG. Region I decided that they needed a watershed evaluation of the whole region, and they did that, and I got a copy of the preliminary version of the Panhandle.

Mr. LAROCCO. This is preliminary?

Mr. ROSENBERG. That is what it says on there.

Mr. LAROCCO. But it doesn't say "Forest Service" on here anywhere.

Mr. ROSENBERG. No, it doesn't, but it is a Forest Service map.

Mr. LAROCCO. When is the final coming out?

Mr. ROSENBERG. The final was supposed to come out in November of last year, and it has been delayed. They decided they didn't like the color scheme, and they are going to do various shades of green.

Mr. LAROCCO. OK. So this is presented to the committee here as testimony, but it is preliminary. So what should I do with this now?

Mr. ROSENBERG. I would suggest that you go and check with the supervisor's office in the Idaho Panhandle National Forest and see if they still feel this is an accurate representation.

I did not include this as an attachment to my testimony, I used it for illustrative purposes. I gave you and each of the members attending here a copy because I figured you couldn't see it very well from this table.

Mr. LAROCCO. So this wasn't part of your testimony?

Mr. ROSENBERG. It was mentioned in my testimony, yes.

Mr. LAROCCO. Then it is part of your testimony.

Mr. ROSENBERG. OK, then it is.

Mr. LAROCCO. OK, but it is preliminary; it has not been formally released to the public. It has not.

Mr. ROSENBERG. This was formally released to me. I asked for it, and it was given to me.

Mr. LAROCCO. But this is not their formal position on the condition of the watersheds?

Mr. ROSENBERG. I have an article with me that will help explain the situation, Congressman, the *Spokesman Review,* where the regional office is discussing this map, and I think that will give you a greater explanation of what is going on.

Mr. LAROCCO. But I just want to make a point to my colleagues that it is preliminary, but it doesn't say on this map, which is part of your testimony, who produced this and the purpose of it.

Mr. ROSENBERG. Right, but I think if you go back to the supervisor's office, they will say they produced it.

Mr. LAROCCO. OK. I think there has been a lot of talk about the past. I am hopeful that we can move on to the future, Mr. Chairman.

I was at the hearing on Mumma, for example, which was more than a year ago, but yet we keep hearing about John Mumma and the Forest Service. I am trying to figure out the Forest Service of the future and so forth. Because you used it in your testimony, I want to ask you something specifically, and you used this editorial. It says, over the years powerful senators and congressmen—my colleague says I am a junior congressman, so it couldn't mean me, and this says powerful—but it does say congressmen browbeat local forest managers into swallowing conscience and regurgitating logs, and you used this as part of your testimony.

Are you referring to me?

Mr. ROSENBERG. No. This is part of an editorial, an excerpt from an editorial in the *Spokesman Review.* I don't know who they were referring to, but I have some ideas.

Mr. LAROCCO. OK. Do you mean me?

Mr. ROSENBERG. Do I mean you?

Mr. LAROCCO. Yes.

Mr. ROSENBERG. No. I read this excerpt from an editorial in the *Spokesman Review.* I did not attach any meaning to it. I am sure the writers attach meaning to it, but not me.

Mr. LAROCCO. OK. And then you say this hearing today is an acknowledgment of these problems. So you are saying that these problems continue to exist.

Mr. ROSENBERG. Yes, they do.

Mr. LAROCCO. But I am not part of the problem?

Mr. ROSENBERG. You are putting me in an untenable situation, aren't you, Congressman?

Mr. LAROCCO. You know, we are getting to a point here. I want to move beyond this. I want to move beyond Mumma, I want to move into the Forest Service of the future. I want to talk about ecosystem management, I want to talk about tomorrow, and I want to talk about all of these things. I mean you have said that the appeals filed by Forest Watch during the last four years have been responsible for a 75 percent overall reduction of timber sale offerings.

Mr. ROSENBERG. From the forest plans.

Mr. LAROCCO. Right.

I want to move on. In our background statement here, we talk about providing fiber for America and commodities and so forth, and I just want to keep moving. But you say this hearing is an acknowledgment of these problems. Maybe it is; maybe it isn't.

Mr. ROSENBERG. I am still getting decision documents that advocate illegal and destructive timber sale practices today. We recently stopped three sales on the Fernand Ranger District via appeal. The Forest Service admitted that they were violating the law, and if we did not interfere, Congressman, those sales would have gone down; they would have been carried through, implemented; and they would have brought, in our opinion, enormous destruction to the resources. This is not an ancient history, Congressman; this is happening today.

Mr. LAROCCO. I would like you to submit the newspaper story from the *Spokesman Review,* the *Coeur d'Alene Press,* to this committee, that says that also the Forest Service was moving ahead with their ecosystem management and that they were likely to redo those sales. That is not the only reason your appeals on those three sales in the Fernand District——

Mr. ROSENBERG. Excuse me. The decisionmaker at the time mentioned that he was doing ecosystem management when he released those decisions. We had to appeal the sales twice. They came up once; we appealed them; they were withdrawn. They put them out again; we appealed them the second time because they were basically flawed.

If you will also notice in the Forest Service press release, they don't even mention the fact that they withdrew these sales because

they were appealed. They say they are redesigning the sales. They made no mention that they were under appeal.

Mr. LAROCCO. Who is your position on the Northern Rockies Ecosystem Protection Act?

Mr. ROSENBERG. Personally, I endorse it.

Mr. LAROCCO. You see, Mr. Chairman, the problem is, when we talk about ecosystem management, Mr. Rosenberg really doesn't mean ecosystem management because the Northern Rockies Ecosystem Protection Act, I would like to tell my colleagues, locks up every acre of roadless lands in Idaho, 9.3 million acres, and doesn't give the Forest Service an opportunity, or all of the individuals who now work and are professionals in the Forest Service, an opportunity to manage the lands. The Ecosystem Protection Act, which Mr. Rosenberg endorses and supports, puts every acre into wilderness; it doesn't allow the managers to manage the land. So how can we manage?

This is a charade, when you are talking ecosystem management, when you endorse a bill which locks up every acre of land.

Mr. ROSENBERG. It doesn't lock up every acre of land.

Mr. LAROCCO. Every acre of roadless land, every acre of roadless land, plus it is 16 million acres. So all of this talk—so all of the appeals and everything—what would be the sustainable level of harvest on the Idaho Panhandle National Forest, in your opinion?

Mr. ROSENBERG. I don't know. I am not qualified to do that.

Mr. LAROCCO. But you came here as an expert and said that you worked on nine national forests. What would be the sustainable level of harvest on the Clearwater National Forest, sustainable?

Mr. ROSENBERG. You see, I am not that kind of expert, Congressman. I don't have the timber sale——

Mr. LAROCCO. What would be the sustainable level of harvest on the Nez Perce National Forest, one which you operate on and have filed appeals on?

Mr. ROSENBERG. That is a silly question, Congressman, I am not a Forest Service expert.

Mr. LAROCCO. I don't believe it is a silly question.

Mr. ROSENBERG. Ask that of the Forest Service employees who manage those forests, and I am sure they would be stumped for an answer also.

Mr. LAROCCO. I would like to know because I might be able to get an answer out of the—let me switch to the watershed issues on the Panhandle National Forest.

In my wilderness bill, I have a section there on water quality on the Panhandle National Forest. I would like your opinion on whether this is accurate or not.

The Secretary shall review the water quality standards in effect on the date of enactment of this Act on the Panhandle National Forest to determine if such standards are sufficient to protect fisheries, watersheds, and water quality on that national forest. If the Secretary finds that such standards are not sufficient, the Secretary shall develop water quality standards which are sufficient to protect fisheries, watersheds, and water quality on the national forest and include such standards in the report required by subsection B or if not sufficient or but are not met, the Secretary shall address why such standards are not being met in the report required by subsection B,

And that they have to report within 18 months.

Is that adequate to protect the watershed on the Idaho Panhandle National Forest?

Mr. ROSENBERG. First of all, Congressman, we know that water quality standards on the Idaho Panhandle national forests are not sufficient. Let's take a look. Second, the studies——

Mr. LAROCCO. Please, let me finish——

Mr. ROSENBERG. Yes.

Mr. LAROCCO. Are sufficient but are not being met—"the Secretary shall address why such standards are not being met in the report required by subsection B." I am looking for help here, because I have some concerns about your watershed.

Mr. ROSENBERG. The Idaho Panhandle acknowledged that the water quality standards were not adequate. As a result of that, they promulgated new water quality standards which came out I believe in July of last year. Unfortunately, those water quality standards differed significantly from the recommendations made by the hydrologists who drew them up when they passed through the supervisor's office. They have got it watered down enough that they probably themselves don't provide enough protection.

But how are you going to know if those standards provide enough protection or not, Congressman, unless you implement them and monitor them for many years?

Mr. LAROCCO. It says if they find that such standards are not sufficient, the Secretary shall develop water quality standards which are sufficient to protect fisheries, watersheds, and water quality on the national forests and include such standards in the report.

Mr. ROSENBERG. They produced new standards. They are being implemented. How are we going to know if they are adequate unless we monitor them?

Mr. LAROCCO. Well, let's move on to other things. How many board feet will be cut on the Priest Lake Ranger District in 1994? How many board feet, in your estimation?

Mr. ROSENBERG. How many board feet should they cut?

Mr. LAROCCO. No. How many will be?

Mr. ROSENBERG. I don't know how much they are going to cut in 1994. I will tell you something. You made a statement before that we have already suffered a significant decline in the amount of timber output in Idaho. I think if we look at the last 10 years, that we have cut near-record levels of timber from Idaho forests, both private and off the Forest Service.

It is just going to happen in the next few years that we are going to experience a significant downfall. I don't know exactly. I heard the rumor that they only offered 3 million board feet of timber in 1993. So I don't know when that is going to be cut, because that might not be cut for 4 or 5 years.

Mr. LAROCCO. And what was it five years ago?

Mr. ROSENBERG. I am not sure, but it was over 30 million board feet, 30 to 35.

Mr. LAROCCO. Well, I want to point out to my colleagues here on the committee that I have a wilderness bill that is trying to resolve this, that there are people out there who want every acre, and Mr. Rosenberg certainly wants every acre, of roadless lands into wilderness, and that flies in the face of ecosystem management. It doesn't

give the agencies an opportunity to practice ecosystem management, and I did make the statement about the cut and the pressure on the private lands. That doesn't give us an opportunity to practice ecosystem management either, because that is putting a lot of pressure on those drainages as well with the checkerboard management or landownership that we have. I wanted to ask Mr. Stahl some questions on forest health, but I think my time has probably expired.

Mr. Stahl, I would like to talk to you at some other time about my forest health bill and the sales and multi-year contracts which I think you have looked at in your statement about "Towards Excellence," especially multi-year budgets and so forth. I think that we are on the same wavelength on some of those things. Maybe there is time for you to comment on that.

Mr. STAHL. I am probably not sufficiently familiar with your legislation.

Mr. LAROCCO. Well, maybe that is why we ought to talk about it in the future. I am trying to promote this and move this ahead. It is one thing that I think we ought to get to.

Mr. STAHL. But I do know a lot about the forest health issue and would be happy to talk about that with you at some time.

Mr. LAROCCO. Are you familiar with my bill?

Mr. STAHL. No. I know a lot about the science behind the forest health issue, and I would be happy to talk about that issue with you at any time.

Mr. LAROCCO. Yes. My bill is H.R. 229. I would appreciate your taking a look at it if you are interested in forest health. It is an interesting piece of legislation. We tried to apply some of the concepts in that to the Meadow Creek drainage in the Nez Perce National Forest with regard to watershed protection on the west side of Meadow Creek and historical range of variability on soil sedimentation and so forth. I think it is an interesting approach on the watershed, and I think it is a reasonable approach to ecosystem management.

I think we need to look ahead, Mr. Chairman, on where we are going with all of this and give the professionals on the ground an opportunity. We are looking a lot on the past, and these anecdotal statements about people jumping from stump to stump and moving ahead are cute, and they are great bumper stickers and all that, but we have got people on the ground and a real supply problem; and I think Mr. Rosenberg is right on a lot of these.

I was going to ask you, you said that one district has been liquidated, Mr. Rosenberg.

Mr. ROSENBERG. That was an exaggeration.

Mr. LAROCCO. That was an exaggeration?

Mr. ROSENBERG. Yes, it was. I am sorry to have used the term. Let's say one district in the Idaho Panhandle has been severely overlogged and the watersheds are absolutely devastated, and that person who was partially responsible for that, he was a district ranger for several years; he was promoted to head of timber sale management.

Mr. LAROCCO. OK, and what district was that?

Mr. ROSENBERG. Wallace.

Mr. LAROCCO. Wallace.

Mr. ROSENBERG. Do you have any questions about the Wallace District being overlogged?

Mr. LAROCCO. No. I was just going to make the point that that has been pretty hard hit.

Mr. ROSENBERG. Yes, it has.

Mr. LAROCCO. Right. It has been very hard hit.

Mr. VENTO. We ought to leave it on this agreement.

Mr. LAROCCO. Yes, on that agreement. Thank you.

Mr. VENTO. One of the frustrations that we have is the issue that was raised by Mr. Ruch and others in terms of the professionalism. One of the manifestations, I think, of the legislation to declare even more areas wilderness, as you know, is because, frankly, there is the lack of confidence in the Forest Service being able to manage it for other uses. So that is one of the frustrations.

As you know, I have resisted that because I think the better path is to put in place professionals and a management system that is responsive to the challenge and to the myriad of questions. Unfortunately this management is more complex than what it was as we learn more.

Of course, that challenged the professionals and the policies to get out of their mind set in terms of what they do into the twenty-first century in terms of using that knowledge. Little good it does to develop it and develop riparian and other types of maps if they are summarily dismissed when it comes to the application and activities, and therefore the only thing is to do nothing or to use it as wilderness, not necessarily doing nothing, but that is the dilemma we have here in terms of what the policy path is.

So it really is a challenge to the Forest Service to do that or to adopt systems other than what we have in terms of how to put a dollar issue in, I guess, based on some areas that would work a lot better than what we do today. I mean, at least we would know what our goals are.

I want to thank this panel. We have obviously overextended the questioning period here, but I think it was very useful and necessary. I hope the accord we saw with Mr. Rosenberg and Congressman LaRocco might be something to build upon there in the Wallace District.

Thank you, gentlemen.

PANEL CONSISTING OF DOUG CRANDALL, ASSISTANT VICE PRESIDENT, PUBLIC FORESTRY, AMERICAN FORESTS AND PAPER ASSOCIATION (AFPA), WASHINGTON, DC; DR. WILLIAM McKILLOP, PROFESSOR OF FOREST ECONOMICS, UNIVERSITY OF CALIFORNIA, BERKELEY; ANN HEISSENBUTTEL, NORTHWEST FOREST ASSOCIATION, PORTLAND, OREGON; DON LEAL, POLITICAL ECONOMY RESEARCH CENTER (PERC), BOZEMAN, MONTANA; AND CLARK COLLINS, BLUE RIBBON COALITION, INC., POCATELLO, IDAHO

Mr. VENTO. We have another panel basically representing different points of view; I am sure each of these do. We have Doug Crandall of the American Forests and Paper Association who is stationed in Washington here; Dr. William McKillop, forest economist, University of California at Berkeley; Ms. Ann Heissenbuttel, the Northwest Forest Association; Mr. Don Leal, Political Economy Re-

search Center, from Bozeman, Montana; and, finally, Mr. Clark Collins of the Blue Ribbon Coalition, Incorporated, of Pocatello, Idaho.

Didn't we do a land trade bill in Pocatello for construction of a security facility?

Mr. LAROCCO. Right. It was part of the watershed in that area.

Mr. VENTO. It was part of the crime bill.

Mr. LAROCCO. Right. They didn't use that land for expansion of that corrections facility, Mr. Chairman.

Mr. VENTO. They didn't use it yet?

Mr. LAROCCO. Not all of it.

Mr. VENTO. We obviously do have a long hearing today, as some of you may have suspected, but I spared you from the opening statements—not from the chairman's editorializing, but from openings—and we hope to proceed straight through today, through the other panels of witnesses. There are a couple more. So we're going to continue.

Your statements have all been made part of the record. So let me ask you to summarize your remarks in about five minutes, your oral presentations, and then we will proceed to some questions.

Mr. Crandall, please proceed.

STATEMENT OF DOUG CRANDALL

Mr. CRANDALL. Thank you, Mr. Chairman.

I am Doug Crandall, assistant vice president, public forestry, of the American Forests and Paper Association, and I would like to know if we could send out for pizza.

The trendy words "dysfunctional" and "gridlock" do a fair job of describing the Forest Service of the 1990's. As a result of our national forests being managed less by professional foresters than by the courts, we are seeing the ability of the Forest Service to achieve its mission of caring for the land and serving people severely restricted. This legal gridlock is pervasive across the Forest Service, but is most notable in two areas.

First, forest health problems are spreading in every region. Insect and disease epidemics and catastrophic fires are occurring at an escalating rate. My house sits on the Yellowstone River just north of Yellowstone Park. The last 10 years I have seen hundreds of thousands, millions of acres, hit by the pine beetle, and as a result, hundreds of thousands and millions of acres burned, not just in 1988 but continually since then.

Our knowledge of these problems, while incomplete, is sufficient to the degree that we can address and ameliorate them with active hands-on management. Forest health must be a priority in any discussion of the future of the Forest Service.

Second, the Forest Service timber sale program is in a free fall. Attached to this testimony is a graphic review of the Forest Service timber sale program. If you would look at that, figure one shows the drop in the program by about a third in the last 8 years; figures two and three do the same thing; figure four shows the resulting train wreck in volume under contract at a desperately low level. Figure four shows why about 150 mills have shut down in the West in the last 2 years and why hundreds more will be shut down in the next couple of years.

When you look at these graphs, and I hear people talk about the Forest Service being managed for the sake of the timber industry, I realize that that rhetoric is a little bit old.

While reasonable people could have disagreed over land allocations and sale levels during the 1990's, the resulting correction went way beyond any reasonable person's expectations; and in an attempt to modify sale levels, the entire timber sale mechanism has been derailed legally and politically.

If you extrapolate out the trends on these graphs, you can see the disaster complete in about 2 years. If we move quickly enough, that doesn't have to happen, and I think for all the right reasons, and I list them all in my testimony, but some basic facts——

In the United States today we have more forested acres now than we had 50 years ago. We are growing 37 percent more than is being harvested. About one-third of the United States is Federal Government. Of that, the Forest Service manages 46 percent of the nation's inventory of softwood saw timber, yet these lands have traditionally only supplied 24 percent of the softwood harvest. This last year it was only 15 percent.

The Forest Service's encounter with gridlock is keeping national forest lands from supplying their reasonable share of forest resources to the American public. The resulting timber supply shortage is reducing U.S. manufacturing capability, wreaking economic and human havoc in thousands of rural communities, driving up the U.S. trade deficit, forcing consumers to buy wood substitutes that are environmentally less preferable, and making it much more expensive for Americans to buy a home.

So the timing of this hearing is important, and for the sake of this discussion AFPA has some recommendations.

First, AFPA strongly supports the administration's current reinvention efforts within the Forest Service as a means to reunite and redirect the agency. There has been an unmistakable identity crisis within the Forest Service from the lack of strong leadership and solidarity of purpose which has allowed a series of competing and divisive subcultures to be formed.

Any serious reinvention, therefore, dictates a reevaluation of what it is the Forest Service does and how it does it, and this needs to begin relatively quickly as the agency is already being haphazardly restructured due to budget cuts without any guidance from a comprehensive plan or list of goals.

A primary aspect of reinvention, of course, will have to be the implementation of ecosystem management, and Ann Heissenbuttel is going to talk about that.

Another basic aspect of reinvention will be the actual restructuring of the Forest Service into a more streamlined organization. For many reasons, as listed in my testimony, the current structure is outmoded. Therefore we believe that the Forest Service should streamline its operations by reducing its major layers of administration from four to at most three or perhaps two. As part of that reduction, obviously numerous office locations should be closed, consolidated, or moved.

AFPA recommends that a blue ribbon commission be established to make the streamlining recommendations and that these recommendations be accepted or rejected as a whole. This mechanism

would help to assure that choices are made on a basis of a coherent plan to achieve overall efficiency rather than being merely a sum total of individual political decisions.

Reinvention must have a communication strategy. Perhaps the weakest aspect of Forest Service performance in the last 10 years has been in communications. Rather than utilizing proactive communications to respond to challenges of contentious issues and increased public scrutiny, the agency has crawled into its shell. This has allowed other individuals and organizations to define the Forest Service, usually in negative terms, to the public, Congress, and to a certain extent its own employees. The result is the growing perception of forest management as an either/or activity: it is either jobs or the environment; it is either complete preservation or ecologic catastrophe.

Though the science of forestry in practice debunks this myth, the positive results of forestry are poorly or seldom told. For the Forest Service to regain control of its future, it must completely rethink its internal and external efforts in communications in line with its reinventive mission and goals. Above all, the agency shouldn't abdicate its responsibilities to educate the public and to defend policies and practices which are justified by scientific practice and professional experience.

Another aspect of reinvention should be a comprehensive review of environmental laws and regulations, and we recommend that a Federal commission be formed to do this. Although Federal commissions such as the Outdoor Recreation and Resources and Review Commission, such as that, have met with varying degrees of success, this is clearly the level at which environmental laws and regulations must take place.

Since conflicting laws and regulations are a direct result of congressional intervention, it will take this kind of congressional commitment if there is to be any chance of resolution.

In conclusion, of all the problems the Forest Service has, one of them is not a lack of highly qualified foresters who take their charge of stewardship of the land seriously. The problem is that these people aren't allowed to do their jobs.

One of the key principles in Al Gore's National Performance Review is empowering employees to get results and states that effective entrepreneurial governments transform their cultures by decentralizing authority. They empower those who work on the front lines to make more of their own decisions and solve more of their own problems.

In 1985, the Forest Service published a task force study on agency communications and awareness, and here are a couple of the points in the report. They sound kind of familiar.

> There is widespread concern about the declining ability of the district ranger to make decisions and effectively complete on-the-ground work. As perceived, this is brought about by an erosion of decision authority, complex and overly burdensome environmental assessment requirements, excessive paperwork leading to limited field work for the district ranger and key staff, and loss of effective contact with grassroots constituency.

These concerns, though prevalent throughout the industry or the agency for many years, have gone largely unnoticed or unresolved. The future success of the Forest Service in developing and conserv-

ing forest health and in maintaining a dependable and sustainable level of timber outputs will depend primarily on two things: One, the agency's ability to empower people on the front lines; and, two, the willingness of the administration, Congress, and the leadership of the Forest Service to work together to provide consistent national direction and support to those implementing agency goals on the ground. This is not just an opportunity but an obligation to reinvigorate an agency that has an immense responsibility to society.

AFPA stands ready to assist in any way the committee would like.

[The prepared statement of Mr. Crandall can be found at the end of the hearing.]

Mr. VENTO. Thank you, Mr. Crandall.

We will move now to Dr. William McKillop.

Dr. McKillop.

STATEMENT OF DR. WILLIAM McKILLOP

Dr. MCKILLOP. Thank you, Mr. Chairman and members of the committee.

My name is William McKillop, a professor of forest economics at the University of California at Berkeley.

I would first of all like to point out to you that I have been observing the U.S. Forest Service for the last 30 years, and for certainly the last two decades it has been in the course of reforming itself. What I want to point out is, if it continues to deemphasize timber production in this reform movement that is following, there are going to be severely adverse economic effects. Furthermore, there are going to be recreational effects, adverse recreational effects, and adverse environmental effects also.

My written testimony gives details about the economic effects in the area of the northern spotted owl, and, in particular, if you want to look at table one, that summarizes a lot of it.

First of all, let's not forget that timber isn't cut just for the heck of cutting timber. Timber is cut because people need wood for housing, especially here in the United States, so let's not forget about the U.S. consumers in this case.

If the Forest Service goes in this management redirection that is being advocated, it is going to cost U.S. consumers about $3 billion per year because of higher wood product prices and it is going to prevent thousands of low-income families from buying their own homes. So we have these immense social issues that must be faced by Congress in this look at the Forest Service.

There is going to be a loss in regional income. Again, this is still in the area of the northern spotted owl, northern Washington, in Oregon, and Washington, and northern California, a loss in regional income of about $1.7 billion a year. It is going to be a loss to Federal, State, and local governments of $1.4 billion a year, not counting costs of these retraining programs that we heard about and other supplemental programs to help the laid-off workers. But it does include $300 million per year where the net receipts to the Treasury—that that is going to be a loss if the redirection follows the FEMAT Option Nine.

And let me point out, Mr. Chairman, it is a delusion to think that noncommodity activity on the national forests can substitute

for the employment, the tax revenue generation, and the income-producing ability of timber harvesting.

I was interested to hear the GAO folks talk about the Redwood National Park. I did a study for the California administration of Governor Brown on what the economic impacts would be, especially in terms of jobs, in expansion of the Redwood National Park in 1967 through 1978, and clearly that generated no increase in tourism to the region.

In fact, I was up in Humboldt County just about two weeks ago and interested to hear that a big local saw mill attracts more visitors per year than the Redwood National Park does. Sorry, but that is a fact.

Mr. VENTO. You weren't the source of the 1.6 billion visitor number.

Mr. MCKILLOP. Right. I somewhat disparaged that number.

The other thing: I was in the room when, you remember, the late, much respected Congressman Phil Burton, whose bill it was, met with Edgar Wayburn, president of the Sierra Club. He got the Sierra Club to acquiesce to the idea that the timber cut on the Six Rivers National Forest would increase to compensate for the loss of this redwood timber. We all know what happened. The cut in the Gasquet District, which was the key district, it went practically to zero. So someone earlier talked about broken promises. There is a perfect example of one.

Randal O'Toole talked about the idea of charging recreational fees, and incidentally the FEMAT report talks about value per recreation day for primitive recreation being 35 bucks a day. That is what is paid every day for every person who is going there. Those numbers, of course, are ridiculous.

Part of the problem with Randal's ideas is that we already have the prime areas of public lands set aside in national parks and wilderness and reserves. Folks are not going to pay money to visit those areas that are more appropriately used for harvesting timber.

In California, even before the call for reform started to take place and before the owl, 50 percent in a typical national forest, at least 50 percent of the land was off limit to timber harvesting, so there was a vast repository of recreational opportunities that need not interfere with timber harvesting.

Then this business of roads which you, Mr. Chairman, brought up. The vast bulk of folks who use the national forests require roads for recreation. I have been a backpacker and mountain climber all my life, but even I have used Forest Service roads to get access to the back country, to the trail head.

Then this business of recreational activity substituting for the timber industry—there is no way that it will bring adequate income to a region. First of all, the wage rates are only about half in folks that cater to the recreational activity. Furthermore, you need to bring tourists from outside a region into a region to substitute for the wealth generated by producing timber, and that is not going to happen because we already have the best areas in the parks and wilderness areas.

The same goes for forest improvement projects. If the Forest Service and Congress were not willing to spend money on forest improvement projects when they were getting $300 million a year

from the forests, net receipts from the forests in the northern spotted owl region, what makes us think that they are going to spend money when they are not going to get that $300 million per year? So I really do believe that that is a false hope.

You talked about roads. It is not just a matter of having roads for recreation and timber, it is absolutely essential to have roads for protection of the forest from fire and from injurious agents. This is why Congressman LaRocco's points are so important about forest health. You have got to get in there to contain outbreaks of disease and fire as well.

And maybe lastly or second lastly, the most ironic thing is, these plans for redirection and reform are going to be counterproductive from the point of view of the national environment and the global environment, because if we don't produce wood here in the United States, and particularly on the west coast, we are going to suck wood out of Canada. They are going to send less to Japan and Asia. Japan and Asia are going to have to get it from somewhere, and they are going to get it from the fragile arboreal forests of Siberia, or they are going to get it from the tropical forests of Malaysia and Indonesia for which we show great concern.

As you know, you have heard it said that here on the West Coast we can produce more wood on one acre of our forest land than they can on 15 acres of Siberia. So it is really environmentally irresponsible of us not to produce a reasonable amount of wood from the forests of the Pacific Northwest and from California and the rest of the nation.

So I think I will end my remarks there, Congressman, except for one thing. Let me tell you, there is no genuine scientific basis for arguing that private industry in California and the West Coast have overcut their timberland or that the Forest Service was not on a sustained yield basis before the owl crisis hit.

Thank you.

[The prepared statement of Dr. McKillop can be found at the end of the hearing.]

Mr. VENTO. I appreciate your comments on roads, but actually Congressman Hansen introduced that subject and I proceeded to talk about it as well as others. In any case, we will get back to the arguments which probably better fit a format of dissertation debate than this format.

Ms. Heissenbuttel.

STATEMENT OF ANN HEISSENBUTTEL

Ms. HEISSENBUTTEL. Thank you, Mr. Chairman and committee members. I am pleased to be here today.

I am testifying on behalf of the Northwest Forestry Association, a member of the American Forests and Paper Association, and Northwest Forestry Association, AFPA, and the other associations and companies that we represent throughout the United States are concerned about finding a constructive solution to the legal gridlock which is severely constraining national forest management and consequently constraining our industry's ability to meet the nation's wood products needs.

We believe one solution is ecosystem management and that, if properly defined and applied on the national forests and other Federal lands, it may offer new opportunities to reduce the public conflict that has halted management activities. It should also provide a better way for the Forest Service to care for the land in its charge to meet the many and various public goals and objectives it is supposed to meet.

Unfortunately, the Forest Service is using a definition that does not clearly explain what the agency means when it talks about ecosystem management. This is evident in the confusion expressed by many agency employees in the field who must carry out that new direction and among the public who wish to participate in the process.

AFPA and our members have developed an alternative definition which we believe will increase understanding of the concept. It is written out in full in my written statement on page 5, and just to make it a little briefer, it recognizes that ecosystem management is a process used to achieve national forest goals—it is not a goal in and of itself, and those goals include maintaining and enhancing ecosystem health and productivity and producing commodities and other values. This is consistent with the Forest Service mission, caring for the land and serving people.

It also recognizes that land management entails certain risks, that decisions to take an action or not to take an action will have consequences that may or may not always be predicted with complete precision based on the best knowledge managers have today.

We are not suggesting a top-down process for management of the national forests, we are instead calling for the necessary side boards to clarify the national goals, clarify what ecosystem management is, and to help forest plan decisions be made that will help meet those national goals.

In implementing ecosystem management, each national forest should seek to define the desired forest conditions that are needed to meet brighter ecosystem goals and objectives, biological, economic, and social needs. Of course, the agency must establish these desired conditions through the forest planning process if it is going to be effective, and it has to be done with full public participation.

The desired forest condition is going to be one of the most important decisions that is to be made, but once that is determined, every decision made to implement a forest plan must be designed to help achieve that agreed-upon condition. A number of tools are available to land managers to achieve these specified management goals.

In working toward the desired condition, land managers will have to choose the most effective methods to achieve both interim and long-term objectives. In doing so, it no longer makes sense to judge individual timber sales solely on their economic or financial merits. Instead, managers must consider the cost of the entire management scheme, including timber sales and other activities, against the full range of benefits expected to be received.

Measuring the costs of the separate components would be meaningless since the activities together under an ecosystem management concept should be defined or described to accomplish a set of goals.

Congress must also recognize that an ecosystem management approach is going to increase management costs. It will require more complex forest plans, development of new planning models, and more detailed monitoring programs. We must recognize this, and Congress must support this need during the annual funding process.

To truly address below-cost sale concerns, the agency must continue to improve its management efficiencies wherever possible, but the bottom line is that ecosystem management makes the concept of below-cost sales completely moot.

If the Forest Service truly intends to practice ecosystem management, it must apply the principles across the entire national forest landscape. It cannot simply overlay a new set of constraints upon the land management allocations in the current forest plans, as was done in Option Nine, the plan for management of habitat within the range of the northern spotted owl.

Similarly, inflexible land allocations and unviable standards and guidelines are not compatible with an ecosystem management concept. Land managers must have the experience and flexibility to explore all reasonable options and design site-specific management practices that most effectively will achieve desired forest conditions.

A question came up earlier today about ecosystem management on mixed ownerships and how it could be applied across four different Federal land management agencies' lands or even across other State or private lands. I guess I would like to just point out that we must remember ecosystem management is a process to achieve goals and not the end or the goal itself. We must recognize that each Federal agency and other landowners within the landscape or the ecosystem have distinct management goals required by Congress or set by the owner.

Ecosystem management is not going to be one size fits all. If we try to make it mean the same on all Federal ownerships or all ownerships, it will be a strong disincentive to other private or other public landowners to even be interested in practicing it.

Effective land management must utilize adaptive management principles throughout the planning area. By defining management goals, identifying areas of uncertainty, constructing management models to bracket the range of uncertainty, and conducting experiments to limit the worst models, managers can reduce uncertainty. They can then take action based on the best available information, assess the results, and use that resulting information to constantly refine the management decisions. This is an important part of practicing ecosystem management.

In conclusion, I must emphasize that the Forest Service, Congress, and the public have learned a great deal from the first round of land and resource management planning. Many changes have been made as a result of those initial NMFA plans. Unfortunately, too often the plans have not been fully implemented, resulting in tremendous uncertainty and hardship in the affected areas, and a shortage of timber supplies nationwide. This has partly been a result of frivolous use of the agency's appeal process, but today we are hopeful that the new administrative appeal regulations which finally are in place may help bring public concerns forward at an

earlier point in the decisionmaking process, improve decisions, speed up the resolution of appeal, and reduce the resulting gridlock.

In the future, the Forest Service must incorporate ecosystem management as a new process for achieving its land management goals and must develop broad national guidelines and a meaningful definition of ecosystem management to clarify what that direction is for the field. It should incorporate the guiding principles that AFPA describes in the paper attached to my testimony to ensure that the goals can be achieved.

In addition, the agency must be held accountable to meet its goals individually and collectively across the national forests in order to regain public confidence in its decisions. It must demonstrate that it can effectively manage the national forests, produce the goods and services needed by society, protect the values and ecosystem processes that are desired. Ecosystem management should become a useful tool to meet these objectives, leading to decisions which may be implemented on the ground with a certainty that is sadly lacking today.

Thank you for the opportunity to testify. I would be happy to answer questions.

[The prepared statement of Ms. Heissenbuttel can be found at the end of the hearing.]

Mr. VENTO. Thank you, Ms. Heissenbuttel, for your testimony. We will move to the other witnesses on the panel and then come back and maybe have a question or two for you.

Mr. Don Leal of the Political Economy Research Center from Bozeman.

Mr. Leal, please proceed.

STATEMENT OF DON LEAL

Mr. LEAL. Thank you. Thank you, Mr. Chairman.

I just want to say PERC is an organization in Bozeman, Montana, and it is frequently described as a free market think tank focusing on market solutions to environmental problems. Today I come before you to challenge the status quo notion of what below-cost timber sales really represent.

For over a decade this issues has served as a lightning rod for reforming management of the Forest Service's timber program. It is an issue in which I agree with environmentalists in concluding that it indicates that there is something definitely wrong with how the Forest Service manages its sale of timber. I part company, however, with those who say the solution of below-cost timber sales is either to stop selling timber altogether or, alternatively, to raise the price of timber to match the cost of the Forest Service's timber program, and let me tell you why.

In comparing timber sales on State and national forests in Montana, the evidence is strong that the Forest Service loses money on timber sales because its costs are too high.

For three different growing regions in western Montana, the State made money selling timber on its forests while the Forest Service routinely lost money selling timber on nearby national forests. From 1988 to 1992 in northwest Montana, the most produc-

tive region in Montana, I have a chart, if I could put it on that easel—OK.

Here's northwest Montana, the most productive region, and it is also comprised of both private, State, and Federal forests. There are two national forests, the Flathead and the Kootenai, and then there are State forests that are intermingled with these national forests. There are some pretty-good-sized State forests in this region, the Stillwater Forest, the Cold Creek State Forest.

Anyway, the bottom line is that the northwest of the State in this 5-year period grossed 2.39 cents for every dollar spent selling and growing timber, while Flathead National Forest failed to break even, grossing only 75 cents for every dollar spent.

In the central region—this is the drier, less productive region of central Montana—there are six national forests in this region, and then there are State forest lands scattered throughout that whole region. You are not supposed to make money in this region because it is drier and less productive, yet the State grossed $1.07 for every dollar spent over this 5-year period. This includes both down markets and up markets for timber, while Gallatin Forest, as an example, grossed a paltry 23 cents and Lewis and Clark grossed 45 cents. The four other national forests also lost money. I have a complete study on this comparison that I will leave anybody that is interested.

Overall, from 1988 to 1992 the State's timber sales generated nearly $14 million in income, net profit, net revenue, while the 10 national forests in Montana showed a cumulative loss of $42 million. This is a startling result, especially when we consider the fact that the State harvested one twelth the volume of timber harvested by the Forest Service during this period. The Forest Service harvested 12 times the amount of timber the State did. The State made $13 million and the Forest Service lost $42 million.

Now the immediate questions that come to mind: Are these different lands, the State lands so highly productive that they could grow huge redwoods in this area and the national forests just the throw-away lands? The evidence I have found doesn't substantiate that.

Take any of the national forest maps in Montana, and you will find State lands intermingled throughout this whole configuration of national forests.

Are the elevations higher on national forests? I have heard people say, "Well, that is because the national forests are elevated higher and you are not going to get the productivity." Sorry. Topographic maps indicate that these State lands vary in elevation anywhere from 3,000 to 6,000 to 7,000 feet. The same thing with the national forests lands in that, no difference there. Considering the fact that these State lands are often located right next to these national forests, theoretically you should have the same timber-producing potential as the nearby national forests. Indeed, the Forest Service, their own ratings in that out of, Ogden, Utah, confirm this. They rated the State lands as far as what their timber-growing potential is, and they also rate the national forests, and they are on a par for each of those given regions.

There are three regions, actually, but each of the regions in western Montana, within those regions, you have State lands rated on a par with the national forests.

Now the next question is, Well, what about the duties that the Forest Service has to perform, and what about the duties that the State foresters have to perform? Isn't it more taxing for the Forest Service?

Again, looking at the activities that the State foresters perform, you see a lot of similarity, more similarity than differences. There are differences, but there are more similarities. Both State foresters and the Forest Service prepare and administer timber harvests, they prepare timber plants, they carry out environmental assessments and impact statements, conduct competitive sales, they plan and build roads, they prepare sites for reforestation, and they conduct stand improvements for new growth forests.

Importantly, the State foresters have to integrate timber production with the other uses almost like multiple use. These other uses include public recreation. We talked about public recreation today, and indeed they charge for recreation on these lands, $5 a day permit. They also have livestock grazing, and they also have areas that are removed from timber production because of important wildlife habitat characteristics. Grizzly bears in the Flathead State Forest region, they don't recognize boundaries, they go through the State and the national forests, and there are areas protected in the State forests as well.

So in total, I find more similarities between these State lands and the national forests. Granted, the State foresters do not prepare a FORPLAN-type document, and I don't think they have the paperwork that the Forest Service does, but I will tell you where I see the big difference. Despite the similar duties, the State carries out its duties at a substantially lower cost.

For example, in the northwest region the State spent an average of $66 per thousand board feet of harvest over that 5-year period, while Flathead National Forest located right next to some of these State forests spent 60 percent more for the given same volume of harvest, $106 per thousand board feet. These are averaged over the 5-year period.

I averaged out the timber sale timing and all this kind of thing. You get an average figure of harvest costs, and the sale, preparation, the whole nine yards, everything is right into that figure.

Elsewhere the cost picture is similar. In the Montana central region, the State's costs—they are higher now—the State's cost averaged $80 per thousand board feet of harvest versus, for example, $133 on nearby Gallatin National Forest.

Now it appears that the State uses a fraction of the labor used by the Forest Service to carry out its duties. For example, to harvest a given volume of timber on the Gallatin Forest in 1992—in this case a thousand board feet of timber—the State used 4.5 hours of labor on central Montana forests. The Forest Service used 11.6 hours to harvest the equivalent amount of timber in that. That is almost two and a half times the amount of effort, and you will notice the average hourly labor cost is about the same, not much difference there, putting a lot more bodies to prepare a timber sale.

There is a lot of work, a lot of people at their desks preparing these timber sales.

You might say, OK, I'll grant you the fact that they perform better economically, that these State forests do, but I will bet you the national forests do a heck of a job of protecting the environment because, after all, maybe all this cost is attributed to greater emphasis on environmental protection on the national forests. Again, I find conflicting evidence with this notion.

A 1992 statewide audit of recent harvest, harvest in the last 3 years, ranked the State the highest in protecting watersheds among all landowners, including the Forest Service. Despite the cost, the State is still coming out ahead. The audit was requested by the Montana legislature. It is something they do every 2 years. They cover sites on the national forests, the State and private nonindustrial lands, and these audit teams are comprised of experts in hydrology, forestry, soil, biology, and several environmental groups, including the Audubon Society. They go out, and they rank areas that were harvested to see what procedures each of these operators carried out to keep an area from being prone to erosion or whatever. There is a whole list or criteria that they have developed.

In addition to the environmental protection notion, the State does a substantially better job of sustaining quality timber on its inventory. I mentioned that these lands have similar timber-growing potential. But there is a huge difference between how this inventory is being managed for timber production.

In terms of the growth rate, silviculturalists go out, and they will estimate what the average growth rate there is in a year. If you have got a really healthy forest, you should get a certain amount, or two-thirds the potential of this area should represent an ideal growing forest. The State is right near there. The Forest Service on national forests, in some cases they do pretty good, but on forests like the Gallatin they have a negative growth rate. There is more timber dying and succumbing to disease than there is new timber coming into the inventory.

You have a very unhealthy situation on forests like the Gallatin. Because of the delay in terms of the harvest, the reduction in harvest that has taken place in the last 5 years, you also have a reduction in restocking. You can't plant trees unless you have room to bring new trees in. You have got to harvest.

The solution, I would argue—and I am getting data from Idaho, eastern Oregon—I would like to look at this issue from a very broad perspective, including the Great Lakes, all these so-called below-cost forests, because my hypothesis is that indeed you could make money on these national forests if the Forest Service was more efficient.

You may not harvest the huge quantities that they did in the 1970's, but I would venture to bet that you can make money on these national forests if you are more efficient.

In sum, the solution to below-cost timber sales isn't weaker environmental standards. It isn't, as some have recommended, to stop selling timber on money-losing forests like those in Montana; 7 out of 10 of those forests lost money every year from 1988 to 1992. The solution, I argue, is to identify and eliminate the waste in timber

sale programs. As a first step I recommend that the Forest Service explore options with State foresters in reducing the costs in timber programs. Even try some innovation, award bonuses to personnel in the Forest Service who carry out innovative and cost-effective approaches to timber management and environmental protection. We see States doing that, like Massachusetts, rewarding people who actually save the Government money.

Contract out for those areas that are really thorny like environmental assessments, impact statements, where it just keeps going on and on. Put those kinds of tasks out for competitive bid. Let there be a private sector expertise. Maybe there are environmental groups. Bring them in, and let them do the environmental assessments. If it is just becoming too costly for the in-house assessment to take place, let the people on the outside do it.

Now I agree, these steps are preliminary, and I agree with what Randal O'Toole said that there is a big difference between these State and national forest lands; and that is, the State of Montana is required to generate income for the funding of public education, and that is a key incentive, while the national forests are not mandated to make money. But there has got to be some discipline as far as cost efficiency goes in the Forest Service or else it is only going to be lip service.

You can have ecosystem management, you can have any kind of buzz word that we want to choose to manage these forests; you have got to have, though, an efficiency constraint.

That concludes my talk.

[The prepared statement of Mr. Leal can be found at the end of the hearing.]

Mr. VENTO. Thank you, Mr. Leal.

Mr. Clark Collins with the Blue Ribbon Coalition, if you would take about five minutes. I think Mr. Leal went over.

STATEMENT OF CLARK COLLINS

Mr. COLLINS. I might even take less, Mr. Chairman. Thanks for the opportunity to speak today.

I didn't realize when we were publishing this particular issue of *Blue Ribbon* magazine that I was going to be testifying at this hearing, but I would like to point out a few things. Randal O'Toole was hawking his books; well, I'm hawking *Blue Ribbon* magazine, and I did bring plenty of copies.

Mr. VENTO. We don't have any rule against that, so it is all right.

Mr. COLLINS. But I would like to refer to an article on page 10 that is kind of illustrative of the direction that our organization likes to take on these land-use issues. There is an article in here about Minnesota loggers, "Friends or foes?" So I would like to particularly draw your attention to that since that is from your own State.

This is an article that we were given permission to use out of the *Minnesota Snowmobiling News.* It is an article written by a snowmobiler that is recognizing the contribution that Minnesota loggers make to the recreation community and is encouraging snowmobilers to be cooperative and understanding with that particular natural resource industry.

The title of my remarks today: Win/win solutions are possible. I am going to just touch on a few points and not going to try and read from my text, but our organization has been accused at times of being a stooge for the natural resource industries because we defend their interests. We defend their interests for a lot of reasons because, for one thing, a lot of our recreation members also happen to work in the natural resource industries. When natural resource policy restricts their means of making a livelihood, it often also restricts their recreational opportunities as well.

We think that not enough attention is paid to the possibility of win/win solutions, and I would like to give an example of an opportunity that came up in my hometown area where the Forest Service was proposing a timber sale for an area that had a very important trail passing through it. They asked for comments on this timber sale, so I proposed that before they conduct the timber sale they reroute the trail because the timber sale would have obliterated the trail.

The trail in that particular area happened to be an old timber haul road so it was a perfectly legitimate use for that to return to what it was originally designed for and be used to extract timber. The Forest Service bought off on that idea, and they rerouted the trail prior to the timber sale, built a new single-track route, which is a lot more preferable to most recreationists than what an old timber road was. So we ended up with a win/win situation where we had a better trail than what was there originally, and the timber company was able to come in there and harvest the timber without disrupting the recreational opportunities in the area.

Further on in my remarks I talk about U.S. Forest Service recreation funding. Now I couldn't hardly leave this hearing today without talking about a pet project of ours that we were very much involved in, the National Recreational Trail Fund Act, and I know we were in a bit of disagreement with certain members of this committee on exactly what form that legislation should take. But I would like to take this opportunity to explain some of the reasons for some of the aspects of that legislation that may have been misunderstood by this committee.

It was mentioned earlier, and in fact Mr. Leal just mentioned that State agencies are much more efficient in their management of natural resources. Well, one of the controversial aspects of the National Recreational Trail Fund Act was the fact that it was to be administered by State recreation agencies rather than to be channeled directly to the Federal agencies.

There are several State programs that administer funds where the funds are used on Federal lands, and they are very efficient programs. I don't have a lot of statistics like Mr. Leal and some of the other folks have, but those programs are able to get recreational improvements on the ground with minimal cost. The recreational users that we represent help pay some of those costs through registration fees and then also through fuel tax revenue. The National Recreational Trails Fund Act sought to take a portion of the Federal highway funds and return those funds to the recreational users that pay those funds for recreational improvements to benefit everyone.

One of the aspects of that program that we thought was particularly beneficial, and it has borne out, is that it required a national advisory committee to oversee the implementation of that program that involved recreational interests of all types. It was our hope that through bringing these diverse recreation interests together, that it would build camaraderie and a spirit of cooperation between the different recreational groups. I think that that has borne out in spite of the low funding level that that program has been able to achieve.

We have got in there a coalition for recreational trails, we have got the American Hiking Society, we have got mountain bicycle groups, we have got equestrian groups and the Rails to Trails Conservancy all working together to achieve a higher funding level for that program.

So while the purpose of this hearing was to talk about Forest Service reform, which I definitely have an interest in, I think that through supporting programs like the National Recreational Trails Fund Act we can achieve a better balance between the natural resource industries and recreation programs by providing these funding sources.

I would also like to point out one last thing on this latest issue of *Blue Ribbon* magazine showing the increased cooperation between the diverse recreation groups. We have got an article in here on sharing trails, another viewpoint, by an equestrian user with the American Endurance Riding Conference.

So, like I said, I have brought plenty of copies. I am looking forward to a lively exchange of questions afterward, hopefully, and thank you for this opportunity to testify.

[The prepared statement of Mr. Collins can be found at the end of the hearing.]

Mr. VENTO. My liveliness may be limited by the patience of the other witnesses today, Mr. Collins, but obviously there are different approaches on this one. One was the State through the Scope Program. We wanted the Department of the Interior, not the Department of Transportation, to be in charge of the funding on these lands. I don't know where that would have left us with the Forest Service. They obviously in their new plan should be included with the Department of the Interior. Some people would say within the Department of the Interior. Other witnesses have said that today. But I will not make that statement at this time.

The testimony was all very good.

Mr. Leal, I did see the similarity between your testimony and that of Mr. O'Toole, Randal O'Toole, and it is interesting. One wonders what the differences are.

Clearly, one of the motivations behind the below-cost timber sale reform, before it was prematurely released that some 80 forests or so were below cost, was to, in fact, cause the type of reaction or the type of analysis that you are delivering to us today in terms of how to make below-cost timber sales above cost or in fact positive.

I know that the Superior and Chippewa in Minnesota are examples. Those two forests were very close to breaking even, and so some efficiencies are possible.

You said that the State forests are right alongside of the Federal forest lands, and if we construct a road, they have a common use. Do they actually support part of the road, or what is the relationship?

When we talk about them being below cost, there is also a sharing of the timber receipts, so that actually is money foregone. How is that scored against the national lands?

Your presentation by itself could be a whole hearing, as could Dr. McKillop's, and I obviously don't have the time today or the ability to do that.

Mr. Leal, on your responding briefly.

Mr. LEAL. Yes, briefly, there are road-sharing costs between the State and the national forests and private timber holdings.

Mr. VENTO. OK.

Mr. LEAL. There may be a road cut through an area that has three different landowners, and they work out a contract where they share.

Mr. VENTO. How are we doing on the negotiation side from the Federal standpoint?

Mr. LEAL. I don't have good data. I would like to look at that in my follow-up analysis. I want to look at how well they do.

Mr. VENTO. So often we find that we tend to be a softer touch on that, I think, for obvious reasons.

Mr. LEAL. It wouldn't surprise me.

Mr. VENTO. But that does come back against us.

How about the issue of the sharing of receipts?

Mr. LEAL. Are you referring to the payment to the States?

Mr. VENTO. Yes. If we have to pay a certain amount of money, is that discounted or not considered?

Mr. LEAL. The numbers you are seeing there for the national forests are not the 25 percent to the States. I have not taken that out so that——

Mr. VENTO. If we cut the timber, we have got to make the payment, that is my point, and we have got a 25 percent add-on to whatever we do in terms of the money as it comes back to us. That is one of the reasons we are 25 percent higher or at least a third higher, I guess.

Mr. LEAL. I agree. The numbers would be even worse if I included the 25 percent.

Mr. VENTO. So it is not in there, is what you are saying.

Mr. LEAL. No. To get a comparison.

Mr. VENTO. No, no. Well, I don't want to make it worse than it is. We want to make it better. But I want to understand what you are saying, is all I am saying.

Let me just proceed.

Ms. Heissenbuttel, one of the thoughts I had when I was listening to your testimony is, one of the issues or threads that run through some of this is the decentralization of Forest Service activities. In your discussion, apparently, there has been a lot of acceptance of ecosystem management, of course, whatever it means. I guess the Timber and Paper Association have recognized that this sort of approach may be the basis on which to move forward.

It does result in decentralization almost by definition, not just ecosystem management, but the ecosystem, by definition, is a very

local or specific site, and significant responsibility would have to be delegated to the professionals on the ground that manage it. Doesn't that almost follow by virtue of every ecosystem being slightly different?

Ms. HEISSENBUTTEL. That makes sense, but you also have to recognize that to the Forest Service, as the way we are describing it here, ecosystems aren't any one particular size. There are a lot of different scales, so it is not solely a localized thing. But yes, you are exactly right that it is important to have good field personnel who can make decisions.

Mr. VENTO. Mr. Crandall, I think you also were not necessarily as precise as Ms. Heissenbuttel in terms of your testimony, or at least your oral testimony, but also pointed this out. We have to have a high degree of professionalism in terms of the National Forest System with a tremendous amount of freedom and the ability, for instance, to challenge officers and a system that is workable in this. Would you agree?

Mr. CRANDALL. Yes. It is always a fine balance.

Nationally, there has to be direction of some kind, but the flexibility on the ground has to be there so they can accomplish the desired forest condition objectives.

Mr. VENTO. One of the points, Dr. McKillop, you looked at was, you said you are talking about an historic perspective. I also went back even further and had an historic perspective here in terms of what the amount of contribution was from the national forests to the total softwood inventory—well, I guess it isn't all softwood. It was about 1 billion board feet though in the 1940's and then has grown a significant amount.

You think they are below the appropriate contribution now, is that what you said, in terms of what the national forest lands should sustain.

Dr. MCKILLOP. Yes. You are talking about the harvest of softwood timber, for example?

Mr. VENTO. Yes, for example, softwood but not exclusively. Yes.

Dr. MCKILLOP. Traditionally——

Mr. VENTO. But you have to have a frame of reference in terms of what "traditional" means.

Dr. MCKILLOP. Well, let's take 1980–1989. Would that be OK?

Mr. VENTO. Well, those are the highest years of production from the national forests, as far as I know, in terms of harvest.

Dr. MCKILLOP. Not in the Pacific Northwest. They were higher in the 1960's and 1970's.

Mr. VENTO. For sales or for harvest?

Dr. MCKILLOP. Yes, sales and harvest, within a 5-year period.

Mr. VENTO. I was under the impression that they were the highest in the 1980's.

Dr. MCKILLOP. It is documented in my study for the Oregon Lands Coalition which I did on a volunteer basis.

Mr. VENTO. Are you talking about both private and public lands?

Dr. MCKILLOP. No, just national forest lands. So 1980–1989 is a reasonable period of time by which to judge the impact of the Forest Service reform, and certainly, as my testimony shows, there are going to be huge impacts with this Forest Service redirection relative to that period.

Mr. VENTO. When we were proceeding with the reviews, constantly we were getting different numbers in terms of what the numbers could be for harvest. For instance, in that region at one time, there was a suggestion or at least to sales, or the official cut was four to five billion board feet which was mandated by law. Would you advocate mandating harvest levels by law?

Dr. MCKILLOP. No, but I would certainly not mandate near zero, zero level, which is the direction the Forest Service seems to be going. I really think that you ought to look at the land base.

For example, in California, 50 percent of our land base is off limits to timber harvesting. We have 200 billion board feet of standing volume; 100 billion board feet of that is off limits.

Mr. VENTO. Do you have any comments on the reforestation efforts? For instance, when this is viewed in terms of reforestation, you probably heard my questions referenced to that.

Dr. MCKILLOP. Yes. You know, I was out in the Stanislaus National Forest in California just a couple of months ago, and that is a fire-prone area; 15 percent of this 1-million-acre forest was burned over. I looked at one project, the Ham Haskell project there, trying to reforest only 15,000 acres. The forest industry who lost timber stands adjacent to them and had those lands replanted within 6 months. The Forest Service hasn't yet gotten around to planting it because they had to do an environmental impact statement for 15,000 acres. It cost $1 million, and they are still out for public comment hearings.

If Congress really wants the Forest Service to meet the needs of the people for wood and for environmental quality too, there has got to be some way to release them from these chains that NEPA, and requirements for EIS's and EA's, has imposed upon them.

Mr. VENTO. Of course, what I was referring to in my earlier question, which I didn't want to repeat here, was the idea that there was a real challenge in terms of some forest areas where reforestation isn't always a viable option in terms of the ability to actually achieve it without massive investments in terms of certain landscapes.

Some of the landscapes that we have in the Forest Service are not the prime lands. I think Mr. Leal was saying that we had intermixed lands. Where they exist, of course, it is hard to argue that the Forest Service lands are more difficult or more challenging, but very often when you are comparing with private lands they are more challenging lands.

Dr. MCKILLOP. Yes, but if you look at them side by side just a boundary line away, the problem is, the Forest Service is hidebound by mandates and regulations. They just cannot act quickly. As a result, they can't plant; brush species come back more quickly.

So if you are going to reform the Forest Service, try to release it somewhat from these crushing regulations of accountability and things like that. Give them a mandate to produce. Tell them how many spotted owls you want them to produce, and they will do it. That is the point. Give them some targets. The Fish and Wildlife Service could make up its mind as to how many owls it needs. It was 3,000; now it is 5,000; it will be 8,000 soon, and they can do it.

Mr. VENTO. My time has expired. But the issue here is one in which they are kind of managing from a crisis standpoint as opposed to managing in a state of denial where issues were postponed and not addressed, as opposed to addressing issues ahead of time.

I don't know what the circumstance was in the Stanislaus Forest where we had this small burn in terms of why it took the Forest Service, or why they were mandated to do this. Maybe they were under requirements of the Endangered Species Act, maybe it was spotted owl habitat. I don't know what all the problems were there.

Dr. MCKILLOP. It was just a simple issue of them meeting all the requirements for oversight and didn't want the GAO breathing down their neck if they made the slightest mistake in terms of allocation of funds and things like that. They had to have public comment.

Mr. VENTO. In terms of reforestation? I mean reforestation goes on where there are sales normally. Obviously, if you have a burnover area and you had a salvage sale—you know, I don't know what the procedure was in terms of the Stanislaus, as I said. But as far as they had to live with the GAO and the Congress, I think that is part of our governance structure, unless we are going to amend the Constitution. I don't think most of us are necessarily interested in contributing if that is the basis to contributing to the $1 million cost because of their anxieties. That is a pretty poor excuse.

I am not asking for the excuse. I just said I don't know the circumstances. Maybe you think that is the circumstances, but I would suggest to you that there might be other factors that are involved in terms of just a simple law like NEPAP. I don't know what the result was. But the concern is that for so long there had been in many of these areas denial of what is going on.

I know that as we got figures back from Region VI talking about production and so forth, it kept changing and shifting to lower and lower numbers as we were looking at various requirements that would be and should have been followed.

But let me stop at this point and give the gavel to Mr. LaRocco. I have an appointment that I have to keep in the back room, and we will just keep the hearing going if we can, and he will have a couple of questions for the panel.

Mr. LAROCCO [presiding]. Thank you. This has been a helpful panel.

I had mentioned earlier that I was going to start wading into some timber supply issues out in Idaho just because we have to. I don't know if the system is broke or if it is just not working too well or where we ought to go. But I was wondering if I could have maybe a suggestion from each of you—a top priority, because I think you are all concerned somewhat about timber supply—about where this Congress should move or what could be done now in an environmentally-sound way to put more in the pipeline and to deal with the timber supply issue.

Obviously, in the earlier discussion I had with Mr. Rosenberg, we had looked at a district which had gone from somewhere around 35 million a few years ago down to 3. Let's say they were overcutting by 50 percent and you start at 15; that is still a severe drop. I am

not denying overcutting in some areas. I am just trying to figure out how to solve the problem.

Mr. Crandall, what suggestion would you give this committee or a Member of Congress?

Mr. CRANDALL. First of all, we support your Forest Health Act, and we would like to see more of that. The reason is, I think, that the industry has had a tough time. Every year we come up and fight the appropriations number, and we have to fight for road dollars and timber dollars. Because of the political climate or whatever, we are not doing very well, and the timber program has just gone over the edge, and I am not sure where it is going to stop.

I like the discussion over forest health. If we could focus on what is it that we consider a healthy forest, what we want to see, what kinds of openings in the canopy are natural, and all those, I think that is a very positive discussion.

After that, we can determine, how do we achieve it? In some cases it is going to mean using prescribed burn; sometimes it is using timber-harvesting methods. That is a more positive conversation than is timber dollars, road dollars, and destruction, and that type of thing. So that is why I liked your Act, and we should see that on a broader scale.

I think also before any of that happens there still has to be some kind of resolution to what we were talking about earlier—the legal situation and the huge weight of laws on the Forest Service that interact. We call it legal hyperspace. We are never sure from what aspect we are going to see a lawsuit and what combinations of laws—and if we want to see management on the ground, we are going to have to address that.

Mr. LAROCCO. OK. Thank you.

Dr. McKillop, do you have a suggestion on timber supply issues and an environmentally sound ecosystem way that we could unstop this logjam?

Dr. MCKILLOP. Well, I think we all know that the problem is that the Endangered Species Act is being used as a legalistic device to shut down timber harvesting on the national forests. So I certainly hope that Congress would bite that bullet. It is not just in the timber industry, it is regional economies, people trying to get homes built in Southern California—you know, there are just masses——

Mr. LAROCCO. Do you have anything specific, though? I understand the ESA. I mean I have my own amendments.

Dr. MCKILLOP. Right. You know the localized populations and all that kind of stuff. I mean if you have got 200,000 or 300,000 marbled murrelets up in Alaska and British Columbia, do we have to keep a few down in every range down in mid-California? You know, you have got to ask yourself what are the social costs and the social benefits. As you know, that is an absolutely key thing that Congress has to face if it wants to use the national forest lands in a way that is beneficial to the whole spectrum of society and not to just limited groups.

So that would be my contribution to your question.

Mr. LAROCCO. OK.

Ms. Heissenbuttel.

Ms. HEISSENBUTTEL. I would suggest in addition to what has already been mentioned that for the Forest Service to be able to en-

sure some level of timber supply, we have already been through and the agency has been through over 10 years of development of forest plans. We need some mechanism to make those plans implementable, and in doing that we need to ensure not only that the agency is funded, that it makes reasonable budget requests—and the reinvention process I think will help address that—but then Congress needs to help provide the funding that is needed to implement those plan decisions once they are agreed upon.

About 50 national forests are going to begin their revision process for the second round of forest plans within the next two years, and it is critical that the agency revise its planning regulations, emphasize plan implementation in those new regulations, and I think congressional support for that process is going to be very important.

Mr. LAROCCO. OK. Thank you.

Mr. Leal, you did have some specifics in your testimony, and I was interested in your statement of conditions on some stands in the Gallatin Forest. Actually, in a forest health hearing out in Idaho, the Idaho representative from the Wilderness Society, Craig Gehrke, he said that the timber stands on the Boise and Payette were unraveling. Are you finding that in the Gallatin as well? Is there a difference in the cost in getting salvage or dealing with forest health as to regular timber sales?

Mr. LEAL. Yes. Something I didn't refer to in my testimony because of the complications involved is the fact that the Forest Service not only loses money on the cost side due to inefficiencies, but if you are going to be stuck with an inventory that is aged and diseased, you are also going to lose on the receipt side, and that has happened, the number of national forests in Montana where the inventory is basically losing value on the stump as far as the quality of timber being sold.

The Forest Service under the current incentive structure won't respond to that lost value because they get timber targets and they are told how much to cut so they are not suffering as far as the ranger districts. By that I mean their personnel is not less because they are selling timber of lower value than otherwise. The State, however, their income as an agent for, say, public education, is suffering, and in fact I have seen that.

You asked for a suggestion about how do we get the timber supply up. Personally, I think it is totally a political problem and that it calls for radical surgery in the way the timber receipts are actually used. I would say you need a real strong, identifiable constituency like Social Security or health care that actually can lay claim to the net revenues of these forests and then keep the strong environmental laws, keep them there, keep NEPA, whatever, but put the emphasis on what they do on the ground.

These audits, why not have audits as a way of saying hey, look, we are going to select a number of sites at random and your performance or your bonus or whatever it is going to be judged on how well you have done on the ground in the last three years.

A powerful constituency like public education—there have been a number of times when there have been protests on timber sales for the State, but they back down because, you know, everybody has children and the public education constituency comes down and

says, "Hey, you are hurting the income of our State that goes into public education funding." You are almost trying to counterbalance a public good with another public good, because there is a trade-off there, and if you want the timber supply up, that is my perspective.

Mr. LAROCCO. Well, the schools are an interesting constituency which already exists.

Let me tell you the situation, since Mr. Rosenberg and I were talking about it, in the Wallace District. The county there is experiencing 21 percent unemployment, people are not paying their property taxes, there is no money that is going in to fund the schools, and the school superintendents now want the cut up in an area that has already been hammered pretty heavy. There is a real problem there.

I have also introduced a bill that deals with timber receipts that levels it off on sort of a cost averaging over the last five years, so that we deal with this in a responsible way, so that the money can flow on a historical basis over the last five years. That is another way of approaching it, I guess.

The last question, and we have got to move on. Mr. Crandall, is sustainability in the true sense of the word, because the Idaho Conservation League—and I support them on sustainable economies and sustainable communities and so forth—is talking about sustainable levels of harvest. Is it quantifiable? Do you think that you and Mr. Rosenberg could get together in a room and talk about sustainability and you would be even close, or is this an unquantifiable thing that just puts it back in the politicians' lap and all this talk about AUM's and political pressure and all of that which I decry—is it quantifiable?

Mr. CRANDALL. I think it is. I don't know Mr. Rosenberg, so I don't know about whether he and I could sit down, but there are a lot of people in the environmental community I could sit down with and we could probably hammer that out.

Mr. LAROCCO. He would challenge you, I tell you. But he is a nice guy.

Mr. CRANDALL. I definitely think it is quantifiable, and I think we can measure it and make sure we are accountable for it.

Mr. LAROCCO. Thank you very much.

We will call panel number four then: Mr. Jim Nelson, forest supervisor; Dr. Donald Waller; Mr. Max Peterson; Mr. Roy Keene.

Mr. VENTO [presiding]. We are very pleased to welcome this panel. I have been looking forward to greeting forest supervisor, Jim Nelson, who has been very helpful to me in work on the Nevada wilderness and a series of other issues that have affected the Toiyabe National Forest, including our visit over the recess—a couple of staff and myself—the Spring Mountains and were very impressed with the little taste we had of it. We hope to go back again and get a little more. It is really a magnificent resource, and we are pleased to have seen the work done there.

It made our job a little easier, Jim, that you ironed that one out before it erupted into a full blown congressional debate and stalemate.

So we are pleased to see you here and thank you for good work and invite you to present your testimony in a somewhat abbreviated form, I expect, based on the time of the day.

Welcome.

PANEL CONSISTING OF JIM NELSON, FOREST SUPERVISOR, TOIYABLE NATIONAL FOREST, U.S. DEPARTMENT OF AGRICULTURE, SPARKS, NEVADA; DONALD M. WALLER, BOTANIST, UNIVERSITY OF WISCONSIN, MADISON, WISCONSIN; R. MAX PETERSON, EXECUTIVE VICE PRESIDENT, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES, WASHINGTON, DC; AND ROY KEENE, EXECUTIVE DIRECTOR, PUBLIC FORESTRY FOUNDATION, EUGENE, OREGON

STATEMENT OF JIM NELSON

Mr. NELSON. Thank you, Mr. Chairman. I really appreciate it. And you are welcome in Nevada any time you would like to come, sir. We enjoyed having you.

Mr. Chairman and members of the committee, I am honored to be here today at the request of the committee to share with you the results of a study that was prepared by employees of the Intermountain Region.

My name is Jim Nelson. I am proud to serve as supervisor of the Toiyabe National Forest which covers nearly four million acres in Nevada and California.

Since the implementation of the pilot program in the mid-eighties, the Forest Service has focused on improved organizational effectiveness as a way to improve delivery of services to the American public.

In 1989, the Intermountain Region adopted a total quality management program as our region's vehicle for promoting organizational excellence.

In 1991, in response to concerns expressed by our district rangers, a quality improvement team was chartered under the total quality management program to evaluate strategies which, when implemented, would enhance both internal and external customer service at the regional forest and district levels. I served on the team in the dual capacity of mentor and as a full team member.

As a starting point for our work, the team made a number of observations that reflect our collective experience as far as Service employees. They were public interest in, knowledge of, and demands on Forest Service programs are all rapidly increasing; value conflicts both internally and externally exist over the proper balance between amenities and commodity production on national forests; appeals and lawsuits are increasing at an unmanageable rate; the growth of laws, regulations, and budget line items is significantly reducing managerial flexibility.

I brought a little example of that to share with you. I became supervisor of the Toiyabe in 1982—this book was published in 1983 and it is entitled "The Principal Laws Relating to Forest Service Activities." It is a little less than an inch thick. In 1993, same title, same purpose, "Principal Laws," it is two and a half times thicker just in 10 years.

And that directly relates to our next concern that we raise, and that is that ranger districts, the level where most of the work gets done, are experiencing flat or decreasing budgets. They do not have resources to implement forest plans fully, nor do they have the resources to do their basic stewardship jobs. At the same time, the number of staff at the supervisors' office level in the regional office and the chief's office were increasing.

The quality improvement team spent 15 months to complete its study. In February 1993, we presented our findings and recommendations to the regional leadership team, the key findings anyhow.

Although the region has spent a great deal of money and time in adopting improved technology, the organizational structure has not adjusted to those innovations. Quite simply, no additional resources had been released for on-the-ground work. In fact, resources were taken from the ground to do that.

Functionalism, work oriented along specific program lines such as recreation, timber, wildlife, et cetera, and duplication of effort are on the rise, as reflected in the growth of staff above the district level. External pressures are putting the organization under severe stress. Litigation, changing public demands, unprecedented media scrutiny, and the absence of resources to respond to increased work load have produced a crisis mentality in management.

External customers exist at three identifiable levels: The ground, State, and national levels. The Forest Service has four organizational levels. This lack of similarity between the public and organizational levels contributes to reduced organization performance.

Budget information included in our report supported these findings. The regional budget for the Intermountain Region; 12 percent goes to the regional office, 43 percent goes to the 16 forest supervisors' offices, and the remaining 45 percent goes to the 75 ranger districts.

Second, nearly two-thirds of our budget is used to support organizational needs, leaving too little for on-the-ground work.

While some of these problems are beyond the control of the Forest Service to solve, certainly there are many opportunities for positive change.

The quality improvement team made one overarching recommendation: The Forest Service should be positioned based on a philosophy of organizing close to our customers and identifying nonduplicative roles appropriate for customer expectations and land stewardship needs.

The team developed options also to reduce duplication of function and improve customer service. These options were structured around three variables: The type of work, which is basically divided into three generic categories, and they are very generic, which is basically work on the ground, support, and coordination needed to support that work; and then the strategic functions including interactions with Congress, the administration, and national interests.

We considered different numbers of organizational levels in our analysis—two, three, and four—and geographic considerations such as State boundaries and eco-regions. Each option was also designed to improve organizational performance by promoting such things as new concepts, self-managed teams, right sizing, integration of oper-

ations, and enhancing the attractiveness of districts as career-ending destinations.

The regional leadership team has agreed to evaluate various options developed by the quality improvement team, and as part of this effort the region is currently evaluating appropriate roles for each level of the organization, and each job in the regional office is being reviewed to see—to determine its contribution to the agency's mission. Later on as we develop our reorganization plan, this information will be used to assign work at appropriate levels.

We hope to finish the evaluation process by the end of this year, and our employees have been fully involved in the effort. They are very supportive of it, and they are eagerly awaiting the reorganization plan which will eventually be approved by the regional and national leadership teams.

Our report has been given to the forest reinvention team for consideration, and although it is only one of many that they are looking at all across the nation, I believe that our work will be a valuable contribution to the overall reinvention effort.

That concludes my testimony.

[The prepared statement of Mr. Nelson can be found at the end of the hearing.]

Mr. VENTO. Thanks, Supervisor Nelson. We will be back with a question or two in a moment about your efforts and this plan that you have developed.

We want to hear from others on this panel, of course, first, and next will be Dr. Donald Waller, a botanist of the University of Wisconsin, Madison.

Dr. Waller, welcome.

STATEMENT OF DR. DONALD M. WALLER

Dr. WALLER. Thank you, Mr. Vento.

I am a plant ecologist. I study biodiversity for a living, and I am here to represent ecosystems, not any particular user group.

I also want to say at the beginning that I am not against timber harvest activities at all, but I do think that they should be designed in a way so as to be ecologically sustainable. Most forest laws, however, were written before we had much of our current knowledge in conservation biology.

I recently co-chaired the Wisconsin Scientific Round Table which I feel provides an example of how science and management can better work together.

A century after the Forest Reserve Act of 1891, we face persistent problems. Federal lands are being logged at unsustainably high rates and low cost, populations of many native species are seriously threatened in our national forests, once pristine streams and rivers are suffering high rates of siltation, low-cost forest products from national lands are discouraging careful stewardship and more efficient utilization and recycling.

Ironically, many of these problems are traceable to the agency entrusted by the public to oversee their national forests, the U.S. Forest Service. What has gone wrong? Why has this agency lost its original reputation and the trust of the public they serve? Many in and outside the agency are asking these questions.

Since its inception, the Forest Service has sought to fulfill two distinct and at times conflicting goals, to conserve and protect the national forests and their natural resources and to provide a stable and sustainable supply of commodities from those forests.

Through time, conservation has lost out to production. The agency has even justified high rates of cutting and associated costly road construction in terms of the very wildlife and recreation values that are being diminished.

Although the National Forest Management Act stipulates that management of the national forests should maintain and enhance the natural biological diversity of those lands, the Forest Service remains primarily biased toward timber cutting. This bias is obvious when one examines budget allocations over past decades, and that is the figure that I enclose with my testimony.

We see an agency that has refused to accept full responsibility under NFMA and the Endangered Species Act to effectively protect threatened populations of plants, fish, and wildlife. These high rates of cutting, in addition to threatening environmental values, have not even succeeded in raising enough revenue to offset the steep economic costs of administering timber sales and building roads.

While controversy is not new, current storms of protest extend into the daily papers, prime-time television, and even the pages of *Sports Illustrated.*

In my opinion, we should judge the Forest Service according to two simple criteria: Does the agency act so as to protect and enhance the economic and ecological value of the lands it oversees? And, two, does the agency effectively and efficiently carry out the duties set out for it by Congress? In particular, does the agency embrace the spirit as well as the letter of the environmental laws of our land? While there are a great many cases where the agency meets these tests, its failures are too common and too pervasive to be excused as occasional oversights.

We see today an agency beset by internal dissent. The creation of AFSEEE testifies to the atmosphere of intimidation that exists within the agency.

As a conservation biologist, I am particularly concerned by the Forest Service's failures to effectively absorb and apply two lessons from conservation biology: One, that to sustain natural communities, it is essential to sustain the natural conditions and disturbance regimes to which most species are adapted; and, two, that to sustain viable populations of sensitive native species, it is essential to protect often large areas of natural habitat, too-small areas to support enough individuals or provide the full range of conditions necessary to prevent local extinction. These are not subtle or arcane concepts.

We should expect the nation's largest land management agency with the explicit charge to protect diversity to have a full understanding of their importance and relevance to particular situations. High levels of timber cutting and associated road construction contribute directly to habitat loss and fragmentation. Forest Service planning documents often reveal an agency preoccupied with common species of wildlife or outmoded interpretations of ecological science.

Why has this agency been so wedded to meeting unrealistic and damaging targets for commodity outputs and so resistant to reform? Other speakers have already described the perverse economic incentives that often drive this agency; I won't repeat their points.

The causes of some other problems appear plainly rooted in leadership. Staffing within the agency has for decades favored the foresters, silviculturalists, road engineers, economic planners, and managers. They could work well together in meeting timber targets set by Congress. While well trained in their specialties, these individuals almost always have a perspective that emphasizes economic outputs. They are fully qualified to manage forest stands for timber production. They are rather less qualified to understand the consequences of their management on complex ecological relationships among forest saprophytes and pathogens, soil microarthropods, keystone herbivores, neotropical migrant song birds, and threatened populations of salmonid fishes and top carnivores. Scientists have had much less of a voice.

Even when scientists have been consulted, their opinions have often been dismissed or disallowed. Scientists' opinions have been solicited and then ignored. Worse, scientists have been told to rewrite their opinions to match agency policy or political pressure. These occurrences violate basic norms of scientific conduct and endanger this agency's ability to make informed public decisions.

Are current steps to reform the Forest Service sufficient? With the many other important issues Congress is facing this term, you will doubtless be tempted to assume the Forest Service has already embraced reform under its ecosystem management program and the appointment of a new chief. These are substantial signs of progress. But it would be a grave mistake to assume that the Forest Service is out of the woods in terms of the internal and external difficulties it faces.

If Congress expects this agency to live up to its obligations and to do so in the future as well as under the current administration and chief, it will have to face up to the structural and bureaucratic problems that still exist.

Some complain that the new chief's appointment was improperly political when he was appointed last fall. Sadly, this agency has been blatantly political for many years.

Will the appointment of Chief Thomas suffice to bring reform? Possibly, but he faces grave and perhaps impossible obstacles unless Congress assists him. Congress alone has the power to realign the budgetary and structural incentives that continue to favor timber cuts over even minimal protection of our wildlife, streams, and forests.

Will ecosystem management improve agency performance? Ecosystem management as practiced today has amounted mostly to a public relations initiative aimed at deflecting public scrutiny and criticism. In past incidents, senior personnel from the Washington office seeking to reassure audiences have told them that ecosystem management would not affect timber targets or the bulk of on-the-ground management. These "business as usual" announcements belie the public stance of the Forest Service and lead to public cynicism.

The focus of new perspectives in ecosystem management thus for has been to establish demonstration projects in each region to show how conventional silviculture can be modified to simulate natural processes or old growth structure. We should admit that these modified silvicultural techniques remain unproved. They should be considered experiments rather than solutions to the problems posed by intensive and extensive timber harvests.

Forestry makes changes that last centuries. Foresters will need to follow the consequences of these projects for decades before we can feel confident regarding their impacts on forest ecosystems.

An obvious way to maintain forest structure and processes is to replace clear-cuts and even age management with low-impact selective cutting techniques. I have seen forests in the Menomonee Indian Reservation in Wisconsin and the Collins-Almador private forest in California managed by such selective cutting regimes. These forests look and feel intact. They suffer fewer problems with erosion and appear to support a full complement of plant and wildlife diversity. These selective harvesting techniques deserve careful study to confirm these superficial impressions and could contribute to the ultimate success of ecosystem management.

EM should also incorporate wider views of how diversity is sustained across forested landscapes. Uses often conflict with one another, limiting the extent to which multiple uses can coexist on the same land and at the same time. Local approaches do not suffice and should be complemented on the landscape scale by allocating at least some large contiguous areas to uses other than silviculture. What I am proposing here is a segregation of dominant uses. Agency pronouncements regarding ecosystem management should be carefully scrutinized to ensure they encompass effective concern for landscape aspects of forest diversity.

Finally, I would like to end with a few recommendations for reform. Many of these already echo what has been said before. First, to realign priorities and provide better leadership. I feel this is being done at the moment, and I am encouraged by what I have heard here today. But it is the role of Congress to make our public priorities and overall commitments clear and to demand leadership that reflects these priorities. The agency should also consider adjusting staffing levels among job categories and local versus regional and national offices using the retirement incentives that have been proposed.

Number two, it is important to eliminate line item appropriations and specific ASQ targets. We can't expect the Forest Service to achieve effective reform until Congress avoids this sort of micromanagement.

Three, eliminate perverse economic incentives that skew priorities. Congress shares a responsibility here for the agency's failure to protect environmental goals and must move quickly to remove these obsolete and perverse economic incentives that contribute to agency bias.

Four, ensure that the agency obeys environmental law. I don't feel I should have to say this, but I feel I must. While many of us are optimistic that the Forest Service has turned a corner in accepting and enforcing these laws, its recent history of modest to flagrant violations points to the need for congressional oversight. The

agency must meet all obligations and expectations under NEPA, the Endangered Species Act, and NFMA to protect biological diversity and the processes that sustain it.

Five—and this is what I will concentrate on in the end—it is important to elevate the role of conservation science and forest planning and management. If ecosystem management is to fulfill its promise to improve stewardship of our Federal lands, it will require the close integration of science and management.

Furthermore, the need for further research and study should not be used to delay reform while allowing destructive practices to continue. Knowledge is already extensive enough to dictate important changes in management. We know scattered clear-cuts fragment forests; we know cutting old growth eliminates critically needed habitat.

Six, it is important to expand research into conservation science. The Forest Service and the USDA should recognize the need to expand their research programs and encourage open competition and peer review here. I am particularly concerned, in this discussion of forest health today, that improper attention and insufficient attention is paid to the potential damage done by exotic forest diseases, perhaps due to the importing of logs to the Northwest.

Conservation biology and landscape ecology have grown rapidly in recent years, and we have skilled pools of researchers eager to investigate these questions of direct relevance to forest managers. I also join AFSEEE in urging Congress to sponsor research into recycling and land management.

Finally, it is important to plan forest activities on the appropriate scale. The Forest Service has too often managed national forests piecemeal, propagating similar patterns of timber harvest over broad areas instead of segregating divergent dominant uses. Planning should center on broad landscapes and biogeographical regions, and conflicting uses must be effectively segregated.

You have an historic opportunity here similar to that faced by Congress a century ago to stem abuses on national lands and redirect an agency back to its original purpose. Committed professionals within the agency, conservation scientists like myself, and the informed public all support the need for such reform. Please accept your responsibility and help return this agency to its original mission and pride of purpose.

Mr. VENTO. Thank you, Dr. Waller, for your testimony.

[The prepared statement of Dr. Waller can be found at the end of the hearing.]

We are pleased to have R. Max Peterson, the executive vice president of the International Association of Fish and Wildlife, of course former chief of the Forest Service for many years.

Max.

STATEMENT OF R. MAX PETERSON

Mr. PETERSON. Thank you, Mr. Chairman. I admire your persistence through lunch and all kinds of other times.

Let me try to brief my testimony. As you recognize, I now represent the International Association of Fish and Wildlife Agencies which has as members all 50 State fish and wildlife agencies, and

we appreciate the opportunity to reflect on how the historic working relationship between the State fish and wildlife agencies and the Forest Service can be improved.

I would like to associate myself with some of Jim Nelson's remarks. I think some of the things that are going on there to try to ask the people who know best how we can better manage forests is important. In fact, one of the things that I have observed over the years is that the people who are the most positive about how the forests should be managed may know the least about it, and so it is important to get people that have spent their life working with forests and understand them to be involved in how we would change them.

Let me, though, Mr. Chairman, first talk about the research in State, private, and international forestry as a part of this entire scheme of things. As we know, approximately two-thirds of the land in the United States is privately owned, and it is this management of private land that in the long term will have a great effect on our future not only in terms of the many products that we now look for from national forest land, but if we are going to see thriving fish and wildlife species and so on, including action to prevent them from becoming threatened or endangered, we simply must do a better job of working with the private landowners who hold the faith of the future of our fish and wildlife in their hands.

In fact, much of the problems of the Pacific Northwest would have been avoided had we not depended entirely just on national forest land to meet the problem of threatened and endangered species.

Second, in looking at the research program of the Forest Service, I do agree with Dr. Waller that there is much to be gained by this very vigorous research program, and during times of fiscal austerity we sometimes tend to cut back on research, which is probably the worst kind of long-term decision we could make because doing things right the first time is much better than doing them over.

So I would think that we ought to look seriously at how we can use the research program and the more than a thousand scientists who have spent many years looking at sustainable use of forests, because some of the ideas we are just beginning to see on the horizon today may be good long-term solutions and they may not be. We need a real good research and monitoring program to find out.

I also mentioned the international forestry program, because if we are going to look at worldwide problems of everything from global warming to endangered species to balance of trade and so on, the importance of management of forests in other countries can hardly be overestimated. Incidentally, most of the use of forests in other countries today is for fuel. That is the number one impact on forests worldwide.

I think there is also an opportunity, Mr. Chairman, and because of your background in looking at employment programs and youth programs, the National Service Corps probably offers some real opportunities involving youth and young people in making some real contributions to improvement of management of our forests.

Let me then quickly talk about national forests and to recognize first that national forests do, in a unique way, belong to all the people. I guess I am a little bit concerned about ideas that national

forests belong to just one group of people, whether they are on the commodity or noncommodity end. I think we have 250 million shareholders out there, all who have a share in their pocket, and they don't deserve to be disenfranchized by anybody who thinks their use is superior.

So I think there is a real need to sit down, as users, and say, how can we both use these forests on a sustainable basis and somehow meet a variety of needs, and somehow meet it in a way that we are going to sustain these ecological communities that our future welfare depends upon?

There hasn't been much attention in the last 20 years to the idea of sharing. There has been mostly a concentration on who can gain an advantage by either skewing the budget or skewing a law to their particular advantage. So I think one real challenge to this committee is, how can these forests that belong to all the people somehow be cherished and used and husbanded and be the stewards of those lands so that our children and grandchildren will feel those forests are important enough to perpetuate?

I have seen countries, incidentally, that have decided their forests were not important enough to perpetuate, that they would just write them off to get the international capital in a hurry or some other kind of use, and we need to be sure that our society recognize the importance of forests and the need to perpetuate them.

I think the polarization that I have seen and I think the name calling between different user groups, assigning names to people, whether we remember some of those names—you know, that these people are little old ladies in tennis shoes that don't have any real right to use the forest, or these are the evil people who like to cut trees, you know, that have this evil profit motive that shouldn't be around—those kinds of things that we have seen in the last 20 years I think have been counterproductive to deciding good solutions to management of our forests.

Now I will admit to several areas of concern. I am not as quick to come up with solutions, because I know deciding a solution is not near as easy as some people would think because the need to look at the forests in different parts of the country are quite different, so I get real concerned that the Congress would try to fashion a solution.

You and I can go back 10 years and see that several of the actions of Congress, like mandating certain levels of timber sales in an area, have been part and parcel of our problem. So I hope that Congress does not take upon itself the idea of making broad pronouncements that would hope to fit every place.

I do think that we have taken basic laws like the National Forest Management Act, the Federal Land Policy and Management Act—which is BLM's organic act—the Wild and Scenic Rivers Act, the Wilderness Act, the Endangered Species Act, and so on, and we have somehow converted those into all kinds of process legislation until getting the right answer seems less important than going through all the processes.

If you go through all the processes right and it can stand legal review, maybe you have got through the system, and somehow in the process we may have lost the idea that the real outcome is well

managed forests that are healthy in the future and don't create problems.

One of the specific concerns that we have from the State Fish and Wildlife Agency viewpoint is the National Forest Management Act, the Organic Act. All of these laws say that the management of fish and wildlife primarily remains with the States, yet we have interposed the Advisory Committee Act to prevent that cooperation in many cases.

There is not a scratch of paper in the Advisory Committee Act that indicates anybody intended that, but as recently as last week when I went to an endangered species meeting, they said, "We can't invite the States to this," even though Section 6 of the Endangered Species Act says the Secretaries—and that is Commerce and Interior in that case—shall, to the maximum extent possible, cooperate with the States in carrying out this Act. They can't even be invited to the discussion of what might be done by interposing the advisory committee. That is nonsense.

If we expect good cooperation locally between States and other people, they have at least got to be able to sit down and talk about it without interposing the Advisory Committee Act in their face. That is one of the challenges, I guess, to the Pacific Northwest solution right now, the idea that it was done in violation of the Advisory Committee Act.

We do have some concerns about the proposed restructuring of the Forest Service and the Bureau of Land Management budget, not because we don't think they need more flexibility, but the question is, how much flexibility do you provide? Do you provide just one big sack of money and say, "Go forth and do good things under something called ecosystem management?" Some of our people say, "If you believe that, I have got a bridge I'll sell you."

At least there needs to be some discussion of how that budget restructuring might contribute to long-term improved management of the forests, and I haven't seen any of that so far. So we at this time are not supportive of that, at least until we have seen a little more of the reasoning behind it and a little more of how it might work.

We do believe that the Forest Service needs to have buy-out authority and early-out and other types of things to allow the Forest Service to be restructured. We are concerned that if you do a reduction in force system now, that we will lose a large number of fish and wildlife biologists and other kinds of professionals that we acquired in the late 1970's and early 1980's, and a reduction in force, as you know, I think, Mr. Chairman, is extremely expensive because you go through this bumping procedure, and you also protect people's salaries for two years, and that is much more costly than paying people that would retire at $25,000, strange as it may seem. So I guess I am having a little trouble understanding how CBO scores that as costing money when the alternative would cost more.

Let me also suggest to you that the testimony I gave to you four years ago on the professionalism of natural resource managers might be good reading today to just talk about the need to have professional resource managers out there that are qualified and experienced and not make the management job—the management job in agencies like the Forest Service has become so onerous today,

many people don't want the job simply because they think there are too many problems that come with it.

In the five years I have been working for the association and after the years with the Forest Service, I at least have a different viewpoint or different vantage point. I am going to resist that to give you a recipe. But let me suggest that somehow you try to distill out of everything you got today maybe some consensus views. I think there are some consensus views of promoting some flexibilities, promoting the idea of discretion, of moving professional people closer to the field.

I think it would be a good idea somehow if we could figure out a way to make the district ranger's job a job you go to and not through. The system of moving people in the last 20 years due to grade structures and so on has resulted in a lot of people moving through jobs I think much too rapidly. There are some people that literally don't know their forest, and they are strangers to the forest or district that they are on because of moving too fast.

It seems to me also we have got to create some method of funding what we do to get a better early warning system on species that are in decline. We seem to call out all the emergency crew, and we have barrels of money when we have the equivalent of an earthquake, when we have a species that is suddenly declared to be threatened or endangered. That is probably the most inefficient way you could go about being concerned about changes in a species.

Now, if you remember one number that I give you—and you have heard lots of numbers today—95 percent of the species in this country are neither threatened, endangered, hunted, or fished, but yet about 98 percent of the money we spend in the United States goes in one of those categories. We have not been able—in spite of all the interest that people have shown in the other species—we have not been able to get a dependable, reliable source of funding.

I would also work hard to provide a 2-year budget, at least a 2-year budget, and provide some for flexibility to field people to use the money.

I would establish technical teams at the State level maybe composed of Federal, State, and other professional people who are interested in that State and what is happening and see if we can develop better guidelines for management within that State than we now have. I don't favor national technical guidelines, and I think local is too small a focus. But a State level technical team that would look at guidelines for that State might be a good idea.

I think we also have to take a look at process legislation, including the National Forest Management Act and the National Environmental Policy Act and figure out ways to streamline those processes without losing their substance.

I was kidding Bob Wolf here, who had a big hand in those, in saying he should come over here and confess that he is part of the problem. He said he has got ideas about solutions.

Mr. VENTO. He is up next.

Mr. PETERSON. He is up next.

I think we also really have to look at streamlining and reducing staffing levels. I have looked at this whole idea and said should we eliminate a level of organization—and let me point out that that costs a lot of money and it would take a long time, and any way

I can see going about it—it would take longer to recover the money than probably you and I have got. In other words it would take five to ten years to get back the amount of money that we spent. But you can streamline the heck out of an organization by dramatically reducing the number of people at national and regional levels, particularly with a bias toward putting at the forest and district level—in all respect to my good friend, Jim Nelson, I think we would agree the most rapid increase in people in recent years has been at the forest level in most regions, and so the forest should not be immune from also looking at streamlining. I think we can do that with better communications and a way to exchange information.

I would also create on a State-by-State basis a coordinated resource information system which is GIS based and which allows a free exchange of information between State, private, and Federal agencies, and this can really be done now with the equipment that is available and with, in many cases, the information that has already been collected. It simply requires a library system to interchange it, and the Lake States have made quite a bit of progress.

I saved item number six for last because I am really meddling now. I don't think the Cabinet level, the Department, should be immune from streamlining. The greatest growth in most agencies in Washington has been at the Department level. We have had a jillion assistant secretaries and deputy assistant secretaries and special assistants to the deputy secretaries and confidential assistants and so on, and line assistant secretaries did not even exist until after the Eisenhower Administration. So the idea you can't run a government without that is at least suspect in these days that you could have a Cabinet officer supervising agency heads directly as we used to. It might be kind of refreshing for them to talk to some of their agency heads.

The usual assistant secretary, incidentally, is young and inexperienced and spends less than 18 months on the job, if that doesn't scare you about how you could run a complex government with that kind of change in managers.

So with those few little words, I'll leave you to the others.

[The prepared statement of Mr. Peterson can be found at the end of the hearing.]

Mr. VENTO. Use that on the term limit argument.

Mr. PETERSON. Yes, sir.

Mr. VENTO. Thank you, Mr. Peterson, for your testimony. And let me finally go to Roy Keene, the executive director of the Public Forestry Foundation from Eugene, Oregon.

STATEMENT OF ROY KEENE

Mr. KEENE. Thank you.

I have been making my living over the last 20 years as a logger, timber broker, and consulting forester. When I get down to the part of my testimony that addresses logging and timber harvesting—in 1987 and 1988 my logging partner and I harvested almost 20 million board feet on 14 different locations within two working seasons in Oregon's second growth forest on private ownerships. So when I start to talk a little bit about tuning the weighty part of the For-

est Service, which is the timber production part of the agency, I would like to be sure that I have identified myself as a small, miniature, almost a ranger size in terms of outputs, timber producer. That was before I resigned to become a volunteer director of this foundation which is comprised of many different kinds of resource professionals.

I would like to preface my statements about reviving the Forest Service by saying that I appreciate the professionalism that I encounter in the Forest Service. I have a deep respect for the people that work in it. I like the Forest Service. I particularly like to tour in the forest with the Forest Service. We have never had any problem as forestry intelligent citizens dealing with the Forest Service since the first scratchings of New Perspectives. We have been able to effectively meet and deal with the Forest Service.

In the sense of being a good bureaucracy, I would score the Forest Service extremely high, and I would say that what I like the most as a taxpayer is the access that I have to the agency and to the people that manage the forest. Many times without any complications, I have been able to go in on little or any kind of notice and meet early in the morning with a forest supervisor and talk about something that that person is doing, and I simply can't imagine myself being able to do that with any other part of the government bureaucracy.

The first point that I would like to make is that we need to shift the budget emphasis of the Forest Service. As a private forester, I do what my clients pay me to do. Private clients in the second growth forests of Oregon routinely paid me, until I retired from that activity, to clean off and replant various size acreages of essentially Doug fir timber.

That is what I was paid to do; I did it well. My motive was to leave the owner happy and to maximize the returns on the harvest, and I will say I have never cut attractive timber for anybody where they didn't make good money. The idea of cutting timber and losing money is somewhat foreign to me.

I think there needs to be a shift of the budget emphasis. I think we need to look for ways, and I want to compliment you, Mr. Vento, on this hearing because I know that you are looking for solutions, and I think that is where this new wisdom will start. I think we need to look for ways in Congress to match the budget to what we expect the Forest Service to do. If we expect them to manage for ecosystems, we need to search out new and innovative ways to match the budget to that mission because the Forest Service is a "can do it" agency, and if we put the budget in harmony with the mission, I really believe that we will all be delighted in that effort and what that produces.

So if we want ecosystem management and we want to holistically manage the forest for a variety of different species and a variety of different uses somewhat in accord with some of the original mission statements, then we certainly need to bring the budget to bear on that.

My second point is on the matter of reducing top heaviness. Every good dirt forester knows that you manage a forest from the bottom up, not from the top down. This is a primary point in the gospel of forestry. The best forestry that I have seen is managed

from bottom up. It is managed in some places by senior foresters. The head forester being out in the forest with a paint gun who one day told me, "You know, the trigger on this point gun controls the forestry," that was on the Collins-Almador 92,000-acre forest which I had the privilege of performing the first western sustainable forest study on in terms of producing an actual certification through scientific certification systems.

So I think there needs to be a reduction in the top-heaviness, and to me what that means is, we need to thin out some of the top echelons and shift that down to the technicians working at the district level.

There are a lot of really good technicians in the Forest Service. We never hear from them because they don't have a lot of academic credentials, but they have an extreme amount of ground level knowledge. We found this when we were monitoring yew harvesting. The state-of-the-art research over the condition of the Pacific yew was vested in Forest Service technicians, bio-control people, people that were looking at how the yew replenished itself across the landscape. These people had a wealth of knowledge, and to let these people go at a time when we want to manage site level ecosystems is, to me, a tremendous disservice to both the agency and to the taxpayer.

My other point along that same line is called getting back to the woods. A number of my Forest Service friends, including a friend of mine who manages the largest cut in the nation, Bob Leonard in the Willamette Forest, he asked me once, he said, "What would you do to make my job easier?" And I said, "I'd put a Hughes 500 up on the roof, I'd toss your computer out the window, and I would give you a bunch of people to handle all this paperwork and you would be out on every site on every sale in this 1,700,000-acre forest; you would be in everything and in everybody's face; there wouldn't be anything going on out there that you wouldn't land into from above," because once as a private forester I had run 12 sites the same way by using a Hughes 500 turbine helicopter and by being on the location site. So the loggers knew when they were out there on the job that at any given time I could come ripping over the skyline and land on the landing and jump out and start kicking around, looking at things, and poking, and kind of getting into things, and that kind of presence is what we need in the forest for ecosystem management.

We need for the managers to be out on the ground. We need for the rangers to burn fuel. We need for the rangers to put their boots on every day and go to work in the woods, because that is where forestry is, it is out in the forest.

My next point has to do with building good models. I am watching a process in the Blue Mountains right now which is rather scary. A great deal of research is being done, and I suspect when the research is done we will try to make this rather awkward transition from the research to large projects like we tried the first time in northeast Oregon.

What I would like to see us do is build models, actual wind-up ground-level operational forestry models. There is a great deal of technology out there that is being discovered that various forestry friends of mine are coming on to in terms of ground-level oper-

ations that have minimum impacts. There is a great deal of opportunity to incorporate this knowledge, to fuse it with the research, to bring it together with the basically academic researchers who oftentimes fall short when it gets to how to put the bell on the cat, how do we take these feelings how do we take these discoveries, how do we retake this knowledge, and how do we weave it together on the ground? We do it by building models. So I would like to see a great deal of emphasis on model building.

In Sweden's Natural Way Reform Movement, model building was seen to be a critical issue. If you design a good timber sale, even one the size of a postage stamp, it is amazing how many different special interest groups and how many people you can bring together on that little piece of ground to marvel at how well things were done. So to see how we could in fact spread that over a larger area, I don't think the model building can be emphasized enough.

Now, taking charge of timber sales, lots of possibilities, way too many here to talk about in a very short meeting. However, I think that some of the programs that are being put forward right now and some of the changes that are being offered up such as returning to lump sum or going to a lump sum sale, I think that could become, in my own opinion, a small disaster. I don't like the idea of a lump sum sale, I don't like the idea of a purchaser being able to microcontrol my forest.

I want my agency, the Forest Service, to control my forest, not a purchaser. I want the Forest Service to take charge of each site, and to do that, we have to give the Forest Service the right to manage the most important part of forestry, which is the logging. I mean that is where the rubber meets the road, that is where the conflict starts, when we start cutting timber.

So if we are going to continue a subsidized investment in public forestry, I would like to see my appointed agency have charge all the way through that process. This means we have to change how we do contracts, we have to search for new and exciting ways to do contracting, we have to give the agency the flexibility they need to make ground-level decisions. I think we should be looking seriously into public log sorting.

I would be to glad to show Congress how the public log sorting could result in a wider distribution of public timber to small value-added users and help to solve employment problems. I think we could maximize the return on the stump, what I call the stumpage return, and we haven't heard about that today. We have heard a lot of the toll level economics, but we haven't heard about getting more for the timber at the sale level, at the stumpage level.

If we are selling right now today an 8- to 11-inch Doug fir sort for about $540 on a timber sale bid basis and at the same time I can get $850 for that same Doug fir sort in central Oregon, we have got a problem. If we are selling that log for 30 or 40 percent less because of the mechanisms and the way that sales are done, then what we can get for a private log of equal size and equal value, we need to start looking into that. It doesn't take a lot of intelligence to figure out how much money is lying out there getting wasted at the stump.

So I think it is extremely important that the Forest Service be allowed to engage in a fuller way in the product that we are most

concerned with or that we are most budgeted for, and that is the timber sale itself, the harvest and production of timber, and I think there are a lot of ways to address that available to us. I think that is an area of research that we could cover a lot of ground in.

My last point is that managing forest ecosystems will be truthful as long as it is beneficial for the forest and consequently for all the people. I think personally, as a forester, that if you do what is right and what is good for the forest, you invariably do what is right and what is good for the owners and for the people, and that is where I would leave my statement.

Thank you.

[The prepared statement of Mr. Keene can be found at the end of the hearing.]

Mr. VENTO. Thank you, Mr. Keene, for your statement.

I think the one point, taking charge of timber sales in terms of talking about their greater value in terms of some of the smaller sales, is of interest to me. I suppose from a standpoint of administration, you look at economies of scale in terms of what they are able to do, and supposedly that all works out. I don't know that the Forest Service is limited.

There are obviously some rules, but maybe we should have some differential methods of, in fact, moving forward, especially where we have got various types of species that have a high value, such as Doug fir, where we get this type of price differential, which is 30, 40—well, actually this was about 60 percent higher than the price they were receiving. You can look at it that way.

That is an interesting point. You would think that something like that would translate through.

One of the issues that comes up in terms of an ecosystem approach to dealing with the forest is, of course, this issue of decentralization. These almost should go together. But does that represent a special challenge in terms of having something like—I won't say national consistency or Federal consistency—in terms of what the policies are that are written in law and/or that the Forest Service at the regional or at the national level actually try to impose on the Forest Service itself?

The question I want to ask—and I hope I don't lose the train of thought here; I have been accused of that on occasion—but I think it is also reflected in the work that was done by the Office of Technology Assessment, if I can go back to the first panel, although I didn't repeat it then, and nobody picked up on it, which was very interesting, because, again, OTA suggested that—and Mr. Peterson, Mr. Nelson, Dr. Waller, and Mr. Keene, suggest again—that somehow the national office was actually superimposing or changing what the local decisions were; that basically they had made decisions and that they were superimposed, so the tendency being to actually historically at least, based on the OTA's study being a couple of years old, said they wouldn't let you do what you wanted to do, and now we are saying we have got an ecosystem management which, by implication, says that these areas—of course, it is true that ecosystems can be larger or smaller, we can also have biomes, but I don't want to complicate this too much.

But the fact is that we really need greater flexibility to, in fact, manage those mountains in Nevada. Is that what they are, Supervisor Nelson?

Mr. NELSON. I am sitting here trying to figure out how I am going to respond to all of that.

Mr. VENTO. Well, it is really basically the same idea, but reflecting on what OTA was saying this is what happened, reflecting on what were—where the direction is we are supposed to go. So how are we going to get that done, and how does this all—I want you to put this together.

Mr. NELSON. I guess, ecosystem, you know, you can talk about the planet.

Mr. VENTO. No, no, I don't want you to define that.

Mr. NELSON. I want to make a point.

Mr. VENTO. OK.

Mr. NELSON. Or you can bring it right down to a specific drainage and talk about ecosystem management there. But there is going to have to be a lot of coordination, an agreement between the agencies, for example the BLM and the U.S. Forest Service. We both basically have the same mission, and when we move into ecosystem management or as we move into ecosystem management, there has to be coordination.

Currently, I am in Nevada now, in Reno, working with UNR, University of Nevada at Reno, with Stanford represented on a biodiversity effort. All of the agencies, including the BLM, the Fish and Wildlife Service, and the Forest Service, are represented. We meet once a month working on this problem we are talking about on how we are going to manage from an ecosystem perspective.

I have an ecology team; it has been working for me for four years, out in central Nevada in riparian areas which are the critical areas in central Nevada, and to figure how we are going to manage them, what should our desired future be, and they have come up with a process to develop score cards that our employees can use to determine the condition of an area. But they have also identified serial pathways that a riparian area can go through all the way to potential natural community from very early serial condition, and they have identified what we are calling a conservation threshold below which a riparian area is in danger of being lost. We are providing that information.

Mr. VENTO. I think that is appropriate. You have complicated my questions more than I intended, but I think it is a good point. This is obviously an assumption that is based on a naive view of the Federal Government. We assume that at least Federal agencies would work together.

Mr. NELSON. I don't think that is always an accurate assumption.

Mr. VENTO. No, I know it is not. In fact, it is one that really is going to have to start taking place, though, I want to tell you.

But what I am saying is, once you make those decisions on those riparian areas in Nevada, what the hell do you do when you tell the cattlemen no, and then you have got somebody in Washington that says, "But these people have grazing permits, and I don't care what your ecosystem says, they have to have access to that water

at a certain time," and so out the door goes all the planning, all the credibility.

You want to know why Forest Service professionals cannot exercise and utilize the judgment? The fact is that decisions that are made based on that are summarily rejected in light of other factors that come to play like grazing. It has never happened to you, has it, Mr. Nelson? You don't have to answer that question.

That is my concern. We are all up here with the ecosystem approach, but the management part means we have to decentralize and let Jim Nelson, supervisor, and, more specifically, the professional with some science background on the ground, those technicians that Mr. Keene was talking about, let them do their job.

Mr. NELSON. I guess I feel like there is the public out there locally, and we are going to make some decisions that will adversely affect some operations, there is no question about that, but if we have got good public involvement and public knowledge of what we are doing and why we are doing it, I don't think I will get that mandate.

Mr. VENTO. Well, that is another question. I don't know what they are going to do up above, but you may have someone in the House or someone in the Senate that thinks they ought to put it in an appropriation bill or a policy bill.

Well, I have picked on you enough today. Let me go to the former chief, Mr. Peterson, who was criticized indirectly at least as a chief, for turning around some of those local orders, at least in the OTA report.

What about the future, Mr. Peterson? Do you understand the problem I am alluding to?

Mr. PETERSON. Oh, yes. I had some of my decisions turned around too, I expect you know, over the years.

Mr. VENTO. Well, that is just Congress. That is my problem.

Mr. PETERSON. Oh, no, by the Department.

Mr. VENTO. Oh, yes.

Mr. PETERSON. But I think you are talking about reality here.

I never turned over a decision of a local person, as far as I know, that was based on necessity to protect the resource. There is plenty of discretion in the grazing rules, for example, to reduce stocking or do other things that are necessary to protect a riparian area now.

I guess the concern I have is that any time you adopt national things—and even though I agree with, say, 90-plus percent of what is in this grazing reform package right now—I have become very concerned when we try to develop some cookie cutter national standards that may not fit, and so I would suggest we err on the side of leaving some discretion out there.

Most of the time I have seen that people in the field that are given discretion, 99-plus percent of the time they exercise it rather well. But I can also see your next GAO report saying the Forest Service is inconsistent in applying this. That is the worst criticism. One place we want to decentralize, and the next place we want consistency. Now those two things are inconsistent.

Mr. VENTO. Yes, well, you know, if you have the Sonoran Desert and the Mojave Desert and somebody is managing it one way in

one part of the Mojave and another way in the other part, you know.

Mr. PETERSON. Let me complicate your life on ecosystem management a little bit. You are talking about cooperation between government agencies. Let me suggest that—the Endangered Species Act that has taken some hits in this hearing—let me point out that many times the reason we have got endangered species on Federal land is, there has been nothing to pay attention to those species on other lands.

Mr. VENTO. No. I heard you. I heard that in your earlier testimony.

Mr. PETERSON. But that is not going to be helped by just coordination between the Federal agencies. Any time you draw a circle that says we are going to manage that ecosystem and it is one-third private land, we have a few problems there.

It seems to me like—and I am not trying to do semantics here—we are trying to practice conservation of ecosystems, which is different than putting the Federal Government in charge of managing that ecosystem.

There are a lot of people that would buy into cooperation on conservation of ecosystems. I am really concerned about all these grandiose plans I see of great big areas in ecosystems.

So I think the way to do this is, you have got to get a commitment from private individuals, from States, and from others to an idea that it is worthwhile to them as well as to the public at large to conserve these ecological resources, and we are not there yet, as you know.

Mr. VENTO. Yes. It would be a lot easier if it wasn't a democracy, I might say, but this is a classic case of the organization of the Forest Service versus the democracy of North America.

Mr. PETERSON. I think we have got to be careful not to put it in that context. I think we have got to be talking managing the land out there in watersheds that are in very diverse kinds of ownership.

Mr. VENTO. I agree with you. I thought we had to start somewhere with it. At least that is the implication. I say that if we wait until all the States and other landowners line up, we probably will never get something put in place. But what is likely going to happen is, there is going to be a commitment to, and there is a commitment to, an ecosystem approach which would necessitate a rewriting of plans, and then you are going to have folks carrying it out.

Mr. PETERSON. But less than 1 percent of the public today support any concept of ecosystem management, at least according to the polls done two weeks ago by the Defenders of Wildlife.

Mr. VENTO. What I try to do is pick up a thread here, and I am getting the whole cloth.

Mr. PETERSON. But let me suggest that somehow you need to bring all the players to the table.

Mr. VENTO. One of the aspects is, for instance, are you going to have sort of an adaptive management, as was implied here by an earlier panel, the adaptive management type of scheme where you have local participation by State, by conservation, by environ-

mental, by user groups, and so forth? Is that going to be something that is going to play some sort of role in terms of this?

I mean I don't know where that model is working right now, so I am very concerned about superimposing it, especially on a broad basis here from a standpoint of policy.

Mr. PETERSON. But you might permit—you see, right now laws like the Advisory Committee Act are actually working as a barrier to prevent cooperation, and I don't think we ever meant for the Advisory Committee Act to work that way.

Mr. VENTO. No, I am not aware of that.

Mr. PETERSON. If you are going to get commitment of States and local people and others that are vital to the long-term future, you are going to have to invite them to the table. You can't say, well, the Feds are going to solve this, they are going to practice ecosystem management. They aren't going to be a long-term solution.

Mr. VENTO. No. I think by definition you have got to look for the relationships. I agree with this conversation between me and Mr. Peterson, that the private and others have to be brought in.

We do have areas like Nevada where I think it is critical to involve them at least in terms of a knowledge of what is going on. Because they are not landowners probably isn't in the same frame.

Let me invite Dr. Waller to get involved.

Dr. Waller, you heard my initial question and how they led me astray here. Do you have any comments on any of this discussion between the Forest Service and myself?

Dr. WALLER. Yes, I think you have hit the nail on the head. I mean I have been trying to. We have all been trying to.

Timber planning has been driven oftentimes a bit much from the regional and the Washington office; there is lots of evidence to support that. What I think is less apparent to everyone here is how often planning for wildlife or biological diversity has occurred on a micro scale, oftentimes on a stand-by-stand or opportunity-area-by-opportunity-area basis, and the Forest Service will sometimes claim that there is no irretrievable commitment of resources at a plan stage and try and deflect environmental concern on to the individual OA's or stand decisions when, in fact—and this is clear from conservation biology—lots of these biological impacts are occurring cumulatively across the landscape and depend very much on what is happening in the adjacent opportunity area or stand overall on the landscape.

So I think at the same time that we try and bring timber planning down in scale we should work toward trying to plan on broader scales with regard to these biotic issues, and hopefully there will be some areas where we can merge these two. I don't see them as incompatible. I really am optimistic about the ability of well-informed managers working with well-informed scientists to come up with very viable solutions to a lot of these problems on a regional basis.

Mr. VENTO. Yes. Unfortunately, as is so often the case in many issues we deal with, simplicity isn't a virtue in terms of the ecosystem and what needs to be addressed here in terms of the challenge. I think it sometimes translates into rather than conservation, as Max Peterson has implied, it results in preservation, saying it is very complicated and therefore let's put a designation of

wilderness over a broader area, and this is only one of the ways, and we get frustrated in terms of saying it can't be managed.

For instance, the whole issue, maybe it is the discussion of a whole multiple use. Some nations, as you know, have said, well, multiple use is basically an internal combustion engine that is pulling itself apart.

Dr. WALLER. Getting back to the OTA report as well, I am very encouraged by some developments in the Wisconsin national forests where particular technical personnel are getting out in front now for the first time to actually map where the old growth exists, what areas have particular and distinct value, how they are putting them into maps, using GIS to analyze this, and doing it with State personnel, bringing in the Nature Conservancy and State DNR at the same time, and attempting before the second planning round due in a couple of years occurs—I think we are going to be in a very special position in the Wisconsin national forests, anyway, to make this defensible, cogent, and biologically reasonable plan.

Mr. VENTO. I remember visiting in California, and one of the Forest Service or Park Service personnel said that they knew where the tallest trees were that were in that area, the sequoias in California, but they didn't want to say where it was because it was on private land and if they discovered this, they would cut down the sequoia because they didn't want this tallest tree on their land. In any case, I don't think they have done that.

Obviously, this information is important. I am pleased to hear that they have and are doing that.

Dr. WALLER. It also complements what is going on with the National Biological Survey where we are finally getting into a position where we have the facts, where we know where these things are.

Mr. VENTO. It hasn't been an easy task. There appear to be some that would rather remain in the dark about some of the information such as that because of, I guess, the fear or concern with what the Federal Government may, in fact, then do with such information, which constitutes another threshold problem of trust and sort of the attitude that the Federal Government can't do anything right, and we end up with all of these controversies.

Clearly, this ecosystem approach is something that could be and should be tried and put into effect very quickly in the Pacific Northwest.

Dr. WALLER. Perhaps Mr. Keene is right, a couple of good demonstration projects showing agreement.

Mr. VENTO. Moving ahead very quickly, I think that is what is being suggested, the format proposal. So I think that would be very helpful in terms of giving a certain degree of understanding and a greater comfort level to those that are uneasy and to all of us, I guess, with regard to this.

Well, I have stalled off the last panel long enough here with my own interest. Let me thank all of you for your testimony and your help. You can be sure that your testimony will receive careful review by myself and many others on the staff as we move ahead with this forest reform, forest health, and reorganization.

I had a lot of questions for you about what was happening in terms of reorganization right now, the law enforcement officials,

Mr. Peterson, but we will have to talk about those personally at a different time.

Thank you all very much.

Mr. VENTO. The last panel is Mr. Jon Roush, the new President of the Wilderness Society; Ms. Fran Hunt of the National Wildlife Federation; and, finally, Mr. Robert Wolf retired assistant chief of the Environmental and Natural Resource Division of CRS.

I especially welcome all of you and thank you for your patience today as we have tried to move through a long list of distinguished witnesses, which of course you are added to at this late hour.

So your testimony, as you know by my previous explanation, has been made part of the record, and you can therefore summarize in the five minutes or so, and take a few more minutes if you would like. I hate to have you wait this long and then be cut off.

Mr. Roush, welcome. I was pleased to meet you last week and congratulate you on your new post.

PANEL CONSISTING OF JON ROUSH, PRESIDENT, THE WILDERNESS SOCIETY, WASHINGTON, DC; FRAN HUNT, NATIONAL WILDLIFE FEDERATION, WASHINGTON, DC; AND ROBERT E. WOLF, RETIRED ASSISTANT CHIEF, ENVIRONMENT AND NATURAL RESOURCE DIVISION, CONGRESSIONAL RESEARCH SERVICE, WASHINGTON, DC

STATEMENT OF JON ROUSH

Mr. ROUSH. Thank you, Mr. Chairman.

I am having the time of my life.

Mr. VENTO. Great.

Mr. ROUSH. The nation's 191 million acres of national forests, as you know, have been subjected to intense conflicting pressures providing habitat for fish and wildlife species, many of which occur nowhere else; water resources, clean air, recreation, commodities like timber, the national forests are like no other system of public lands in the world.

Unfortunately, the emphasis that is placed on commodity production has placed in doubt the capacity of the national forests to sustain other uses. By pushing resource production to the limit, we scrape away the diversity and resilience built into these natural systems.

A recent legacy of Forest Service activity points to a fundamental problem with forest management. The existing laws have failed to live up to their mandate, and the stewards of our public forests have failed to listen to the changing attitudes and desires of the public owners of these forests.

The multiple use principles of the laws of 1897, 1960, and 1976 that govern the management of our national forests need to be examined and revised to meet the challenges of the 21st century. The new guiding principle for our national forests should be the preservation of biological diversity and the undeveloped forest landscape needed to support the diversity of life in this country.

The Wilderness Society and many other groups and individuals across the nation have come to the conclusion that the current laws governing national forest management have failed. We recommend that Congress enact legislation to reinstruct the Forest Service that

protection of biological diversity and maintenance of natural ecosystem function are the fundamental goals for national forest management.

In November 1992, Dr. Arnold Bolle, Dean Emeritus of the College of Forestry of the University of Montana, opened the debate about changing the management of our national forests with recommendations on the status and future management of the national forests. Dr. Bolle enlisted Jeffrey Olson, director of the Wilderness Society's Bolle Center for Ecosystem Management, as coauthor. They enlisted a panel of nationally renowned experts on forest management and forestry to prepare background papers and recommendations. The panel's analysis served as the foundation for the report entitled "New Directions for the Forest Service." Mr. Chairman, I ask that a copy of the report be printed in the record of this hearing at the end of my statement.

Mr. VENTO. Yes, without objection, it will be.

Mr. ROUSH. Thank you.

Two rules must guide Forest Service reform. First irreplaceable resources on national forests should be preserved for the future. Species that are eliminated can never be retrieved; unique ecosystems cannot be reconstructed.

Second, renewable resources on the national forests should be managed on a sustainable basis. Government incentives that encourage the unsustainable exploitation of natural resources must be eliminated.

The sustainable management of national forest resources called for by the Congress and expected of the Forest Service by the public has been frustrated by policies that emphasize timber extraction over all other natural resources. Recent announcements of the Forest Service of a move toward ecosystem management are certainly welcome, but the guidelines unveiled to date do not show convincing evidence of a fundamental shift in direction.

The Wilderness Society recommends the following. One, appoint an independent panel consisting of ecologists and other biological scientists, economists, social scientists, and key interest groups to develop a blueprint for national and regional ecosystem management for the major ecosystems on Federal forest lands. The report should be delivered to the Secretary of Agriculture and the Secretary of the Interior within 12 months.

Two, repeal the authority for special accounts and trust funds such as K–V and Salvage Trust Funds. The reasons for that recommendation are described in our printed testimony.

Three, establish that the minimum acceptable bid for the national forest commercial timber be set equal to the Government's costs. Personal use and wildlife enhancement sales would be exempted. Stop construction of new logging roads into roadless areas, and require the Forest Service to conduct a system-wide evaluation of the adequacy of existing road networks to meet current and future transportation needs.

Begin a system-wide program to remove existing roads from critical watersheds and areas important to wildlife, especially threatened and endangered species. The goal should be to reduce road densities 50 percent on the national forest system by the turn of the century.

Four, adopt timber management practices that emulate natural disturbance patterns as closely as possible rather than continued reliance on traditional even-age and uneven-age management systems.

Five, ensure reforestation to meet the requirements of NFMA. Classify national forest lands as unsuitable for logging if on-the-ground reforestation cannot be assured before logging is allowed.

Six, remove forest lands allocated to the suitable timber base that are economically and physically unsuited for timber production. In addition, all lands planted under the reforestation program three or more times should be automatically withdrawn from the suitable timber base.

Seven, conduct a system-wide inventory to identify gaps in protected ecosystem types that can be filled by inclusion in the National Wilderness Preservation System and protect those areas pending passage of wilderness legislation or inclusion in other appropriate land protection systems.

Eight, establish a system-wide ancient forest reserve network on the national forests.

Nine, initiate a system-wide program to protect aquatic eco-systems including fish stocks.

A positive aspect of reforming the Forest Service is that one can simultaneously protect the environment for future generations and contribute to the national effort to restore fiscal sanity to the Government.

Along the way, we can recreate a Forest Service whose mission serves the long-term interests of the American people and whose accomplishments will stand as a lasting example to future generations.

Thank you Mr. Chairman.

[The prepared statement of Mr. Roush can be found at the end of the hearing.]

Mr. VENTO. Thank you for summarizing your statement. You added up your numbers. I was paging busily through it. I appreciate your efforts and the statement, and we will review it carefully.

Fran Hunt—welcome, Ms. Hunt—from the National Wildlife Federation. Please proceed with your statement.

STATEMENT OF FRAN HUNT

Ms. HUNT. Thank you, Mr. Chairman.

I am Frances Hunt. I am the forestry resource specialist at the National Wildlife Federation. I thank you for the opportunity to testify on national forest reform today.

The National Wildlife Federation, as you know, supports national forest management that is, in President Clinton's own words, scientifically sound, ecologically credible, and legally responsible.

Much has been said today about the need for national forest and Forest Service reform, and I am not going to repeat that. I would just note that two recently released—and one about to be released—NWF reports demonstrate the problems within the Forest Service and point us in the direction of necessary reforms.

The first report, "An Agency in Defiance," was undertaken to gain a better understanding of the agency's record on compliance with NEPA, the National Forest Management Act, and the Endangered Species Act, over the last 20 years. Time and time again the report demonstrates the Forest Service has violated law, and it had disregarded even its own regulations.

In the second report, "Where Are The New Forests?" The National Wildlife Federation examined the agency's own records with respect to the reforestation of national forests following logging. The resulting report demonstrated the agency's inadequate attention to the future condition of the nation's forest resources.

Finally, later this week, we will issue the findings of New Range Research in a report titled "The Forgotten Rangelands: A Call for Reform of U.S. Forest Service Grazing Policy." This report shows that the agency has allowed the widespread environmental damage of national forests through livestock overgrazing. The report also details a blueprint for reforming the management of grazing lands in keeping with a new focus on ecosystem management of national forests.

Using these reports as a foundation, my written testimony outlined a number of policy reform items necessary to redirect the management of the nation's forests toward ecosystem management. In the interests of time, I have summarized my statement and would just like to highlight three of these reforms.

First, as has been noted before, the agency's fundamental mission must be revised to promote the health of terrestrial and aquatic ecosystems and the conservation of biological diversity. Only in this way can the agency provide forest management which ensures healthy and productive terrestrial and aquatic ecosystems that provide opportunities for people to live, to work, and to recreate.

With respect to this new mission, we were encouraged recently by the December 9 memo which newly installed Forest Service Chief Jack Thomas sent to his high-level agency staff. In setting themes for the agency, Thomas said, "Among other things, we will obey the law and implement ecosystem management."

As other witnesses have already noted, it is unfortunate that Chief Thomas is in the position that necessitates this seemingly simple admonition to obey the law. Nevertheless, as our previously mentioned report, "An Agency In Defiance," clearly demonstrates, this is perhaps the most fundamental reform which the agency must accomplish.

Second, appropriate guidelines and standards must be developed so that management practices can be judged for consistency with the conservation of biological diversity. True ecosystem management will require that attention first be given to understanding the productive capacities and limitations of ecosystems. Managers must first look at protecting critical ecosystem characteristics, including overall species viability with particular attention to threatened, sensitive, and endangered species, water quality, and soils.

Third, the administration and Congress must work to reform personnel policies, to strengthen the diversity of disciplines represented at all levels of the Forest Service. Historically, there has been a personnel bias within the agency that has favored foresters and engineers over ecological and cultural scientists. As ever

changing budgets are now reducing agency employment, there is a real concern that the more recently hired ecological scientists will be lost disproportionately. In reality, no overall staff reductions of biologists should be tolerated, and so-called "early out" legislation is needed to give more senior and often more timber-oriented employees appropriate incentives for early retirement.

Employee advancement has long been linked to timber production. Employees should instead be evaluated based on their ability to understand and promote biodiversity and healthy ecosystems and their efforts to protect the critical ecosystem characteristics mentioned before, namely, overall species viability, water quality, and soils.

In addition, my written testimony lists three other necessary forest policy reforms. The first is redirecting Forest Service budgets toward resource stewardship; second, reorganizing the agency to facilitate ecosystem management, putting the lead responsibility for this new mission in the hands of those within the agency best capable of supporting it, namely, the wildlife and fisheries biologists of the agency's existing fish and wildlife program.

Finally, the agency's planning and research program should be reoriented to provide attention to ecosystem analysis and to the relationships between aquatic and terrestrial ecosystems, something we are only now beginning to do. We have seen the beginnings of it in the FEMAT and PACfish efforts that have come out of the Pacific Northwest. In addition, the concepts of bioregional planning and, yes, once again, increased interagency cooperation are definitely in order.

Mr. Chairman, as I said before, we have offered each of these policy reforms with the goal of redirecting national forest management toward a direction that is scientifically sound, ecologically credible, and legally responsible, and I thank you for the opportunity to testify before you today.

[The prepared statement of Ms. Hunt can be found at the end of the hearing.]

Mr. VENTO. Thank you very much for the summary of your statement. We very much appreciate the effort you put into the preparation of it as well as the other witnesses today. I think everyone has had exceptional testimony at this hearing.

Finally, we will leave the privilege of summing up to our last witness, Robert Wolf.

Mr. Wolf.

STATEMENT OF ROBERT WOLF

Mr. WOLF. Thank you, Chairman Vento.

I note I am listed as having been with the Congressional Research Service. I think if I had a preference, I would like to be listed as a long-time friend of Hubert Humphrey, Mike Mansfield, Lee Metcalf, Scoop Jackson, and Clint Anderson.

Mr. VENTO. Yes, I remember. We met on an earlier occasion. I don't remember where it was. But I was surprised to learn that we had somewhat of a common responsibility here, or interest. So I hear you in terms of your work with those individuals in the Senate. Perhaps there are even some in the House you would like to be associated with at some point.

Mr. WOLF. Well, there are several also in the House. Sid Yates is one for sure, and Ralph Regula is another.

I am a forester, and I am a fellow in the Society of American Foresters, but I am not testifying for that organization. My interest in sound and effective resource management is deep and long standing.

I have selected eight areas for your consideration; some have subsections. I am only going to touch on the topics. One is strengthening forest research; the second is communication; the third, there are better reasons to obey the law than the formality of doing so, and on that point I would just like to add that what happens over time is, a law gets enacted, people don't read it, and then they go off on a tangent, and then something in the public sector—some member of the public says, "Wait, that isn't what the law says," and if the agency doesn't change, they are taken to court and challenged. That happened on the 1897 Act, it happened on the Big Horn a few years ago on reforestation, and the problem is that we don't read our own laws, and as each generation of people come along, they forget what the law says. We get pushed by our regulations and what we think is policy.

So when Jack Thomas said obey the law, what he was saying was also consult with people who know what the law is. Talk to your lawyers and see if it is proper.

Mr. VENTO. My predecessor, Congressman Seiberling, was always fond of saying that whenever there was a dispute over public land policy, he would say, "When everything else has failed, why don't we try reading the law in terms of what it says."

Mr. WOLF. Yes.

The fourth point I would make is to adopt real monitoring. I think that is a vital thing that the Forest Service has not done as effectively as they should. And in the fifth area I cover a series of budget issues including a number of reforms that I think ought to be made, including repealing a lot of the standing back-door spending accounts which have outlived their usefulness. The sixth is watershed management and planning units and the authority to make operating boundary changes.

In 1974, the Congress enacted a restriction on the Forest Service that they can't move anything without Congress's approval. I might say I was instrumental in drafting that language, and I might just tell you a little background. Mike Mansfield called me over to his office, and he was awfully upset that President Nixon wanted to set up 10 standards of Federal regions, and in the process he was going to close the Forest Service regional office in Missoula. And he told me, he said, "Now I have already talked to Carl Hayden and Allan Bible about this," he said, "but, Bob, I want you to draft language that makes certain that the President—nobody can change the Forest Service office in Missoula," and I said, "Well, you have already talked to the chairman of the Appropriations Committee, you don't need it." He said, "I want to make damn sure it doesn't happen."

Now that language persists 20 years later, and I think it has outlived its usefulness, it is tying the hands of the Forest Service to make rational changes, and I would hope that this Congress will

repeal that rider which appears every year in the appropriation bill.

Mr. VENTO. That is probably an unintended consequence that it has had. The regions are long gone, but they are now using that for other purposes. It may have outlived its usefulness to Mansfield but not to others.

Mr. WOLF. It is a good example of unintended consequences.

Mr. VENTO. Right.

Mr. WOLF. The seventh point is weighing land management costs in resource disposal.

One of the problems that exists—and it is true with timber and grazing, and it is also true in mining—is that we price the product based upon what we think the user can pay, which is a darn sight different than what it might cost you and I to grow the stuff and sell it and manage the forest.

As long as we keep on the course of pricing products based upon what the buyer can pay, we are going to continue to have these problems. Now I don't object to subsidies. If you want to subsidize something, fine, but you would need to know what the subsidy is that you are giving me, and as the situation now exists in the natural resource area, you don't know what the subsidy is. In fact, the recipients of the subsidy don't know how much it is. All they know is that they go to the bidding table, they look around, if there is somebody there they have to bid against, that is what decides what they pay, not what it costs the Forest Service to manage it. I am not debating whether the Forest Service is efficient or inefficient. You can argue that also. But I think even if they were top efficient, the price being charged still has that defect.

The eighth point I make is about the Tongass National Forest and its long-term contracts. There is a classic example of selling timber way below what it costs the Government to manage it.

But, as I said, I won't discuss the eight points, but I did want to frame the situation as I see it.

In 1968, John Gardner, citing confrontations in another public arena, illustrated the dilemma with the term "uncritical lovers and unloving critics," and I use that as the title for my statement. He was addressing the commencement at Cornell, and he spoke of the conflict between people who demand change and institutions who resist, and he said, "In the resulting conflict we find our institutions caught in a savage cross-fire, the uncritical lovers smother the institutions in an embrace of death, loving their rigidities more than their promise. Shielding them from life-giving criticism, the unloving critics are skilled in demolition and untutored in the arts by which human institutions are nurtured." Gardner pointed out that love without criticism brings stagnation and criticism without love brings destruction.

I think Gardner's description of another public arena fits the Forest Service as it has appeared in recent times and to many of its constituencies.

Jack Ward Thomas, the new chief of the Forest Service, has my warm and wholehearted support. Assistant Secretary Lyons, then working for the Ag Committee and for this committee, urged the members to pick Jack and Dean Gordon of Yale, and Norm John-

son and Jerry Franklin to analyze the Northwest forest resource situation.

In my view, the work they did then and the work they have done since is a vital part of the formula needed to break out of the frozen posture that gripped that issue in the Northwest and other issues for far too long. These people did more to lay out the best science they could gather. They have shown how to constructively address the issue, and their vital contribution has been illuminating the need for resource managers to have humility about our ability to harness the forces of nature.

I close pointing out that three decades ago Clint Anderson said, "We must be willing wisely to nurture and use our resources if we are going to keep viable the inner strength of democracy," and I think this is what it is all about. I think running a large agency is a tough job, and the chief and his staff right down to the district level face strong external and internal obstacles, but I think many Forest Service people are competent, and I hope that the ideas I have expressed in my statement will be useful to you and others as you move ahead.

Thank you.

[The prepared statement of Mr. Wolf can be found at the end of the hearing.]

Mr. VENTO. I think they will be, especially Mr. Gardner's comments about reorganization efforts—uncritical lovers and unloving critics. That is very good.

There is a lot that could be asked about the reorganization, the nature of the Forest Service and some of the policy paths that are being put forth. As political leaders, we are scored today, not just by skeptics but cynics in terms of not having the credibility, the ability to do things, and the question to make something work is to try and develop people like this team of forest scientists that came from all these different backgrounds in the Pacific Northwest, and they put it out, and you may not like what they are putting out, but they have the credibility of the information and knowledge behind them. So their answers were really very unpleasant in terms of what was being put to us.

I was thinking as the last panel was testifying, and others, the professionals that are in the Forest Service—after all, we have 39,000 professionals there, somewhat less than what we had at the beginning of the agency, and we're asking them to do more complex tasks.

You saw, I think Jim Nelson, Supervisor Nelson, who held up the book in terms of what the problem was in Toiyabe that he has been charged with, and we are asking them to do more complex things. But we have people that are educated.

Frankly, I don't favor reducing the qualifications in almost any area. In fact, I think we ought to raise the educational excellence and standards. But my concern is translating what they have in their heads into what they are able to do in the field and giving some autonomy and responsibility to let them do what they can do for themselves and to expect things of them.

I find that if you expect things of people, then they get done. If you don't, if you suggest to them, well, here's a safe way to do it,

this is what we want you to do, that you are going to end up not gaining the resource.

I don't know about all this retirement stuff. I look around, and I see some of my friends at my age retiring. I can't believe it, unless they have got some other job they are going to start or something.

But the point is that I just think that the professional qualifications there—how do we let that flower? How do we get the most out of professionals in the field? That is really what the question is here. You don't do that by repressing the individuals. That, of course, is a challenge because we want to have this sort of national standard in terms of the forests.

But I think in more than one way we are facing a situation because of the nature of the information, the factual information here, that we will no longer be able to do that, and it is a dilemma.

Is there enough of a professional residual within these land management agencies after being led down the primrose path or pushed in a different direction to actually manifest itself into sound management that will be credible and accepted? Again, Supervisor Nelson raised this question, and he thought so, but he has been involved in a lot of controversy in just trying to do that.

Mr. WOLF. I just want to point out that, this isn't it, but the 1905 use book was this big, and every forest official had this little book.

Mr. VENTO. Let the record show he is showing us about a 50 page book that is 3 inches by 6 inches.

Mr. WOLF. But organizations expand and times change. And bureaucracy tends to layer things on. It doesn't matter whether it is a government agency or corporation. It always works the same as an organization grows. I don't see how, if the Federal Government is funding something, that I could expect at the field level—as much as I would like it to be that way—that I could write my own ticket and do what I want. It just doesn't work that way. And that is why we have government, the way it is built with the Congress that enacted appropriations.

So, I think it is wishful thinking to think you can turn these people loose at the local level and everything is going to work well. You have to have that internal teamwork, and the key is to have the centrifugal forces balanced.

It was written in the late 1950's, and that is the test that really determines whether an organization has momentum and a direction or whether it sort of scatters off. And that is the problem the Forest Service has had for the last several years, and it is not related to the last administration, it just simply has had that scattered-off effect because of the way in which our society has been operating. And it is the people that deal with the agency, just as well as the people inside the agency that are caught in this dilemma.

But I think, you know, you are going to have to look at things you might do, and see if you can make some incremental changes. And give Jack Thomas a chance to see if we can make some of them. And we may be able to make some progress.

Mr. VENTO. Ms. Hunt, did you have a comment on my question?

Ms. HUNT. Yes, I do, Mr. Chairman. I have spent a fair amount of time in some of the national forests lately and have talked to a

lot of forest managers and before Jack Thomas came on board, I really got a strong sense that the managers were looking for direction from the agency. There were some people who were excited about the notion of ecosystem management and that gave them the opportunity to be the professionals that we know they are and can be, and to go forward in doing the things on the land.

And others were skeptical wondering what was meant by ecosystem management. So we had people at all ranges of the spectrum; boldly going forward and doing the things, to holding back and waiting to see if the wind was going to shift again.

So my sense is that there are a lot of real professionals out there that have a really strong urge to get a good sense of direction from the chief, and to go forward and to work to define ecosystem management. This amorphous topic that we are all talking about, I do think that as much as we have struggled and the bitter controversy that has come out of the Northwest, as Bob Wolf indicates, there are some things that we have learned. And some of the ecosystem analysis that has been done, the work that the scientists, the Forest Service, the BLM, the Park Service scientists all got together to do the so-called "Gang of Four Report" that the committee has requested.

I don't think anybody in years has seen that much excitement from these agency biologists and professionals. They were put in a room and allowed to do what they have been waiting years to do. And I think that is something that will provide an example and a tool that we can use in other ecosystems, other parts of the country, not just with the Forest Service and the agency biologists but bringing in people from outside the agency as well.

I think if we do the ecosystem analysis, I think if we take the time and the effort to really look at the ecosystem and its productive capacities and to look at some of the relationships between terrestrial and quad ecosystems that we have ignored for years, I think we will be able to develop some practical management guidelines that management can take part in creating but can also follow. And we will be given a better sense of direction for what they are to do and how to be professionals in the agency.

Mr. VENTO. I think I would differentiate between accountability, that Mr. Wolf was referring to, and intrusion, which is more often the repressive issue that the OTA was referring to, I think.

Mr. Roush, did you have anything you wanted to add to that?

Mr. ROUSH. Well, you may be getting more answers than you hoped for, but it is a crucial question. And I think we cannot assume that simply permitting Forest Service professionals to do the right thing is going to be enough. That there are disincentives in the existing system, some of which are legislative disincentives for doing the right thing.

For example, the existence of trust funds which create a contradiction in the agency and constituencies. Congress needs to clarify what the expectations are. And Congress needs to set the framework in which ecosystem management and those professionals who want to perform ecosystem management are permitted and encouraged to do so.

We are talking about a cultural change within an organization and it is difficult to do and, unfortunately, it is not going to happen

spontaneously simply by decentralizing or changing. It is complicated and Congress is going to have to be an active participant in encouraging that to happen.

Mr. VENTO. I think that some of the trust funds, as much as they have been shaken today—and you heard my initial comments in terms of policies—but I think it is something that Mr. Wolf referred to as the unintended consequences that occur when we put in place something that seems logical. It is easy to get money into Washington and not so easy to get it out. So if you can keep some of it out there, that is the problem. All of the OMB and the appropriators like to come through here, and I understand why.

I am being summoned to another activity. Happily my staff has delivered this message, and so I appreciate very much the patience of the recorder and the good work done by the staff on all of this. And I will be reviewing, especially the work of this panel as well as others.

For instance, you notice that when you talked about the fact that there was a definition of ecosystem management, that happily on one panel here, we had some of the industry group that had provided us what the definition should be. And so there is obviously not agreement with everyone about that.

Ms. HUNT. I would like to reserve the right to comment.

Mr. VENTO. I reserve my rights, too.

Mr. WOLF. And I would like you to take a good look at page 6 of my statement where I discuss another unintended consequence, the way the salvage fund is operated.

Mr. VENTO. One of the groups, Mr. Roush commented about some of the people in the Forest Service that went out and were looking at salvage trees. We know that there are controversies. With the shortage of harvest there is a tendency—well, there has been some misunderstanding or some misdirection of policy in terms of salvage.

But, I need to depart. I want to thank you very much, this panel and everybody today for their work. I think it has been a good hearing. And, hopefully, helpful to Congress and the administration as we move forward with this report in the area of forest reform.

Thank you very much. This hearing stands adjourned.

[Whereupon, at 4:08 p.m., the subcommittee was adjourned, and the additional material submitted may be found at the end of the hearings.]

FOREST SERVICE REFORM

THURSDAY, FEBRUARY 3, 1994

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS, AND SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, COMMITTEE ON NATURAL RESOURCES

Washington, DC.

The subcommittee met, pursuant to call, at 10:00 a.m. in room 1324, Longworth House Office Building, Hon. Bruce F. Vento [chairman of the Subcommittee on National Parks, Forests and Public Lands] presiding.

STATEMENT OF HON. BRUCE F. VENTO, A U.S. REPRESENTATIVE FROM MINNESOTA, AND CHAIRMAN, SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS

Mr. VENTO. The Subcommittee on Parks, Forests, and Public Lands and the Oversight Subcommittee joint hearing will be in session.

This is the second day of our hearings on the topic of forest reform and the reform of the Forest Service.

Tuesday we heard the numerous public witnesses who gave us positive and useful ideas on how to strengthen and improve the Forest Service. Today we will hear from the Clinton administration, specifically James Lyons, the Assistant Secretary of the Department of Agriculture who oversees the Forest Service; and Jack Ward Thomas, the new Chief of the Forest Service.

We have worked closely with both Assistant Secretary Lyons and Chief Thomas over the years, and I am pleased that both of them are here today, the Chief, for his first appearance since being appointed to the post as Chief of the Forest Service.

These hearings are being held jointly by the two subcommittees of the Natural Resources Committee and; of course, my co-Chairman and Chairman, friend and colleague, George Miller, who also is very interested in this topic.

Our purpose today is to identify what reforms are needed in the Forest Service and how best to make those changes. We expect Assistant Secretary Lyons and Chief Thomas will articulate their agenda for making the Forest Service a better steward of the land in their vision of the national Forest Service reform.

We are following committee rules. The procedure is outlined today in the House rules and in the committee rules. Members will dispense with opening statements. Statements can be made during the questioning period under the five-minute rule. I expect numer-

ous members to be present. We want all of them to have an opportunity.

I am pleased to see Deputy Chief Unger and the Associate Chief is present. And we welcome him, too, and congratulate both him and Chief Thomas and, of course, our friend and our former colleague from the Agriculture Committee, Secretary Lyons, to the post that they have assumed. They have got a big job, and we want to help you.

We are going to go to your testimony. Your statements in their entirety, without objection, will be made part of the record today.

Hearing no objection, so ordered.

Secretary Lyons.

STATEMENT OF JAMES R. LYONS, ASSISTANT SECRETARY FOR NATURAL RESOURCES AND THE ENVIRONMENT, DEPARTMENT OF AGRICULTURE

Mr. LYONS. Thank you very much, Chairman Vento and Chairman Miller.

I will briefly summarize my testimony. I want to begin by emphasizing the confidence that Secretary Espy and I have in the ability of Chief Thomas to lead the Forest Service and to help design a Forest Service that is prepared to not only deal with the challenges we face today but challenges we clearly face as we enter the next century.

I think we are fortunate to have a resource professional like Jack at the helm, and I think Jack and his Associate Chief Dave Unger, make up a highly motivated management team in the right place, at the right time; and we are pleased to have that talent at the Agency.

When I took office as Assistant Secretary 9, 10 months ago—it seems like years—I set out three major goals for the Forest Service, and I would like to articulate them for you today.

The first and most important one was to help restore the credibility of the Forest Service in the eyes of the public we serve.

As you know, Mr. Chairman, the Forest Service has been much maligned in recent years. Some of the criticism is well deserved and some of it is not. I think, in large part, these public perceptions and criticisms stem from the belief that the Agency's sole purpose is to harvest timber.

To the contrary. That is one of many management tools and shouldn't be the sole purpose of forest management. Management should be driven to achieve some clear set of goals and objectives related more to maintaining the basic health and functioning of forest ecosystems.

I think criticism also stems from the concerns about the integrity of some aspects of Forest Service management; concerns related to inadequate monitoring of reforestation contracts to prevent use of contractors who hire illegal aliens, concerns about timber theft, and concerns about air tankers. These are concerns that keep me busy day in and day out.

We have tried to adopt a new approach to forestry combined with improving the integrity of our management. We think these are important actions to help prepare us for the challenges ahead. The Agency has a long and proud tradition and renewed commitment

to addressing the needs of all Americans by using the full range of our management options and the management expertise that we have at our disposal will go a long way in restoring public confidence in the Agency and in our programs.

The second goal was to reinforce the professional role of resource managers who make up the Forest Service, the foresters, silviculturists, soil and water specialists, wildlife and fisheries biologists, the range conservationists, and all the others who are responsible for day-to-day management on the ground.

Too often in the past, I think we have seen forestry professionals who have felt pressured to compromise their views to make the politically correct call instead of the professionally responsible one.

Forest Service professionals and agency managers should give us the facts and the options and the recommendations as they see them based on a clear understanding of the situation on the grounds and sound management principles and on public input, and then we will make the appropriate political judgments and policies in determining how the forests will be managed.

My third goal is to move forward with an ecosystem management approach, one that is scientifically sound, ecologically based, and integrated. This is the foundation for our new approach to managing the nation's forests and rangelands. This is a system that seeks to manage the whole rather than the individual parts of the forest. It is a management approach that steps back from the forest stand and, more importantly, focuses on the forest landscape; and, most importantly, it links human dimensions of natural resource management with the ecological elements that we are concerned about on the ground.

Finally, it is an approach that incorporates and builds up science as a foundation for management decisions. Also, it is an approach that seeks to bring together the various agencies with jurisdiction and responsibility for management of natural resources to work together in collaboration and cooperation as opposed to in confrontation as we have seen too often in the past.

In fact, we have placed a great deal of emphasis on Federal agencies working together as a team to try to jointly meet public needs. We have seen this in a number of examples and, most importantly, in a number of issues that are going to come before this committee during this Congress.

The reform of the 1872 mining law, improvements in rangeland management, and development of strategies to protect Pacific salmon fisheries: These are all issues that we are trying to address in the context of a more cooperative Federal partnership.

Most importantly, I would emphasize that we can't deal with those issues and resolve those issues without your participation and your assistance as partners as well.

One of the themes that I want to strike today is the importance of our ability to work with you to help resolve these important issues, issues that have languished for far too long and we feel now is the time to resolve.

Finally, I will address a project that Jack initiated a short time ago which is well under way. It is a key element to our efforts to reform the agency and restructure ourselves to be prepared to deal with the challenges ahead.

Some time ago we chartered a team to develop a process and strategies for creating the Forest Service of the future. This effort is well under way, and the team is engaged in an open and highly participatory process involving people within and outside the Agency; the team is going to look hard at people's ideas to improve what the Forest Service does and how we serve our customers and how we do a better job managing the natural resources that we are entrusted to manage.

Our goals are to achieve that, but also to reduce overhead and provide more attention to customer service at a local level toward basic land management on the ground. Our prime consideration is structuring an organization that has the appropriate resources and the delivery system needed to meet the challenges of forest management as we see them today, but also as we see them in the future.

I should point out that, as a result of simple demographics, the Agency will face a significant turnover in leadership in the next 2 years. It is nothing to do with anything that Jack will do but simply a function of the ways the organization is structured and the demographics of the leadership that we face.

This will present a tremendous opportunity and a significant challenge as we work to reinvent the Forest Service and to put in those positions of leadership the people that have the vision, the determination, and the commitment to manage natural resources not only to meet today's needs but also tomorrow's.

Let me close, Mr. Chairman, by emphasizing the optimism I feel for the opportunities that are before us. Some would view them as significant challenges. I see those challenges, though, as opportunities, that we can capture, through our combined energy, imagination, and resourcefulness if we work together to strive to achieve that goal.

I look forward to working with you and Chief Thomas in trying to take advantage of these opportunities and challenges today.

Mr. VENTO. Thank you Mr. Secretary.

[The prepared statement of Mr. Lyons can be found at the end of the hearing.]

Mr. VENTO. Chief Thomas, welcome again and please proceed with your statement.

STATEMENT OF JACK WARD THOMAS, CHIEF, FOREST SERVICE, DEPARTMENT OF AGRICULTURE

Mr. THOMAS. Thank you. I will give an abbreviated version. I am sure you will appreciate that.

I am honored to give my first testimony to Congress as Chief of the Forest Service. Before addressing that agenda as Chief, I think I need to describe the core values that shape my goals for the Forest Service.

Basically, I share a land ethic put forward by another Forest Service employee named Aldo Leopold and I quote: "A thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community."

However, I believe that the human activity that is consistent with this ethic is properly within the realm of resource management. Activity which would not be consistent with long-term pres-

ervation of biotic community should be resisted for all but the most compelling reasons.

I believe that my views are consistent with the intent of the existing applicable statutes that guide the Forest Service, but I recognize that people are inseparable from the ecosystems of which they are a part, and their very needs must be continually examined and accommodated if there is to be any national consensus about how our forest lands and range lands are to be treated.

As Chief, I see my primary role as fostering an organization climate where diversity of viewpoint is accepted, where bad news can be safely delivered, where honesty is consistently rewarded, and where we all pull together to carry out management decisions that are openly made.

Much has been made of ecosystem management, a concept which I fully believe and to which I have given my professional life and now lend my support. But we need to take the next step in implementing ecosystem management, and we must do it soon. The actual change is the important thing. I would ask you that my tenure as Chief be evaluated on action, not on words, not on brochures.

Now, why am I optimistic as I sit here? The challenges that the Forest Service people face in building on the proud history and best traditions of the organization that has been my home for 27 years are well known. The Forest Service will face the challenges head on.

Already having had a long and rewarding career of 37 years in the natural resources management business, I would not have accepted this position if I were not convinced that we can meet those challenges. Finally, I believe that that optimism is fundamentally justified by the commitment and the professionalism of our increasingly diverse work force.

I turn now to some of the major challenges facing the Forest Service and how I think the Forest Service will respond. The first is the implementation of ecosystem management.

First, we must now quickly and successfully implement ecosystem management. That will change how the Forest Service interacts with other landowners, how we are organized, and how we request and allocate resources. But make no mistake, we have no option but to continue to move forward in natural resource management on the basis of what we know, or think we know; but we must be able to quickly adapt to new information and new understanding as it becomes available.

A key element of ecosystem management is a consistent monitoring effort and evaluation of management applied and to outcomes of that management. Monitoring cannot continue to be treated as an appendage that may or may not be done based on funding.

In the past, we have consistently promised mitigation for risky courses of action by promising rigorous monitoring and mid-course corrections. Frankly, we have not always carried out the required and promised monitoring, nor have we been funded to do so.

The underpinning of good resource management by the Forest Service has been, and will be, science. In implementing the ecosystem management, the use of science in the decisionmaking process will be enhanced. The contribution of science and scientists of better natural resource decisions will require the continued and

strengthened independence of our research program. These are the technical aspects of ecosystem management.

Equally important are the ways that we must change our approach to our job. More than ever before, we recognize that successful management requires collaboration with others. The Forest Service has a rich tradition of partnerships to accomplish organizational goals. For example, we have developed no less than 12,000 ongoing relationships with outside interests.

But we will do more. I believe that a common ground can be found; one that a majority of Americans will support.

The other task facing us is to establish and to clearly state desired outcomes of our management and development of programs to achieve those desired outcomes.

We need to evolve slowly beyond individual functional programs like timber, fish, and wildlife, grazing, water, and recreation, and realize that the total result is greater than the sum of the parts. We fully expect to demonstrate to all that their individual interests are being satisfied in the process of the shift toward more integrated management programs.

An example of this type of change needed in the direction I have recently given with the input of Congress to eliminate traditional timber targets in the 1994 budget allocations—rather than assigning funding to meet timber targets, the forest supervisors are being held accountable for meeting timber goals that they determine are appropriate and attainable, given the land stewardship objectives.

We will continue to accelerate, within available resources, emphasis on improving wilderness management and on meeting enhanced and defined fish and wildlife rangeland and water protection objectives in carrying out our overall job of stewardship.

We need to re-examine our fire management programs in light of broader ecological objectives. We must emphasize collaboration and incentives to achieve stewardship on non-Federal forest ownership, particularly those in proximity to national forests. After all, ecosystems do not stop on national forest boundary lines.

I want to make it very clear, we want to collaborate. This does not imply that we seek any additional authority over activity on private land.

In 1994, the Forest Service is moving toward the challenges of the 21st century with an organization developed to meet the management objectives of the 1950's and 1960's. Our current organization structure evolved in response to traditional multiple-use constituencies.

This functional orientation is reinforced with an appropriation process replete with multiple budget line items designed to target dollars to produce specific resource outcomes. The process and the bureaucracy to maintain the functional organization has become too much a focus of our organizational activity and consumes too much of our available resources.

This situation is not unique to the Forest Service. Through the National Performance Review, the Administration is working to redirect government energy away from preoccupation with process to a focus on consumer service, customer service. The Forest Service is part of this effort, having been designated a reinvention labora-

tory. The Agency vigorously sought and we now relish that challenge.

Finally, the Forest Service cannot be the world's conservation leader in the future using yesterday's tools. In coordination with the Department and other agencies, we will continue to develop, acquire, and effectively use a full array of technological innovation ranging from automated management tools to the latest in gene-splicing equipment.

I would like to close on reflecting what I want the Forest Service to be when my tenure comes to an end.

With proper support, I believe we can manage the national forests and grasslands so that they are a showcase for conservation, a model for resource managers throughout the world. Ecosystem management would no longer be a buzz word; having become a set of management processes and practice that focus on producing conditions and outcomes desired by the American people for their forests.

I think that vision is consistent with our mission of caring for the land, serving people, and the principles that guide our actions. The Forest Service is a good outfit. I think it is the very best of its kind in the world, but we are not nearly as good as we need to be, should be, want to be, or will be. We are going to close that gap by continuing to build a team of highly trained, intensely motivated professionals with an obvious passion for the welfare of natural resources and for public service.

Our actions will be consistent with law and regulations. We will rely on the best science and technology available, and we will reflect a broad spectrum of view points gained from our employees and from upfront public participation in decisionmaking processes.

We will get more of our resources to the ground where we can best provide customer service and in communicating with the American people. We will stress conservation leadership.

I would like to tell you that the results of this new way of doing business will be rapidly discernible even to the casual observer, but it won't.

The condition of our forests today is a result of decisions made decades ago under different mandates and different understanding of the times. It will take decades for the benefits of ecosystem management to be clearly seen by all.

But our intention is the long-term sustainability, diversity, and productivity of our natural resources. That places a special burden on Forest Service people to carry out our work with fortitude, perseverance, consistency for the benefit of present and of future generations.

As I have said before, if I didn't think the Forest Service was up to that task, I would not be here today.

Thanks for hearing me out. I am happy to answer any questions.

[The prepared statement of Mr. Thomas can be found at the end of the hearing.]

Mr. VENTO. Thank you very much, Chief Thomas, Secretary Lyons. We are going to take, each of us, five minutes; so I want you to set that clock.

I think that most of us understand—Chief and Secretary, I thought as you were speaking of the application and the expertise,

I, for one, am very appreciative of the fact that you have taken the job as Chief of the Forest Service, Dr. Thomas.

I noted in your statement—and I hope the Members will look carefully at your statement—on page 5: "Science is only a tool—in the end, all managerial decisions are moral, not technical."

And as someone with a little background in this and with a long history more of the political science of what happens, that seems to have dictated. And we have heard a lot of rhetoric; in fact, I think we are winning the rhetoric war.

If you look at the testimony, everybody is now for ecological management of the forests. I suspect that, as in most issues, the devil is in the details. But your leadership really—and that of others—Secretary Lyons continuing on to work in region six and the efforts to Franklin and the many others and trying to bring to fruition your recognition of the strength of the Forest Service in terms of its science and the genesis of all the work done, is really helpful.

But now we have to carry that through. And so often it is within the budget process and in the legislative process that just doesn't translate in terms of dollars.

One of the problems today is that 75 percent of the budget of the Forest Service is driven by timber resource. And I know, as we look at the other competing values that forests have, that they don't get a fair share of that budget.

Now I know that that is important that that timber and the sort of gridlock that has existed in the job that you have taken on, troubled waters here is one that is going to be tough. And clearly everybody wants to set the format in which that timber will flow, but we have some challenges in dealing with that.

Chief Thomas, how are we going to attack that in terms of bringing together the timber industry, the conservation groups that are competing with one another so that we can get a middle ground?

I have been criticized from both sides whether it is on wilderness in Montana or whether it is on other topics in trying to put forward plans.

How are you going to reconcile those issues?

Mr. THOMAS. I wasn't sure if you were making a speech or asking a question.

Mr. VENTO. You are going to get a lot of that today.

Mr. THOMAS. If you are a student of history, it is not uncommon for things—the field parlance is to go gunnysack periodically.

We have had, for a very long period of time, until 10 years ago, a fairly remarkable consensus of what we should do with our public lands, if the reflection of our instructions from Congress do reflect our democracy.

In the last 15 years, that consensus has broken down. However, I know if you are a student of history, when times look darkest is the time when people weary of the conflict and begin to look for a rational solution.

I think as we put it as a scientist, if opinion is a bell-shaped curve, you will never get conciliation between the extreme edges of that curve. However, if you look one standard deviation in from the edge and people who have viewpoints and are concerned, working with those people, you can start to build a new consensus.

Mr. VENTO. Isn't it true that some groups have been excluded from the management of the forest and many of the decisions with regard to sales and other types of activities?

Historically, the adaptive management areas as proposed is an effort, I think one that I have some questions about—isn't that an effort to try to bring in the conservation groups, the community, the State groups, the industry?

Industry has always been at the table in terms of these issues as far as I am concerned. How is that going to work? Is that going to be a workable model or not?

Mr. THOMAS. I don't know. But one thing I will tell you is that I want all forests to be an adaptive management area. We are going to have to learn to respond more quickly to public attitude and scientific information.

But the adaptive management areas put forward in the President's plan, the assumption there was that those areas would be areas where we would experiment not only with natural resources manipulation but with different means of involving constituencies and people.

Mr. VENTO. Thank you.

Representative Hansen.

Mr. HANSEN. Thank you, Mr. Chairman.

Chief Thomas, I would like to ask you some questions. It is very fashionable in this committee to talk about below-cost timber sales; and everyone berates it as a bad deal. I am not going to stick up for it. I think sometimes it is how you figure it on the price of roads and who gets advantage of them.

Coming from the West, I have gone all over Utah, Wyoming; and it is not just loggers that use those roads. Contrary to the popular belief around here, there is something called below-cost recreation. I am guilty of it myself. I have spent a lot of time in the outback.

We have put together a little thing here. As you can see by this chart, overall in fiscal year 1994, the Forest Service budget for recreation alone is $400 million with expected receipts of only $55 million. Now, that makes below-cost timber look pretty small.

Do you plan on doing anything on that? We had the GAO in here two days ago, and I thought it was fascinating, I asked them the question, when we talked about below-cost timber sales and things we can tangibly grab. Then we started talking about the other areas; and they got flaky in the middle of that discussion, and they didn't want to say anything about it.

Do you have any plans at all for all these other people that use the public land?

Mr. THOMAS. Congressman, I don't think that I have the authority, except to come to you and say that there are obvious revenues that could be captured from recreational use.

Some time in my previous incarnation, I wrote a detailed paper about revenues that might be captured from a form of recreation called hunting. But I think that is more a policy statement for the government of United States to make than the Forest Service. I don't have plans to do that.

In fact, we have been rather consistently told that that was not policy. If the policy were to change, I would carry it out.

Mr. HANSEN. Mr. Thomas, the President of the United States doesn't put the budget together, but he comes up here on the State of the Union, gives us his suggestions on what we should be doing; and we look to him as the executive to make those suggestions. It is not the 10 commandments but the 10 suggestions that he gives over there.

I realize that you are not in the position to do exactly the same thing that we should do, but you are the experts. You are the ones that manage the ground. You are like Hugh Thomas, one of the greatest foresters trying to handle the Dixie. He goes in there and tries to figure out what can be done. His people are excellent. And they say this tree can be cut, and that tree can be cut, and then they put it up for bid and the little places like Escalante Saw Mills, which is no more, Kaibab Industries, which is no more, and they go to the local bank; they try to borrow the money on that much like a rancher does.

And then an extreme environmental group comes in and challenges it with a 29-cent stamp.

Do you plan on changing the appellate process that these people have? They have ground down the businesses of the timber sales in some of these little areas?

Mr. THOMAS. First Congressman, I believe in the appellate process; the one we use is a bit unwieldy.

We have a new appeal process in the form of being turned into regulations at the moment, which streamlines the process while maintaining the ability of the American citizens to appeal. That is under way.

Mr. LYONS. I was going to point out that the new appeals process that is in place was the product of legislative direction that we received several years ago as a rider to one of the Interior appropriations bills. Several members of this committee and other committees of jurisdiction were involved in structuring that.

We hope that helps to resolve some of the appeals issues. I know that Congress shares that hope and interest.

Mr. HANSEN. The thing that bothers me is that the people who make the appeals have nothing at risk. Big deal, they make it, and let it go; the other guy has got his life at risk, his business at risk, his stock at risk, everything he has got is just standing there at risk.

Let me ask another one, if I may. When a road is going to go in, we see public hearings and people standing in line and both sides are there saying this road can't go in, it is a terrible thing.

And then on the other side of the coin one of your foresters come in, and we close roads all over the West.

Who is this guy with all this great knowledge and understanding that doesn't have to go through this process to close a road?

Mr. VENTO. Respond, and then we will go to the next member.

Mr. HANSEN. Thank you, Mr. Chairman.

It bothers me how easy it is on one side and how hard it is on the other side.

Mr. THOMAS. Well, you may know something that I don't. The location I just came from in the field road management plans were put exactly through the same process of public involvement that

road construction was in that each one of the districts had a road management plan that was settled in exactly that process.

Maybe you know something about a place that I don't know. Where I came from in the field, road management plans were done exactly like any other.

Mr. VENTO. Congressman DeFazio.

Mr. DEFAZIO. Either Secretary Lyons or Chief Thomas can address this issue, whichever is appropriate. But I have a concern. One of the major problems I had with the last chief was that I didn't feel he was particularly forthcoming when he disagreed with the administration on something. That is, he wouldn't tell us what his best professional judgment was. Rather, he would just spout the party line. I sort of referred to him as a weather vane from time to time.

Now, I have heard Chief Thomas say that we are going to get the truth, and it is going to be delivered unvarnished and so forth. And I am glad to hear that.

Now let's get to the truth: the budget.

Is the current budget, the fiscal year 1994 budget or the proposed budget as you know it, adequate to implement the kinds of changes you are talking about in region 6?

We have heard a lot about adaptive management and ecosystem management, and yet during my last two months in the district while Congress was out of session, I heard repeatedly that Forest Service was reducing staff and they were not being given the ability to implement any program on the ground.

The regional forester has responded to me, and I provided this to Secretary Lyons yesterday—so I think he has had a chance to review it—a letter dated January 25th. And the last two paragraphs—I am not going to read them entirely, but in one part he says: "Such a scenario may not allow us the capability to meet the needs of new ecosystem management strategies."

How much money do you need? Do you have enough money? Can you get the job done? From what I am hearing out there on the ground, the answer is, no, you don't.

Mr. THOMAS. The numbers that you asked for, Congressman, under our mandatory actions that we must carry out, we needed $64.2 million. We have budgeted $52.1 million.

In our high-priority actions, including rural community assistance, ecosystem restoration, we asked for $63 million. We have $35 million.

For further implementing actions, additional research programs project funding, we requested $29.5 million. We got $8.7 million.

In grand total, we requested what we thought it would take to do the job, top drawer was $153.1 million. We have budgeted $95.8 million.

We are also in the process of trying to shift within our budget appropriations to add to that number. $95.8 million is not an insignificant amount of money, and we think we do the best we can under that limitation.

We will concentrate on carrying out the mandatory actions, which, as I gave you, those numbers were closer to what we need. The high priority actions, we can get some of those done. The other research action, et cetera, will slip behind.

But those are the numbers.

Mr. DEFAZIO. OK. Well, I appreciate that honest assessment. I mean, by those numbers——

Mr. LYONS. If I could offer additional comment on that. Of course the fiscal year 1994 budget process was well under way before the President's forest plan hit the street. In fact, the House had already acted; and the Senate had not yet considered it.

Mr. DEFAZIO. Good. Then when are we going to ask for a supplemental?

Mr. LYONS. We have placed emphasis on dealing with management issues that we think—hope, will allow us to proceed with management activities we had planned in a manner that is consistent with the President's plan.

If you look at the details and the numbers that Jack talks about in terms of watershed assessment, the estimated needs were $26.3 million; and what was provided was $26 million.

The estimated needs for preparing the timber program were $15.6 million. Region 6 got $15.6 million. We tried to focus on maintaining those activities and the timber flow so as to provide that element of support to the communities that may be impacted.

I think our biggest problem in Region 6 is in impending layoffs and RIF's. I have been to Congress several times for assistance to get early-out authority to avoid laying off the people we need on the ground who actually prepare these sales and move forward.

I think the letter that you referenced, the comments focused specifically on personnel resources and the problems we will face in Region 6 if we have to begin RIFing people; and the notices will go out in 15 days.

So if we could obtain assistance in avoiding the loss of the personnel on the ground, I think we would be in a lot better shape and have the capability of getting the job done.

Mr. VENTO. Congressman Thomas, do you want to go now?

Mr. THOMAS OF WYOMING. Welcome, Chief. I recognized your name right away. I grew up in the Shoshone Forest.

Talking about ecosystem management, which has been talked about for a very long time, a couple of questions. How are you going to define, generally, the boundary? Wouldn't it make more sense to talk about ecosystem planning than it would management, given that a good number of the lands inside are not going to be public lands?

Mr. THOMAS. I agree.

Mr. THOMAS OF WYOMING. Why don't we do that, then?

Mr. THOMAS. Well, planning is merely a part of management. It is one aspect.

Mr. THOMAS OF WYOMING. Management is quite different, and it scares the hell out a lot of people that you all are going to manage the private lands that happen to come within an ecosystem.

And I think the fact is, it will cause your ecosystems to be much smaller than they might be if we did that, just——

Mr. THOMAS. I didn't understand your question.

Now, when we deal with ecosystem management, you get popped from both sides. When we did the President's Plan in the Pacific Northwest, we got popped by the private landowners and by the

States because we did not consider the contributions of private land to the ecosystem.

My suggestion is that that be involved in the planning operation. The State is going to either involve themselves; the private landowners can involve themselves. I thought I made it very clear in my public statement: We seek no authority over private lands.

However, if we are addressing questions where we are dealing, for example, with anadromous fish issues in the Pacific Northwest that run all the way from the ocean to the headwaters on the national forest lands, obviously that will involve the entire watershed in some type of assessment. What can we contribute? What can they contribute?

I would not find it frightening. I would find it somewhat liberating, liberating in the sense that they can participate fully in an overall thing as opposed to managing the Federal lands——

Mr. THOMAS OF WYOMING. That is fine. We want to participate in the planning, but we don't want you running the private land or taking the private rights when you are through planning.

Mr. THOMAS. I hear that clearly. But I want you to hear my statement clearly: We seek no authority over private lands.

Mr. THOMAS OF WYOMING. And I shall remember that.

Do you feel like—according to the Solicitor, they have asked for comments on reevaluating the reserved water on wilderness. Do you think we need to change that?

Mr. THOMAS. Change it from what?

Mr. THOMAS OF WYOMING. From what it is now.

Mr. THOMAS. Yes. We are putting forth—we have responsibilities in wilderness. And there is consideration of making a claim in several States, in Idaho and elsewhere, for that portion of water. We are following the appropriate procedures in the State as that is done.

Mr. THOMAS OF WYOMING. But your Solicitor has asked for a new Federal position on reserved water.

Mr. THOMAS. That is correct.

Mr. THOMAS OF WYOMING. And what do you think that should be?

Mr. UNGER. I might just comment on that. The legal question, as you know very well, in the Congress on whether there is an implied wilderness—reserved right for water in wilderness areas has never been fully determined.

Mr. THOMAS OF WYOMING. There is a Solicitor's opinion on that, however.

Mr. UNGER. Yes, in past Administrations, Mr. Meese delivered an opinion based on the Solicitor in the Department of the Interior at that time indicating that the Federal Government would no longer claim such reserved rights, even if legally it were determined that they existed.

The present Administration has decided to open that question up again and has requested, through the Office of the General Counsel, comments from the public as to whether that is a desirable thing to do.

Mr. THOMAS OF WYOMING. I hope that is publicized. It came out around Christmas time and not a lot of people knew about it.

Mr. UNGER. I understand that a lot of letters were sent to all interested parties, the governors and others who would be most concerned.

Mr. VENTO. The gentleman's time has expired. The committee will stand in recess pending the vote. Then we will come back and begin the meeting.

[Recess from 10:45 a.m. to 11:00 a.m.]

Mr. VENTO. The subcommittees will resume their sitting.

If everyone would find a seat. We had just recognized Congressman Thomas, and he has concluded. And so Congresswoman Karan English.

Karan.

Ms. ENGLISH. Thank you, Mr. Chairman and members of the committee.

I have a couple of questions for you. And I appreciate you being here this morning.

The first has to do with carrying out the philosophy. Setting an ecosystem vision for the Forest Service is greatly appreciated.

How do you plan to have 36,000 employees reflect that vision or approach and actually implement the philosophy, and when?

Mr. LYONS. Yes, when?

Mr. THOMAS. I am going to wave my magic wand on the 15th of the month and then that will do it.

No. No. We are a lot further along toward ecosystem management in terms of how we will carry it out in process than it may appear. However, we will need to go through a considerable educational process, give and take, not only with the public but with our own employees as to get a real vision of what that is.

Now, one of the things that we will have to overcome as we go forward with this new approach and new vision of doing things is to tell people what it is and to let them understand what it is.

As we are apparently shifting some direction in mission within the Forest Service from an agency that understood quite well what it was supposed to do very clearly for a very long period of time, we have a big morale problem in the sense that that mission has been taken away, that we really, clearly, thoroughly understood.

I find that an exciting thing to be happening; but, nonetheless, it will require a considerable amount of contact with our own people.

In terms of personal commitment, the way that we are setting up to run the Forest Service, Mr. Unger will take care of Forest Service operations on a day-to-day basis.

I look at my role as leadership and taking the lead on doing exactly what you are asking about. I am unable to travel very much at the present moment; but as that changes, I intend to take that on as my personal mission, and as soon as possible.

Ms. ENGLISH. Thank you. The working relationship with Forest Service and other Federal agencies and other levels of government have been criticized for as long as I can remember. And for a variety of reasons: checkerboard jurisdictions, as we have a lot in the West, accusations of empire building by one agency or other, personality conflicts, there is just a variety of reasons.

What can the Forest Service do to start to turn this around for a more cooperative, consistent management of the public lands of which you are a part, but I understand not the whole?

Mr. THOMAS. One of the things we can do is follow the instructions given to us by the President of the United States and reinforced rather consistently and constantly by the Secretary and Assistant Secretary that, we are to move to a one-government approach, rather than having agencies like this that they will get together and be like that.

Now, that is easy to say; a little bit more difficult to do, but we have had some experience in the Pacific Northwest of working toward doing that.

For example, instead of us considering—we figure out what we are going to do on the public lands, then we managed to have gotten some species listed; then we send our plans over to the Fish and Wildlife Service and say, hey, what do you think guys? They say, oh, we don't think that is so hot, and here we go again and again and again.

We are working on a process now where, when we come to the final solution and decision, everyone will be on board with it and it will not be a matter of a consistent, yes, yes, no, maybe.

But that is done through a number of things. One, we have the edict from the President to be one government. That helps.

I have never seen, in a 37-year career, so much attempt at cooperation across Federal agencies. I would not mislead you by saying everything is rosy and we don't have a love feast every time we get together, but we are moving forward.

The biggest reason that we are is the President of the United States and the Secretary and the Assistant Secretary said, you are going to do that.

Ms. ENGLISH. I want to get in one more quick question before the red light.

Northern Arizona is plagued by a debate right now and you may or may not be aware of the fire hazards. We have had a couple of significant fires because of either not implementing a management plan or not carrying out the current management plans to deal with underbrush and smaller trees and just the evolution of the forest.

And there is great concern right now that we really need to deal with a plan that will take care of what could be tremendous property loss, besides what would happen to our forests.

Will this be getting some attention?

Mr. THOMAS. I think the question that you raise for Northern Arizona extends throughout the entire Intermountain West and elsewhere. One of the issues that continues to boil to the surface is what the questions are of forest health, of fuel accumulations from long periods of fire exclusion.

Yes, it is receiving probably as much attention as anything I know of. One thing that is not Northern Arizona, but we are launching now with preliminary work on forest health into an evaluation of the entire situation in the Columbia Basin as a first step, one toward ecosystem management, and a second question of an assessment of how we might address questions just like that.

Ms. ENGLISH. Thank you very much.

Mr. VENTO. Mr. Doolittle.

Mr. DOOLITTLE. Dr. Thomas, I represent the California portion of Lake Tahoe; and due to drought and insect infestations, we have a proliferation of dead and dying trees.

Do you support the removal of those in order to prevent wildfire and the subsequent environmental degradation?

Mr. THOMAS. Yes. I haven't quit beating my mother either.

Mr. DOOLITTLE. Did you say yes?

Mr. THOMAS. Given the way you asked the question, it would be very difficult to say no.

Certainly I support a rational approach to natural resource management that considers all of the things that you just laid forward.

Now, supporting that as a statement of agreement and how to achieve that appropriately, both financially and in terms of ecological condition, is another question.

But do I support that in the sense of your question? The answer is, yes.

Mr. DOOLITTLE. I appreciate that. And we would be looking forward to working with you and your office to accomplish that.

The other question I would have, I will probably write you a letter about this one. In the El Dorado National Forest, we are starting to have some real problems, I guess what you would say through apparent negligence in the management of the thing. The forest is now faced with canceling 24 timber sales, and I guess having to rebate $25 million to the timber companies. There is tremendous unhappiness over this situation.

May I just ask, are you aware of it?

Mr. UNGER. Yes, Congressman. We have received a briefing on the findings of the year-long reconsideration of those decisions that were conducted by the Forest Service. We are assembling a team of Washington Office specialists and people from the Regional Office in the very near future to go and review those findings and see what changes need to be made and to look into the question of whether any action is necessary to respond to any apparent disregard of the law or policy that was involved.

Mr. DOOLITTLE. I appreciate that. I am somewhat concerned because I guess the forest supervisor in charge at the time this happened is part of the President's team to reinvent the Forest Service.

Mr. UNGER. He became forest supervisor just at the time a few of these decisions were made. Others were made before. He left for the reinvention process shortly thereafter and really had no lengthy association with the Forest during most of that time. We are going to examine all the factors that are involved in that.

Mr. DOOLITTLE. Well, I hope you will keep our office posted, because we get a lot of inquiries and concern constantly expressed over this situation.

Thank you.

Mr. MILLER. [Presiding.] Mr. LaRocco.

Mr. LAROCCO. Thank you, Mr. Chairman.

This hearing is incredibly important for my constituents and, I think, for the management as we move forward. And I would like to focus on forward movement.

If we don't develop short-term and long-term strategies, I have a feeling that your efforts are going to unravel.

I would like to focus my questions on a couple of pieces of legislation which I have sponsored, H.R. 229—and, Chief, I don't expect that you read that bill last night or are intimate with the substantive nature of that bill, but I have discussed it with Secretary Lyons—and my new bill, H.R. 3732 to resolve the wilderness issues in my district.

First of all, going to H.R. 229, my forest health bill, it appears to me that many of the initiatives that you have on ecosystem management on the east side and the reforms that you are attempting right now are contained in my bill.

I would like to know whether you support the concepts in H.R. 229 and comments about the agency's ability to carry out those components administratively and the need for legislation.

It occurs to me that you may need authorities to move ahead in the programs you have, and whether that is Secretary Lyons or the Chief, please respond to that.

Mr. LYONS. Thank you. Let me set up my response because we didn't go into this in detail in my opening remarks. We are today formally establishing an office or interagency team to conduct an assessment of the conditions of the forest in Eastern Oregon, Washington, and Idaho; and that office will work out of Walla Walla. This eastside assessment, based in large part on some of the preliminary work done by Dr. Everett and others, in a report that was published this past May, will provide the basis for revising forest plans both in Eastern Oregon, Washington, and subsequently over in Idaho.

We think that is critical to improving upon the existing data base we have and to making necessary changes in management to assure that we are going to meet our legal obligations in those areas.

With regard to specifics in your bill, I think it is important for us to have an opportunity to sit down and go over specific recommendations and authorities that would be provided us in the statute. We are moving forward in large measure reflecting some of the concerns that you have raised previously and, of course, issues that I worked with you on when I was on staff for the House Agriculture Committee.

I think we need an opportunity to walk through that looking at the existing authorities, and then to determine what, if any, additional legislative authority would be helpful to allow us to expedite our efforts in that area and particularly to focus on the forest health issue.

Mr. LAROCCO. It seems to me that you are implementing mega plans. You are looking at moving beyond the forest plans that you now have and the intent of the NFMA. My bill would allow you to declare a forest health emergency, and it takes into consideration the scientific assessment that you are undergoing.

Would you allow the States to be involved in the design for the scientific assessment on the east side?

Mr. LYONS. Very much so, within the limits of FACA, a new law that I am learning a great deal about. We certainly want to involve all partners in that.

Mr. LAROCCO. Many scientists feel that no action is a great risk out in our part of the world because of the forest health conditions, and say that we must move aggressively in some of these areas. I think it fits in to what we want to do in ecosystem management.

I have a specific question. In the 1992 and 1993 appropriations, it carried language starting a stewardship contract demonstration program in the Panhandle National Forest. Now we have run out of that authority.

My point is that it seems to me that if we want to move to the basins and the drainage types of ecosystem management then we must start with the smaller projects.

Is there any way that you have the authority to move forward with this demonstration project, the model project in the Priest Lake Ranger District that you know of, so that we can keep going with the stewardship contracts?

Mr. LYONS. I can't address the specifics of the Priest Lake situation, but I can tell you that the stewardship concept is one that we want to continue. We do have attorneys who spent a lot of time fighting over whether or not we actually have adequate authority.

I think those kinds of approaches to implementing the timber sale program in the future would provide us a little more flexibility and more management approaches to trying to achieve what we want to achieve on the ground are necessary. So we want to work to assure that we have adequate authority.

Mr. LAROCCO. My bill addresses that, and I think we should give some thought as to whether that project specifically should continue. There has been a great deal of work.

I would direct your attention to Roy Keene's testimony on Tuesday that was outstanding. I have introduced a bill to resolve the wilderness lands question in the first district of Idaho.

Is a bill like this, without getting into the boundaries, important to your land managers on the ground so that they know where those boundaries are and they know where they can go as we try to move away from the preserve system and into ecosystem management?

Mr. UNGER. I would have to become more familiar——

Mr. LAROCCO. No. No. No. No. No. Here is the question. This is a question of, if the lines are drawn properly, is it important for you to have resolution on wilderness areas so that you know which of the roadless lands out of the 9.3 in Idaho are outside of wilderness?

Mr. THOMAS. Congressman, I think I finally got the question. Let me state it: Is it important to us to have a resolution to these issues firmly made?

Yes.

Mr. LAROCCO. And is it important that we do this quickly?

Mr. THOMAS. We always appreciate all deliberate speed in giving direction—yes. When we have resolutions to issues that fester and fester and fester and fester, it takes us an inordinate amount of time to continue to repeat processes and arguments.

I have tried to do that in my brief tenure in going ahead and making some firm decisions and moving on with life.

Mr. LAROCCO. Well, I believe that, too; and my time is up. But you mentioned that consensus has broken down and polarization

has flourished. I am trying to get resolution on these. And your statement is important to me to continue on and it is important for this committee to hear that.

I appreciate you being here today and good luck. I will be in touch. But remember we need a short-term solution. The timber supply has dropped dramatically off the Federal lands in my district. It has plummeted.

Thank you.

Mr. WILLIAMS. Good morning, gentleman.

Chief, you are the only one at the table that I am not acquainted with. I am Pat Williams. I represent here in the House, Montana. All of it.

I want to direct a question to you or the Associate Chief about timber inventory out our way. If I understand correctly, some of the difficulties that the Forest Service faced in the Pacific Northwest, particularly in and around the old growth areas, was perhaps based on incorrect estimates, overestimates of the timber base, which may have been one of the main reasons that led to overharvest.

And a lot of people in region 1, including Larry and myself, and a number of our constituents, are concerned that we might have similar problems in the Northern Rockies.

I want to bring your attention to a report that was entitled: "An Assessment of Montana's Timber Situation." It was written by seven of the people who are among the premier foresters in the area.

Let me quote one of the findings:

"Comprehensive timber inventory data were not available to allow us to project changes in timber inventory over time on the Forest Service suitable land base. We were forced to assume that timber harvest levels projected by Forest Service managers could be sustained by their timber inventory."

So I guess, just generally, I would like to hear a little about your experiences in our part of the Northwest. And I want you to know that I don't ask this question in an accusatory way. I want to work with you and not only to get accurate—if we don't have it—inventory, but also raise the comfort level of folks out in our part of the Northwest.

Mr. THOMAS. I understand that our regional forester from your part of the world will be meeting with you this afternoon.

Mr. WILLIAMS. In a couple of hours.

Mr. THOMAS. We have concerns always about these things. If we are looking at the Pacific Northwest, we are looking at those issues which blew up into a very big thing. We are going to be constantly readjusting numbers.

In the past, I think that we came up with a thing called "annual sale quantity," and it seemed to be etched in stone. We prefer now to call that probable in the sense that those things change as inventories go out of date and as we have on the ground experience of what is really there is what we can get and as law evolves, our responses to things evolve.

We, however, are in the process of re-examining those numbers. Inventory is not all the problem that is involved in coming down on hard timber projections or even very firm timber projections. In-

ventory is part of it. Amount of appropriations carrying out assumptions within the plans are part of it. What you find out when you actually try to operate on that ground under appropriate constraints is part of it.

But we are in the process of examining that, and I have an open mind always to re-examination.

Mr. WILLIAMS. Thanks. Secretary Lyons, nice to see you. You remember that the Agriculture Committee had a hearing on my bill to simplify the fee system on the downhill ski operations, and we deferred action on the bill that was co-sponsored by a lot of members of this committee, including my pal, LaRocco, because the Forest Service wanted to finish the study on whether the ski areas are really paying fair market value for the use of the public lands as the law requires and should require.

I am wondering if getting that study done and correcting the formula is still, or will become, a priority? And is there anything I can do to help move it along?

The difficulty here, as you know—but let me say quickly—is that ski areas have a moving target and a rather complex formula on their fee system. Some ski areas are willing to pay more if they can stop the target from moving and maybe they can lay off a couple of accountants.

We are not trying to collect less money for the Treasury. We are just trying to make life a little easier for particularly the small ski operators.

Mr. LYONS. Congressman, I certainly remember the discussions that we had about the ski fee bill as we called it. We have been working since the receipt of Ted Farwell's study which was being conducted by the Forest Service at that time with the ski industry to try and construct a ski formula, fee formula, that achieves three goals.

We found from the Farwell study—let me say that, overall we were obtaining approximately fair market value. This is based on the methodology that Mr. Farwell used, which is reflective of modern real estate principles.

Don't ask me to get into the details because I really can't explain them. But suffice it to say that we have confidence in the study, and the industry has confidence in the study; but we found that there were some inequities. In some instances large areas were paying too little and small areas were paying too much.

I asked the industry in December to join us to talk about a formula that would ensure that we met our legal obligations but that we also achieved their goal, which was simplicity.

Then a third concern that I raised, which was equity so that every area paid their fair share. We have been working with them, and I hope not too far down the road to be able to issue a proposed fee system. We are looking at some option working with the industry that would then entertain full public comment on. But my hope is, and intent is, to have a new formula that meets those goals for the next ski season. And I think we are going to make that target.

Mr. VENTO. [Presiding.] Congressman Miller.

Mr. MILLER. Thank you, Mr. Chairman.

I appreciate your response right there on the fee system. We hope that that can be brought to a close and we can get that off the table and get on with it.

Let me welcome you both and tell you how pleased I am of your appointments, Chief Thomas and Secretary Lyons. We look forward to, I think, a great relationship between this committee and your offices.

Chief Thomas, let me say that I am looking at an AP story that goes back to a message you sent to the Agency which said the Agency will obey the law, tell the truth, and implement ecosystem management. And it sounds kind of fundamental; but as we find out sometimes in government work, it is very difficult to carry out; but we certainly encourage that effort.

On the latter part, there is considerable concern about ecosystem management and what this means. From my point of view, I think it is a reflection, as you pointed out, you had a mandate that there was a coalition around for many, many years and that coalition has come apart because of competing interests over the forest lands and the uses of those lands.

I look at my own State of California; when you started we were around 5 or 6 million people; and today, we are 32 or 33 million people and those foot hills and those forest lands are our backyard. And there is an awful lot of people who use those to give them relief from an urban society for multiple purposes, whether it is to park their trailer to hike, to camp, or to view the trees or maybe even to cut one down from time to time illegally or legally.

In any case, as you look at the West, Arizona has picked up a million and a half people, Nevada a million people, Washington two and a half million people, and Oregon one and a third million. Even Montana picked up people over that same period of time. And they come with a different set of expectations and with different claims on those lands.

And, yet, as I read the laws that govern your agency and your budgets and how money is categorized and channeled, it is somewhat inconsistent with the goal of the kind of multiple use and multiple claims for which people are going to demand that these lands are managed for.

And I am back to where Mr. Vento was: How are we going to reconcile this? You are not as free an agent as we would like to pretend you were when you look at the laws that have sprung up over the years on how resources are directed.

In your statement I see that overall resources devoted to recreation and wildlife programs in 1974 are about one and a half times that for timber sales administration and management. So obviously some shift, even in the category of programs, is taking place.

Mr. THOMAS. Obviously, those shifts are occurring. I would imagine that they will continue to occur. However, one of the things that I don't need to explain to the Congressmen from the West, where the pressure seems to be the highest, is that when we talk about the population of Oregon, for example increased, Oregon is like two States. Montana is probably like two States. Certainly Washington.

The concentrated people in the urban areas where those people are concentrating and the old Oregon or old Washington where we

have rural communities that are almost totally dependent on natural resource basis for their continued existence. I think that if we divided those States along those lines, we would be able to get consensus, I think, within those different divisions.

I would look for that to be exacerbated as time goes on and those States build with new citizens with new and differing visions than the old. How we do that equitably and being concerned about those citizens in rural areas and trying to come to those new consensus and trying to figure out how we substitute if we adjust our resource management, which we are doing, and how we do that in a way that can be least damaging to those rural communities.

I look forward to continue—part of the things that we may have been talking about is how do we capture resources and revenues and build on other aspects of our initial land management as opposed to those that are extractive in nature.

Mr. MILLER. But I think clearly, when you look at the populations in the West, we can no longer suggest that the forest on the east side of Washington or Oregon belongs to the people or communities of the east side of Washington or Oregon because I don't think you would find this in that State. This is one person, one vote still.

And just as in California, 80 percent of the water used to belong to all of the farmers, and we had a referendum on that issue, and that is not going to be true any longer in the future. So you have to manage them for all of the people, where the people in Portland are going to go crazy at some point when they drive across the ridge and see what has taken place.

So I appreciate what you said, but you are stuck with a budget and a direction that continues to force you or at least takes away from your flexibility to move to meet these competing demands, and these are demands by our constituents, not the Members of Congress. These are what the people in our State now view as the purpose for these resources.

Mr. THOMAS. That is true. I vote true.

Secondly, we are beginning to bring to you budgeting mechanisms that we think would allow us more opportunity to respond in an ecosystem approach to those shifting demands. But when I deal with 76 line items, X dollars for fence construction and X dollars for fence removal, it is very difficult to have much leeway to respond.

We will be asking for some relief from that micromanagement and give us some chance to maneuver to satisfy those developing demands.

Mr. VENTO. Thank you. I recognize myself and continue this.

I was just pointing out, and the Chairman had pointed out to you, Chief, in Dr. Waller's testimony from Tuesday in which he pointed out that 75 percent of the budget still was in timber production in 1985. I don't know what it is today, but I expect it is still very high. And part of that is that there is no flexibility with the KV fund with the receipts returned to the communities from timber harvest, timber salvage restoration, brush disposal, cooperative work, largely timber production or management.

And that is the problem with turning around this ocean liner in terms of where we are going in terms of a different type of manage-

ment. I think that Congressman DeFazio earlier raised questions concerning whether or not we can get money from watershed restoration and do those sorts of things.

So you need that type of flexibility if you are going to carry this out. This is where we are getting to brass tacks and everyone is on the same track talking the same rhetoric, but I don't know if they want to walk the same walk in terms of making it happen.

One of the major concerns as the Forest Service begins to prepare for the 21st Century is of course the shift in personnel. And you have got some direction to eliminate personnel. I read that as we are eliminating GS–14's, 15's, and may be even some 17's—well, we only have one 17; is that right?

Mr. THOMAS. Not any more.

Mr. VENTO. The Chief was a 17. He was the only 17 in the history of the Forest Service. It is an interesting debate about professionals and whether we were appointing a professional. And the appointment process became ironic in that sense.

They say, it's bureaucracy; let's get rid of the high-priced guys and keep the folks on the ground that are doing their work. They are really performing.

And we have things like public affairs, legislative affairs, budgeting. These are the bureaucrats that we don't need. Sort of the populist attitude about changing this work force.

And what do you think? We have an amendment on the Floor here, 252,000 Federal employees over five years. And you know, this is big with the administration.

Can you give us any words of wisdom concerning this?

Mr. THOMAS. First, I recognize the Forest Service is part of the U.S. Government. That is one great concession I am willing to make, and that we will bear our fair share of reductions in government, given the budget crisis that we face.

Now, those things are not as simple as they seem. There are civil service regulations; there are mechanisms we are asking for to help us adjust to those things.

But I do have one comment in the mandate on Grade 14's and above. I think the assumption there is that we are cutting out middle management. As we move toward a more technological orientation to be able to deal with these questions with less people—for example, if you look at the research division, there are a lot of Grade 14's and above that are super scientists. They are not administrators. They are top-of-the line technical experts.

We have the same thing in State and private forestry. We have had a burgeoning need in the national forest system for people with higher levels of technical ability that we will have to pay appropriate grade levels in order to attain them and maintain them.

I am more concerned about that then I am about meeting the targeted reductions in personnel.

Mr. LYONS. Mr. Chairman, if I could, I would suggest that the meat ax approach is not the way to get this done. We are hoping in the reductions that we implement in the department overall that we can accomplish a great deal of that through attrition.

We face the unique situation in the Forest Service in that we have so many people of, or near, retirement age in leadership posi-

tions. I mentioned earlier, in response to a question, our desire to obtain early-out authority.

We think the right way to achieve those reductions—and particularly reductions we have been directed to implement by the Senate Appropriations Committee in their report from last year—the right way to do that is to cull those people out from the top that want to retire, maybe give them an incentive to retire rather than to go through a RIF procedure laying off a lot of people at the ground level who are people who have helped to diversify our work force, who give us the diversity of disciplines we need to get the job done and who are on the ground and can make it happen. We also save money doing that.

Mr. VENTO. One of my concerns has been wilderness and getting a director of wilderness at the national level.

Another way to send a signal is to put people in positions in terms of the changing use of the Forest Service.

One-sixth of the acres are wilderness. Last year we dedicated a wilderness research center in Missoula, Montana. The Forest Service has taken a lead in that. This is where we have to go in terms of trying to professionalize and get the research work done and trying to give the type of status to these new uses that we are committed to.

And I hope, Chief Thomas and Secretary Lyons, that we will see some positive action on that. I don't know if the format that has been set for it is exactly what you want, but I hope to see some constructive effort along those lines.

Congressman Miller has indicated he wants to continue his questioning; and since he was first here, he gets to go.

Mr. MILLER. This is my second round.

Secretary Lyons, let me ask you a question. In the last couple of days, we saw a press release and later an AP story criticizing you, Congressman Smith of this committee, and some other members.

Eight Republicans said they sent a letter to the Agriculture Inspector General dealing with the program that you have on timber sales on the east side—I believe in both Oregon and Washington—and the screening process that you went through in the process of developing and bringing those sales to market.

Can I ask you to comment on that for the record and to respond to that.

The suggestion is that somehow somebody in this process got favorable treatment or disproportionate treatment or something that wasn't accorded to all of the parties to those sales.

Mr. LYONS. I would be glad to comment, Mr. Chairman.

Clearly there is a misunderstanding about the process and what it is we are trying to achieve. We face a situation on the east side that is not unlike the situation we faced on the west side some time ago.

We have a sales program that was designed to meet yesterday's standards, and we face some perspective problems in moving forward with that sale program. When I came into office, I was presented with this, and we were faced with a couple of options: We could move full bore ahead and face the likelihood of litigation, or we could try to work with all interested parties to try to maintain the flow of timber.

Obviously we elected the latter. Working with the regional forester and the chief then, the Region devised a screening process to screen all existing sales to determine their potential impacts on viability of species there, on riparian habitats, and the remaining old growth resources.

The sales were run through screening. All interested parties were given an opportunity to review those screens and on the sales and what came out of the other end of the screening process. Then the regional forester made decisions with regard to what sales would move forward.

These allegations that one party or another was given favorable treatment are completely untrue. The allegation that we would turn management of the national forest over to any interest group is ridiculous. In fact, I have a letter that was written by Congressman Smith to Secretary Espy that I hope to be able to provide to him today that lays out specifically the process we followed through and how we dealt with the situation on the east side.

Mr. MILLER. When that is done, if there is no objection, I would ask that it be made a part of the record.

Mr. VENTO. The intent to provide for the record a copy of Congressman's Smith's letter to the Secretary to the Chief and a response, without objection.

[The information may be found at end of hearing.]

Mr. MILLER. On that point, let me say this: I think that the past administration was deeply invested in gridlock in this part of the country in the Northwest; and, as hard as members of this committee, Congressman DeFazio and LaRocco and Williams and the Republican colleagues sometimes tried to break that gridlock, it was clear that people believed that this was going to bring about a cataclysmic event and they could get rid of the endangered species laws. And that hasn't happened.

I am encouraged by your response to reach out and get these sales to market. I think it is obviously important for the people who are dependent upon that timber in those communities.

And I want to tell you that the Speaker has asked me to tell you that he also strongly supports your effort to reach out to all the communities involved in these sales.

And apparently it has, since a good number of these sales did go forward to get those sales done with and get them out and allow the mills to take advantage of them. And he is encouraged by your willingness to talk to all parties involved in that process.

As I understand it, when you put forth a sale, essentially, any of those individual sales could, in fact, be challenged.

Is that not so, by any party?

Mr. LYONS. That is correct.

Mr. MILLER. And the total sales program, or your activities, could also be subject to litigation under current law by any parties?

Mr. LYONS. That is correct.

Mr. MILLER. So the choice, as I understand your response, was you could sort of bully your way around the China shop here knowing that you would be subject to litigation and have the thing come to a grinding halt, which may serve somebody's agenda or you could set out an effort to talk to some of the parties of interest and

see whether some of these sales could pass through a screening process and go to market.

The suggestion here is that somebody is exercising some rights that are outside the law they don't have.

But as I have watched from this distance, almost any citizen can find a reason to challenge any single sale.

Mr. LYONS. Well, that is correct, Mr. Chairman. We would rather work with those who are concerned about sales to avoid challenges rather than simply move forward and have them challenge us and have to deal with this in the courts.

Mr. MILLER. How many of these sales—roughly, how many went through?

Mr. LYONS. I don't have the exact numbers, but the impact of the screening process varied from forest to forest—a third to half were probably impacted by the screenings.

We moved forward with 50 to 60 percent of the existing sale program, and that is how we intend to proceed until we finish the EIS and revise the plans on the east side.

Mr. MILLER. Thank you.

Mr. VENTO. I think the issue is to hit this target that was set up in PHMAP in region 6, and this will be tough if others are now going to court after you have had this out on the process questions.

Congressman DeFazio.

Mr. DEFAZIO. Thank you.

I will take up where I left over an hour ago and ask the questions a bit shorter and ask the witnesses to keep their—particularly the Assistant Secretary—to keep their answers, when asked a question, a bit shorter. I don't have much time here.

Certainly, Mr. Thomas—Chief Thomas is aware of the PHMAP report. It says, pending additional fiscal analysis, we emphasize that the options selected should not be hastily coupled with reductions in funding and personnel based on inappropriate assumption that ecosystem management is somehow cheaper than traditional commodity production focused plans.

The Chief has candidly provided the numbers which he referred to in his testimony. The President has made substantial promises to my region. Extraordinary promises. I am hearing from people on the ground they don't have the resources to deliver on the promises.

I now have before me a document that shows we are getting 63 percent of the funds, in the opinion of the Forest Service, that we need to fully implement that plan. This is this year's budget. This isn't with whatever anticipated cuts we have coming forward.

And yet I find the Assistant Secretary essentially defending and apologizing and saying, yes, he has moved some money around and is addressing some part of it. There isn't enough money here.

And have you, Mr. Assistant Secretary, or anybody else, gone to the President and said, Mr. President, you made these extraordinary promises in the Pacific Northwest, a new basis for management of the public lands; and we have only about two-thirds of the money that the professional management agency charged with the preponderant amount of putting this into place requires?

Yes or no, are you aware if anyone has made that statement to the President?

Mr. LYONS. We have worked with the OMB and the White House to move funds around to try——

Mr. DEFAZIO. Right. But we have 63 percent.

Yes or no? The President?

Because I am going to certainly go and try to get this message to him.

Mr. LYONS. It is 63 percent of the Agency's estimated wish list in terms of funding——

Mr. DEFAZIO. We have a candid Chief here, and I was critical of the last Chief for never telling us when he didn't have enough money to do something or something wasn't possible or whatever.

And until the Chief tells me, this is just a wish list that is gold plated, and he doesn't need these things because he went on in his opening statement about the need for continuing research. Well, the additional research programs to implement get funded at zero. That is a $9 million reduction. Ecosystem restoration, well we have two-thirds of what we need there. Rural community assistance, we are at less than half.

I don't think this is gold plated to say that the rural communities need the $33 million, and they are only getting $15 million. I don't think this is gold plating.

I am sorry, Mr. Assistant Secretary; but I just think you are being a little too defensive here. And at some point, the President is going to be held to task and you are not serving him well if you are not keeping him informed that he has made extraordinary promises and we don't have the money to deliver.

And I don't know what is coming in this year's budget, but I think it is going to get worse.

Mr. LYONS. We will do the best we can to fund the President's plan. As I pointed out earlier, we have got a mid-year in process.

In fact, we are far long in the——

Mr. DEFAZIO. I know. And the Republicans blamed Jimmy Carter for 12 years. I will give you a year. This is the second year. I want to see a supplemental appropriation for whatever additional funds are needed in the judgment of the new Chief. I want to see the Chief go through this with a fine tooth comb and tell us how much money is needed.

I would go down to the Appropriations Committee. But I would like to see a request out of the White House on this. I mean, otherwise the President is going to be held up and vilified in the Northwest for not fulfilling his promise.

Mr. LYONS. I appreciate that, Congressman. Let me point out one thing. Given the resources we have, we have tried to make the best use of them.

Mr. DEFAZIO. Right. But I want an advocate for more resources.

Mr. LYONS. Well, you have an advocate for that here, Congressman.

But let me point out something that regional forester Lowe indicated to you in his letter in response to your request for information about funding. He pointed out that a considerable portion of the region's funds, approximately 7 percent of the total, is for components of the President's forest plan, such as grants to timber-dependent communities, additional research programs, and watershed restoration jobs in the woods.

Mr. DEFAZIO. I have got the letter, Mr. Assistant Secretary. I understand.

Mr. LYONS. My point is this: Looking at resources and priorities, we placed priority on the things we felt we needed to do to get things done on the ground to make sure we could help communities, to help move a program forward. That is where we placed our priority.

Mr. DEFAZIO. I appreciate that you are working with limited resources and you have been given a difficult task. I appreciate that.

But what I want, and what I think I have in the Chief here is someone who is going to speak candidly to the administration; and I want that from you too.

Your next opportunity and my next opportunity, I am going to present these numbers to the President and say, until you weigh in, this isn't going to get any better. If the President uses some of the same situation he used to get NAFTA through this House to get more money to fulfill on his promise to the Northwest, I don't think we will have a problem. We might be building a few unnecessary bridges around the country, but we will get it done because we will get the votes.

Mr. LYONS. I look forward to working with you to get the money.

Mr. VENTO. The gentleman's time has not expired, but if he would yield to me.

This is not a new problem in terms of OTA pointing out the process. So I think there is a credibility gap that historically has existed through resource, oriented line items, and the fact that the recommendations from the field have to go through the Forest Service Washington office, the Secretary of Agriculture, OMB, and of course the authorizing and appropriating committees.

And so this has traditionally been a problem that, in fact, the budgets little resemble what is being asked for in the field. A lot of the moneys are outside that cycle in trust funds and mandated line items in the appropriation process, something that we have to look at in trying to provide flexibility.

So I sympathize, and we want to keep the commitments that have been made. And I am going to certainly work with the gentleman from Oregon and others to make that happen.

Mr. DEFAZIO. Again, the point is, Mr. Chairman, we have very specific promises made by the President of the United States. And I realize the budget process is lengthy, but I don't see that we should be complacent. This is the first time we have gotten these numbers, and I see the word "63 percent." I have been hearing this on the ground in the region. And there was an incredible amount of denial: Oh, gee, that is because of this or that. But the money isn't there.

Mr. VENTO. It is a broader problem, though, just in terms of this particular commitment. This one has special status, I agree with you. But the normal routine is that we are not getting the forest management plans funded. That is the point. They are not getting through. What do we do?

Give the Forest Chief the opportunity to come directly to the Congress and bypass this? This is one of the suggestions that we have had for some time, whether it was the Park Service or the BLM or the Forest Service. And I support that.

Congressman LaRocco.

Mr. LAROCCO. Thank you.

I was discussing timber supply issues in my district. Chief, what is current policy on salvage sales? Are you currently using the exemption for a million board feet sales that exists under an executive order? I heard that you weren't and you were concerned about green timber going out in those sales.

Mr. UNGER. I am not familiar with that. Let me ask if anybody here has any further information on that?

We will have to get that for you. I am sorry, Congressman.

[The information was not available at time of printing.]

Mr. LAROCCO. Do you know what I am talking about? The authority that the Forest Service has to issue timber sales of a million board feet without an environmental assessment on salvage sales?

Mr. UNGER. As I say, I am not familiar with that specific provision and how we are using it at the moment. I would have to get back to you.

Mr. LAROCCO. I understand that you are not using it and the concern is that there is green timber that is being included in those "salvage sales" and that you have ceased using your authority on these salvage sales.

Let me make a recommendation, and that is: Stop allowing green timber to go out with these salvage sales. You have that authority.

I have heard that there were problems in Lake Tahoe or that region. On the Boise National Forest, that has been used effectively for forest health concerns and also because of the desire to remove timber from the foothills.

But we are concerned about the forest health in Idaho and the districts and the fact that you haven't continued with this exemption and this authority that exists.

So my recommendation would be, don't allow any green timber to go out because I don't support any green timber going out in the salvage sale. This is where we get in trouble on the political side with regard to what forest health is all about. It is not synonymous with just salvage sales, but it is getting a black eye because some people are allowing this.

But in dense stands, our concerns about fire, infestation, and just getting volume out, I think this is important to recognize.

Mr. THOMAS. We had some problems in several of our regions with green trees going out in salvage sales. I think that has been stopped. The regional foresters are on that and have been instructed to pursue it vigorously. That has been stopped.

We will use our authorities—in many cases it is not as simple as it appears in the sense that we run into threatened and endangered species consultations. But I hear you, and we will use our authorities where appropriate.

Mr. LAROCCO. Thank you. I am concerned, as I think you are, about the consultation process and how long it takes to send everything to Portland.

What are we going to do about either increasing staff or getting NMFS to turn things around quickly? Do you have a plan for that?

This is really bothering us out in Idaho, that everything has to go through NMFS and they are not staffed up to respond to what you are sending them.

Mr. THOMAS. We have some suggestions about that. They are on the table with a number of other suggestions.

As I have told you, we have direct instructions from the President that we are being pressed on—and I welcome that—to have one government.

I put forward and will be putting forward some suggestions, for example, of detached offices where we have people from the regulatory agency sitting there where we can work with them on a continuing basis so that when we get to the end of the plan, we don't have to send it over and they say "yes," "no." We have modified it along to where when we get to the end, we have a final plan and it is "yes." That is our suggestion. I think we are working toward achieving that.

Whether it would work exactly like I put forward or not, I don't know. We do have instructions that we are going to vigorously pursue from the Forest Service's standpoint of being able to get that done so we don't have to have such a long and drawn out, agonizing, exhausting demoralizing process.

Mr. LAROCCO. Well, you just described it. And I am happy to hear that you recognize it and that you have suggestions and you are working on it. I think that is good news.

Mr. THOMAS. One more point. The Forest Service will undertake—we signed a memorandum of understanding this last week with those agencies involving endangered species that we would work together to prevent listing and that, where we are listing, we will work together to deal with these things in the most efficient fashion.

The U.S. Forest Service will take its responsibilities under the law to deal with endangered species and sensitive species very seriously with the objective in mind not only to obey the law but to keep from constantly tripping over into the Endangered Species Act. Ecosystem management is a part of that.

Mr. LAROCCO. I believe that is true, and the red light is back on. Closing statement: With all this talk about budgets, H.R. 229 does bring together those budgetary authorities that I think you need for ecosystem management and forest health. And, again I would hope you take a look at that. Let me know if that authority is important to you and that emergency declaration that would move you ahead because I think it is the way to go.

Mr. THOMAS. Congressman, I haven't read it; but by the time I see you next, I will have.

Mr. VENTO. Congressman Barlow.

Mr. BARLOW. Thank you, Mr. Chairman.

Thank you very much for being here today Mr. Lyons, Mr. Thomas and Mr. Unger. When the Department was talking to the Agriculture Committee last year on departmental reorganization, it was brought up that there were some ideas about assistance to private forestry being improved.

I come from western Kentucky. Agriculture is our largest industry. We have a lot of small farms in our region. We do have a tim-

ber industry, a very active timber industry, for the most part hard woods. No national forests. Thirty-one counties. Many farmers.

I was home over the break. Three hundred farmers at one meeting that I attended and only one question was put up to me, and that is: When is the Federal Government going to do better by private forestry? That was the only question that came up out of 300 farmers.

Private forestry has been neglected by the U.S. Forest Service for many, many years. When I look at the national forests, I see dedicated lands under multiple use being cut in significant measure. Whether you are talking about one type of cutting, selection cutting, or clear cutting, you are talking about, generally, an even flow, a steady state flow of timber out of that national forest. In effect, it is a tree farm over time for the industry that it supplies.

What can we do to encourage the same type of a dedicated forestry structure in private lands, small wood lots in agriculture regions, the same type of dedicated structure that would provide a steady flow of timber to a timber industry—to better supply a timber industry through time?

When the Department was down here, I was critical of the Department for not doing a proper job by private forestry. I asked them for their ideas.

I am wondering if you, today, would like to discuss for us any ideas you may have in the Department, in the Forest Service, for improvements of private forestry regions in the country to help farmers diversify.

Farmers are tired of waiting, and they are tired of reading about below-cost sales. They are tired of not seeing a strong support operation out in rural America for private forestry.

Mr. LYONS. Well, I will take a crack at it, Congressman, I would say that the answers I hope are coming with this effort that we have initiated to—as we characterize it, to reinvent the Forest Service, we are looking at agency structure and delivery systems and certainly an important element of forestry, particularly with regard to timber supplies in the future is going to be State private forestry.

I am sure you are aware of the working relationship we have with the State foresters in providing the services that we seek to provide.

In the 1990 farm bill, several new authorities were provided, including the stewardship program; and we are in a position of having that up and running to try and provide the cost share assistance as well as technical assistance to producers.

I think we can make additional improvements there as we rededicate ourselves to looking at management of forest resources as a whole as opposed——

Mr. VENTO. Would the gentleman yield?

I also want to put in a word for urban forestry because I believe that program is very important to those of us in urban areas with problems like Dutch elm, oak wilt, and others. I think that that is a major role that I would like to see the Forest Service play more actively I know that it has been a good program in our State and in other States. I thank the gentleman for yielding.

Mr. LYONS. We are working to make those improvements. Through our efforts in implementing existing authorities and looking at how we restructure and reorganize to face those challenges and deal with those opportunities, I am sure that we will be coming forward with new recommendations for how to make improvements in the State and private area.

Mr. BARLOW. I encourage you to come to the Hill and perhaps have some briefing sessions on ideas that you are considering, rather than waiting until you get a report and delivering a formal report. There are a number of ideas that are coming up with the genetic improvements that have been made in timber management, short rotations, the new technologies for many different types of products out of young trees.

We are not talking anymore about a farmer having to make an investment and wait 30, 40, 50, 60 years for return on his investment. In the Southeast and the Midwestern States, we can probably see a return out of an intensely managed stand in maybe 10 to 12 to 15 years.

On a rotation basis, we can see a steady flow of income to a farmer. This is something we must explore. We have got to find a structure in which we can dedicate lands to a steady State flow of timber out of privately owned forest regions just as we see them out of the publicly-owned forest regions.

I would encourage you to get down to the Hill with the Department and bring us into the process of exploring these ideas because you are going to hit a wall of criticism from this member if you wait too long.

Mr. LYONS. I can assure you, Congressman, we intend to work very closely with you and other members of the committee.

Mr. VENTO. Well, I think this is an important point. In terms of—I think that there is an opportunity, too, for, under the Week's act and other laws, to begin to look at—just this morning in talking to Gene Taylor, the member from Louisiana, we have a negative experience in terms, under the law, of losing some of the forests, the DeSoto National Forest or at least proposals to do so, earlier as you recall.

And he was talking about the fact that there is Nassau land, and they are going to declare surplus and begin to look at opportunities, especially in New England in terms of looking at some sort of agreement with the private forests in New England and how we might achieve something more than a conservation easement in that particular instance.

I think you better set the timer, because I don't want to prolong this, but I have a question.

It is not red already, is it? The timer isn't working again? Please set it.

One of the issues that there is a lot of confusion about, with the new policy, is where are we going on clear cutting? We have a number of bills introduced in Congress. Obviously new forestry implies some new ways of addressing that particular issue.

It is my understanding that the Forest Service has changed its policy with respect to clear cutting. And I would like you at this time to try to give me some general idea of what the attitude is.

We have major proposals and significant sponsorship in terms of this area.

Mr. THOMAS. Congressman, my predecessor, Chief Robertson, made the statement of Forest Service policy that we would move away from clear cutting as a primary regeneration technique in timber sales. We have done that.

For example, in terms of looking at it, in 1987, we sold 320,000 acres of forest to be clearcut. That diminished gradually, until 1992, when we sold 96,000. Acres harvested trended down from the 1988 total of 283,000 acres; it trended down to 162,000 in 1992. Of course, the lag time is between sold and cut. That will continue.

We do intend to hold clear cutting as part of our bag of silvicultural options. In many cases, it is the best. In the Starky Forest that I was in charge of, we did a considerable amount of clear cutting to do with regeneration of new forest and replacement that I think was the right prescription.

However, we will continue to move away from that. Candidly, there is some discussion as you move away from not so much clear cutting you can still be practicing even-age management under a number of silvicultural techniques: shelter cutting, et cetera.

In many of those cases, we would not do over-story removal in order to hold diversity within the stand.

Our current policy basically eliminates clear cutting as a standard timber cutting process on the national forests. It is limited to areas where it is essential to meet Forest Service objectives under several of the following circumstances: establishment, enhancement, or maintenance of habitat for threatened, endangered, or sensitive species; the enhancement of wildlife habitat or water yield values; or to provide for recreation, scenic vistas, utility lines, road corridors, facility sites, reservoirs and other developments; rehabilitation of land severely impacted by fire, windstorm, or insects and disease and several others.

We are applying that policy to all new sales nationwide. Some of the existing sales were modified in order to meet this new direction. It is still an appropriate silvicultural technique in some cases, but I think we are moving away from it as a standard policy, and we will continue to do so.

Mr. VENTO. Chief and Mr. Secretary, we had an extraordinary hearing on Tuesday; and while I have shared some testimony with you, I hope that you will look at all of it. We had great testimony in terms of proposals to render more value to the Forest Service and more compatibility with local communities and smaller contractors in terms of harvest and bidding.

We have a vote on the previous question, and I think we are probably going to conclude things.

Let me see if there is a question.

Mr. MILLER. I would like, first of all, to enter some graphs and population figures that I cited in my last question in the record if I might, if there is no objection.

[The information can be found at the end of the hearing.]

Mr. MILLER. And, secondly, I would like to raise for the record the issue that, as we went through the Northwest experience here and as we grappled with the solution and the gang of four and everything that flowed from them at that point, I became increasingly

disturbed about our data base, in terms of what was really going on on the land, not only in that region but now as we move to California, we are finding additional problems.

One of the concerns that this subcommittee had and issued a report on was: What is really happening with reforestation? What does it look like 10 years later? And what does that mean to the available land base and the projected cuts?

And it seems to me that one of the traps that we fell into was that the only real measurement seemed to be the output of board feet as opposed to the results and health of those sales, the cumulative sales back and forth.

As we move into long-term, sustainable ecosystem management, are we going to improve our monitoring and our data base so that we can start to adjust as we see events that we either expected or that we find out we didn't expect but are occurring and have the ability to crank those into the data about various forests and various regions of the country?

Mr. THOMAS. Yes.

The point I wanted to get on the monitoring, it is one of my things that I believe in. We will be submitting the budgeting that goes with monitoring, and that is necessary to adaptive management.

I will also point out that if we don't monitor, we should be considerably more conservative. There is a trade-off there. Basically, I think we are making some good moves in coordinated data bases and PHMAP operation and the ongoing studies that we have just instituted for the assessment on the Columbia Basin and the ongoing studies in the Sierra.

From those, I hope we learn enough to be able to move that across the country. I was somewhat shocked in my youth to find out, when I went to work on these old-growth issues, that we did not have data bases from California that matched those from Oregon and Washington; and BLM was on yet another set of data bases. It was interesting to note that it was impossible to reconcile those data bases. But we did it within less than 20 days on PHMAP. So we have laid the groundwork and we will be——

Mr. MILLER. So you think it can be pulled together in some kind of understandable fashion.

Mr. THOMAS. Yes, sir, I do. But in order to do that, nothing comes cheap.

Mr. MILLER. I understand.

Mr. THOMAS. We will have to have the data acquisition capability and data management capability. We demonstrated under PHMAP and others that we could do it, and we could do it rapidly, given existing technology.

Mr. MILLER. I would hope that that is one of the lessons that we would learn out of that process because I have to tell that you that, at various stages of that process, it was very shocking how little the Service and others knew about these lands.

I had the opportunity to go to some areas of southern Oregon that were carried as fairly robust reforestation projects and in the rotation and were expected to come on line. And there is just no way that was ever going to happen. It was a complete failure as reforestation in some of these programs.

And yet, it is carried forward in the data base, and it is nonexistent. So it seems that just intensifies the pressure on whatever is left if you are still trying to meet that old figure with that carried on the base.

Mr. THOMAS. Two comments: One is that my staff just handed me a note, and I am proud to tell you that I have done such a marvelous job in the last two months that a report on reforestation success will be complete within the next few weeks based on the latest information; and we will proudly bring that to you.

The other is that, over a very long period of time——

Mr. MILLER. If you can do that in two months, this thing can be turned upside down.

Mr. THOMAS. I was amazed at how well I had done.

The second one is that there is more than one way to deficit spend. One way in natural resources is over a long, long series of years, in order to achieve objectives given to us, there is not enough money or enough resources ever, and you know that, that we have concentrated those resources and have not done some of the things that should have been done.

It wasn't a matter of having evil intent. It was merely a matter of carrying out the direction that was passed down. We built up a backlog of need in monitoring, of finding out about our reforestation success, and about our categorizations and about our inventories.

I hate to tell you this, but we built a considerable deficit of information in that regard. Many of our things are out of date because we concentrated on other objectives. I hope to work with the Congress to demonstrate where we are and demonstrate how we might catch up.

Mr. VENTO. Thank you very much, Chief.

I want to have unanimous consent to put in the record an exchange of letters on law enforcement issues which I had and which you addressed those concerns; and I appreciate the prompt response. I still have some concerns, I might add. And we are going to continue to monitor that. But I think it is important, in light of the reform proposals, that are taking place that it be a part of record. And so, without objection, my letter to the Chief and response will be made a part of the record.

[The information can be found at the end of the hearing.]

Mr. VENTO. That concludes the hearing. Thank you very much. I think it was an excellent hearing, and I hope that we can build on this in terms of a future policy path.

The meeting stands adjourned.

[Whereupon, at 12:17 p.m., the subcommittee was adjourned, and the additional material submitted may be found at the end of the hearings.]

OPENING STATEMENT AND QUESTIONS
THE HONORABLE JAMES V. HANSEN
FOREST SERVICE REFORM HEARING
FEBRUARY 3, 1994

I would like to welcome Mr. Lyons and Mr. Thomas to our Committee and I appreciate their willingness to testify today and respond to the many questions we all have.

I want to thank Chairman Vento for holding these hearings and I hope that Mr. Lyons and Mr. Thomas will review the record closely. We heard some very interesting testimony regarding the Forest Service that I believe provides ideas worth your consideration. We learned that the Forest Service is terribly inefficient, heavily burdened with excessive layers of bureaucracy, operating unsuccessful programs, and is failing to make non-timber programs pay for themselves.

In my State of Utah we have several concerns that have great impacts on our citizens. First is the appeals process by which environmental groups drive small timber companies out of business. Near the Dixie Forest in Southern Utah are the small towns of Panguitch and Escalante that depend almost solely on timber harvesting. Because SUWA or any other environmental group appeals nearly every timber sale with a 29 cent stamp, Kaibab Industries has left the area. These small towns are decimated. I hope that you will seriously look at the appeals process and find ways to make appellants responsible for their actions. Under the current system an appellant has nothing at risk except for a 29 cent stamp while the citizens who depend on the industry have their

very lives at risk. I would like to know both of your ideas regarding the appeals process and if there are any plans for making changes?

Secondly, I am concerned that some make a big issue out of below cost timber sales. The Forest Service's premature list of "below cost" forests that would be phased out of production, would eliminate every single forest in the state of Utah from timber harvesting. On the other hand, I would like to show you a break down of what is being spent on Forest Service wilderness management in the state of Utah and how much is being earned from wilderness within Utah. As you can see in FY' 92, the Forest Service spent $693,000 and received just over

$40,000. In FY' 93, the Forest Service spent $597,000 and received under 39,000. These costs reflect wilderness management only and do not include other expenditures such as fire, range, wildlife, soil and water that are applicable to wilderness. This is what I call "below cost recreation". I believe that the Forest Service should get a better return for its dollar from recreationists. We heard in the testimony on Tuesday that many recreationists are willing to pay as long as they see some recognizable returns. Overall for FY 94, the Forest Service budget for recreation alone is $400 million with expected receipts at only $55 million. Mr. Thomas what are your thoughts on recreation fees and do you plan to address this gross subsidy?

The last item I would like to address is the issue of access. Last year Chairman Vento held an excellent hearing on access to our public lands. One problem we face in Utah is the unilateral closing of roads by the Forest Service. People may have used these roads for years to access camping areas, hunting, backpacking, or fishing. However, without any notice, public comment or other process, the local Forest manager puts up a gate and the public is locked out with no explanation. I plan to try to remedy this problem and I would like to know each of your thoughts regarding the issue of public access?

Federal Agency Recreation Program Funding and Cost Recovery
(millions)

Agency	Projected Total of Recreation User Fees to be collected in Fiscal Year 1993	Projected Total of Recreation User Fees to be collected in Fiscal Year 1994 under Clinton Budget Proposal	Proposed Fiscal 1994 Recreation Budget
BLM	**$2**	**$4**	**$84**
BuRec	**$0.1**	**$0.1**	**$47**
Corps of Eng.	**$16**	**$34**	**$170**
Forest Service	**$45**	**$55**	**$400**
Fish & Wildlife Service	**$1.7**	**$2.3**	**$29**
National Park Service	**$72**	**$100**	**$800**[1]
TOTAL	**$136**	**$195**	**$1,530**

[1]Includes only that portion of NPS operating and construction funds related to management of park visitors.

1.3 Billion

Receipts, Revenues and Dollars Generated for Utah's USFS Wildernesses

Forest	FY' 92 Costs (M$s)	FY' 92 Revenues SUP	FY' 92 Revenues AUM	FY' 93 Costs (M$s)	FY' 93 Revenues SUP	FY' 93 Revenues AUM
Ashely	**191**	**4.6**	**14.7**	**153**	**5.4**	**14.3**
Dixie	**64**	**2.2**	**3.3**	**84**	**1.3**	**3.2**
Manti-LaSal	**65**	**0.4**	**0.7**	**38**	**0.1**	**0.7**
Uinta	**72**	**0.0**	**7.4**	**114**	**0.0**	**7.2**
Wasatch-Cache	**301**	**1.2**	**5.9**	**208**	**0.8**	**5.7**
TOTAL:	**693**	**8.4**	**32.0**	**597**	**7.6**	**31.1**

STATEMENT BY
THE HON. RICHARD POMBO (CA-11)
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS
AND THE
SUBCOMMITTEE ON NATIONAL PARKS,
FORESTS AND PUBLIC LANDS
OF THE
HOUSE COMMITTEE ON NATURAL RESOURCES
ON
FEBRUARY 3, 1994

Mr. Chairman:

Thank you for holding this very important hearing today on reform of the U.S. Forest Service. I welcome Assistant Secretary Jim Lyons and Forest Service Chief Jack Ward Thomas and look forward to hearing their views along with the Administration's goals for the future of the Forest Service.

As owner and manager of 191 million acres of land, the policies of the U.S. Forest Service will have a substantial effect on millions of Americans, including recreational visitors, ranchers, miners, oil and gas developers, and timber harvesters. Keeping this in mind, I hope that we can engage today in a serious discussion -- not only on the Administration's goals, but also the effects of these goals on the American people.

88-183 95 – 6

In recent years, the Forest Service has had to find the appropriate balance between providing the nation with forest service land resources and protecting wildlife and wilderness areas for both recreational use and conservation. In addition, since the Endangered Species Act is one of the most important issues facing the Forest Service timber sale program, I am anxious to hear the Administration's thoughts on how to avoid any future "Spotted Owl" controversies.

I look forward to hearing from both members of this panel, as well as my colleagues on the committee, on these important matters, and to understanding the Administration's vision for the future of the U.S. Forest Service. Thank you, Mr. Chairman.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on National Parks, Forests, and Public Lands, and the Subcommittee on Oversight and Investigations, Committee on Natural Resources, House of Representatives

For Release on Delivery
Expected at
10:00 a.m. EST
Tuesday
February 1, 1994

FOREST SERVICE MANAGEMENT

Issues to Be Considered in Developing a New Stewardship Strategy

James Duffus III, Director,
Natural Resources Management Issues,
Resources, Community, and Economic
Development Division

GAO/T-RCED-94-116

Messrs. Chairmen and Members of the Subcommittees:

I am pleased to be here today to discuss issues that need to be considered in developing a strategy to reform the Department of Agriculture's Forest Service. The Forest Service is the steward of almost 30 percent of all federal lands and receives about 45 percent of the annual federal appropriations and personnel allocated to managing the nation's natural resources. Thus, the Forest Service plays a central role both in preserving the nation's natural resources and in sustaining their long-term economic productivity.

My observations today are based on the products that we have issued over the last several years on the activities and programs of the Forest Service and of the other three primary federal land management agencies--the Department of the Interior's National Park Service, Bureau of Land Management (BLM), and Fish and Wildlife Service. My remarks also draw on the results of our ongoing efforts to identify natural resources management issues to be considered by the Congress and the administration.

Over the last 5 years, we have issued 76 reports and testimonies on specific Forest Service activities and programs.[1] The Service has agreed with the majority of our positions and has made or is making a number of changes to respond to our recommendations.

[1]See appendix I for a listing of the GAO reports and testimony.

In summary, our work has shown that many of the issues that need to be considered in developing a strategy to reform the Forest Service transcend the agency's existing jurisdictional boundaries and affect the future effectiveness and efficiency of the other three primary federal land management agencies. These issues include the need to

-- stem the deterioration of the nation's natural resources and the related infrastructure on federal lands;

-- obtain a better return for the sale or use of natural resources on federal lands and dedicate at least some of the additional revenues to the agencies or individual land units, such as the parks, forests, and wildlife refuges, that generated the revenues through their activities or programs;

-- refocus, combine, or even eliminate certain missions, programs, activities, or field locations to increase the agencies' efficiency; and

-- develop new approaches to preserve natural resources and sustain their long-term economic productivity by coordinating and managing activities and uses across existing jurisdictional boundaries.

To adequately address these issues, we believe that a coordinated interagency strategy may be needed to link Forest Service reforms with reforms currently being considered by other federal land management agencies.

INADEQUATE FUNDING TO ADDRESS DETERIORATING CONDITIONS

We have reported that the infrastructure of buildings, roads, trails, bridges, developed sites, water and sewer systems, dams, and other facilities constructed to provide access to or make use of natural resources on federal lands--approaching $200 billion in value--is in a growing state of disrepair and that the condition of the lands is deteriorating. At the same time, federal land management agency staff are being asked to assume increasing responsibilities and to perform more duties.

As a result, existing maintenance and reconstruction standards are being compromised, and trade-offs are being made among important yet competing work priorities. For example, we reported that the Forest Service will require (1) at least $644 million to eliminate maintenance backlogs and reconstruct trails and developed recreation sites and (2) millions of dollars more to develop and maintain special recreation and wilderness areas in accordance with current standards. Similarly, we reported that despite increases in the Forest Service's appropriations in recent years, funding and staffing levels are not sufficient to (1) bring recreational sites

up to the condition called for by the Service's development plans and maintenance standards, (2) conduct the monitoring necessary to identify improper livestock grazing and devise remedies, or (3) implement actions to benefit wildlife set forth in approved land-use plans. Moreover, tightening budgetary constraints will require substantial cuts in discretionary spending in future years and will not allow funding for new or deferred needs.

OBTAINING A BETTER RETURN FOR THE SALE OR USE OF NATURAL RESOURCES ON FOREST SERVICE LANDS

One alternative to further cutbacks in services or maintenance standards would be to obtain a better return for the sale or use of natural resources on federal lands and to dedicate at least some of the additional revenues to the agencies or individual land units that generated the revenues through their activities or programs.

Below-Cost Timber Sales

For example, the Forest Service does not always recover its costs on sales of timber, resulting in below-cost sales.

Because the Forest Service does not maintain the data needed to estimate the annual receipts and costs associated with individual timber sales, it is difficult to determine precisely what budgetary savings could be achieved by phasing out all below-

cost timber sales. However, we estimated that in fiscal year 1990, under our most conservative definition of costs, $35.6 million in preparation and administration expenses went unrecovered. Our estimates ranged as high as $112.2 million when we considered all operating costs and payments to states. To illustrate the savings that could be achieved by phasing out all below-cost timber sales, the Congressional Budget Office (CBO) estimated that the net savings in federal budget outlays over fiscal years 1994 through 1998 would be about $230 million if all future timber sales were eliminated in three of the Forest Service's nine regions where, on average over the last decade, cash expenditures have exceeded cash receipts by a 3-to-1 ratio.

On April 11, 1991, the Forest Service issued a draft policy and guidelines to address below-cost timber sales on individual national forests. The draft policy would have called for evaluating sales costs for forests as a whole. While such a policy would have been a step in the right direction, it would not have been comprehensive because it would not have evaluated the cost-effectiveness of individual sales. This policy is currently being reevaluated within the Department of Agriculture.

CBO and we noted that eliminating below-cost timber sales could adversely affect the stability of communities in areas that depend on timber from federal lands for logging and other related jobs. To reduce the risk of economic hardship in these areas, CBO

suggested that (1) the level of below-cost timber sales be lowered gradually, (2) federal training in job replacement skills be provided, and (3) greater development of other activities--such as tourism and recreation--in the national forests be encouraged. We observed that (1) if the federal government provides assistance to dislocated workers to help them obtain the skills to reenter the workforce, their receipt of benefits should be closely tied to participation in the training, (2) efforts to provide retraining and income support cannot sustain workers or their communities unless new jobs are created, and (3) helping dislocated workers before or when they lose their jobs increases the likelihood that they will participate in assistance programs, which in turn facilitate their transition to new employment.

Concessioners Operating on Forest Service Lands

In other situations, the Forest Service could also apparently receive a better return for the sale or use of natural resources on its lands. For example, as we reported in 1991 on the basis of available financial data, concessioners operating on Forest Service lands pay the government, on average, about 2.4 percent of their gross revenues. In April 1993 we reported that the current ski fee system does not, as required by law, ensure that the Forest Service receives fees that are based on fair market value from permittees operating ski areas on its lands. In 1991, privately owned ski areas operating on Forest Service land generated $737 million in

gross sales but paid about $13.5 million in fees, or about 2 percent of the total revenues generated, to the government.

Market-Based Incentives

Obtaining a better return for the sale or use of natural resources on Forest Service lands could have environmental as well as economic benefits. For example, the Forest Service and BLM are examining the potential for using an "incentive-based" grazing fee system to improve the condition of federal rangeland. Under this system, the agencies would base annual grazing fees on the market value of federal land forage but would then reduce fees for ranchers on federal lands in exchange for good land stewardship. We believe that such a system, if properly implemented, could reward ranchers whose land management practices improve the condition of the range. At the same time, the system could encourage other ranchers to emulate beneficial practices. The Forest Service and BLM expect to issue a draft environmental impact statement on the grazing fee system and on rangeland reform next month.

Focusing on incentives may provide other opportunities to encourage ecologically and economically sound use of the nation's natural resources. For example, some believe that forest managers should be rewarded for making money and protecting the environment. Currently, however, the Service receives most of its operating

funds from receipts retained from timber sales and from appropriated funds linked primarily to timber management and harvest. Therefore, in every national forest--even in those where timber harvesting is uneconomic and other activities and uses are more valuable--forest managers are overwhelmingly dependent on timber sales for funds.

Some have suggested that forest managers be allowed to charge fair market value for all of the resources within their land units and that each land unit receive funds from the net receipts it earned the previous year. While this approach would require specific statutory authority, legislative precedent exists for returning revenues, such as user fees and timber sale receipts, to the agencies or land units carrying out the activities or programs.

Federal requirements that such receipts be deposited in the U.S. Treasury rather than returned to the agencies or land units that generated them have discouraged the agencies from generating additional revenues. For example, Interior's Office of Inspector General reported that the National Park Service did not collect as much as anticipated in entrance and user fees because the fees collected were not returned to the individual parks. Lack of incentive, together with staffing and funding shortfalls, resulted

in the Park Service's not collecting an estimated $105 million during fiscal year 1991.[2]

Therefore, we believe that market-based incentives for both users and managers of natural resources on federal lands should not be excluded from discussions of reforms in the Forest Service and other federal land management agencies.

FINDING WAYS FOR THE FOREST SERVICE TO OPERATE MORE EFFICIENTLY

The current budgetary climate requires that the Forest Service find ways to operate more efficiently. Presently, the Forest Service is downsizing and restructuring its organization to reflect, among other things, declining timber sales and tightening budgetary constraints. To meet a $10 million reduction in its administrative appropriation for fiscal year 1994, the Forest Service is reducing its headquarters and field staff. In addition, as part of its ongoing efforts to achieve cost efficiency, the Service is considering either combining functions or closing locations.

Budgetary constraints are leading other federal land management agencies to refocus, combine, or even eliminate certain

[2]See Recreation Fee Charges and Collections, National Park Service, U.S. Department of the Interior, Office of Inspector General (Report No. 93-I-793, Mar. 29, 1993).

missions, programs, and activities to increase efficiency within their individual frameworks of laws and land units. However, such an agency-by-agency approach does not have the potential to achieve the efficiencies that could be derived through a collaborative federal approach to land management.

Previously identified opportunities to simplify federal land management by consolidating responsibility for managing adjacent federal lands have not been implemented. For example, the June 1970 report to the President and the Congress by the Public Land Law Review Commission recommended that the Forest Service be transferred from the Department of Agriculture to the Department of the Interior, which would then be renamed the Department of Natural Resources.[3] The Carter administration made a similar proposal, and in 1983 the President's Private Sector Survey on Cost Control, also known as the Grace Commission, recommended that the Forest Service and BLM combine administrative functions, eliminate duplication of efforts, and plan a program of jurisdictional land transfers to accomplish these objectives. No significant legislation resulted from these findings, proposals, or recommendations.

We believe that the current fiscal climate demands that the Forest Service and other federal land management agencies look

[3]The Public Land Law Review Commission was established by the Congress in 1964 to conduct a thorough investigation of federal land management and report its findings to the President and the Congress.

beyond existing jurisdictional boundaries in their search to reduce costs, increase efficiency, and improve service to the public. We also believe that opportunities exist to increase the efficiency of federal land management by refocusing, combining, or eliminating certain missions, programs, activities, or field locations.

For example, in 1985 the Forest Service and BLM proposed to the Congress to merge all field offices located in the same communities in western Oregon, restructure boundaries to achieve optimum size and balance among land units, and eliminate some managerial and overhead positions. The agencies projected that this proposal would reduce the number of permanent employees by 280 and would achieve annual savings of $10.3 million once it was fully implemented. Projected costs to implement the proposal were $18.6 million over 5 years. However, no action was taken on the proposal.

Although the number of permanent Forest Service and BLM employees in western Oregon is currently below the level proposed in 1985, both agencies still maintain separate field offices in three western Oregon communities. Meanwhile, in south central Oregon, the Forest Service and BLM have begun an experiment in which a Forest Supervisor serves concurrently as a BLM District Manager in the same community. Objectives of the experiment include improving interagency coordination and customer services and streamlining the work of both agencies. We believe that such

tests are needed to build support for consolidating the management of adjacent federal lands. Moreover, to increase the probability of success, we believe that the agencies should incorporate this and similar experiments into their ongoing efforts to downsize and restructure their respective organizations and that criteria should be developed to judge their progress toward achieving these objectives.

MANAGING NATURAL RESOURCES ACROSS EXISTING FEDERAL LAND UNITS AND AGENCIES

In addition to budgetary constraints, scientific research seems to dictate that all federal land management agencies, including the Forest Service, rethink their organizational structures and relationships with one another.

Federal land units do not exist in isolation and what occurs on nearby federal and nonfederal lands can and often does dramatically affect the land units. Moreover, scientific research has increased understanding of the importance and functioning of natural systems, such as watersheds, airsheds, soils, and vegetative and animal communities, specific components of which, such as threatened and endangered species and wetlands, are protected under various environmental statutes. This research has established that the long-term production of renewable natural resources depends on sustaining the integrity and functioning of

natural systems. Therefore, stemming the decline in the ecological health of these systems may be necessary to sustain their long-term economic productivity.

During the last 2 years, the Forest Service and the other three primary federal land management agencies have announced their intentions to preserve natural systems by implementing an approach that has come to be known as ecosystem management, and the administration is currently considering a strategy to implement this approach across the federal government. However, since the boundaries of natural systems and of the ecosystems that they combine to form are not consistent with the boundaries of existing federal land units, ecosystem management may require that activities and uses be coordinated and managed across existing federal land units and agencies.

At the request of the Chairman of the House Committee on Natural Resources and others, we are examining (1) the basis for moving toward ecosystem management, (2) the status of federal efforts to implement the approach, (3) the requirements for implementing it, and (4) possible strategies for implementing it nationwide. We plan on issuing a report on these issues this spring.

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In summary, Messrs. Chairmen, our work has shown that budgetary constraints and scientific findings will challenge the Forest Service as never before to find new and different ways to achieve program goals with fewer resources and to realize the agency's vision for the future in an affordable manner. Responding to these challenges will be neither quick nor easy.

We believe that the Forest Service needs to work closely with the Congress to obtain a better return for the sale or use of natural resources on its lands. It also needs to work with the Congress and other federal land management agencies to find ways to operate more efficiently and to manage activities and uses across existing federal land units so as to preserve the nation's natural resources and sustain their long-term economic productivity. We believe that to accomplish these objectives, a coordinated interagency strategy may be needed to link Forest Service reforms to reforms being considered by other federal land management agencies. The ultimate goal of this strategy would be to coordinate and integrate the programs, activities, and functions of the Forest Service with those of the other federal land management agencies so that these agencies operate as a unit at the local level.

Messrs. Chairmen, this concludes my statement. I will be happy to respond to any questions that you or other Members of the Subcommittees may have.

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OTA TESTIMONY

STATEMENT ON

FOREST SERVICE REFORM:
CONCERNS AND CONSIDERATIONS

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BEFORE THE HOUSE COMMITTEE ON NATURAL RESOURCES,
SUBCOMMITTEES ON OVERSIGHT AND INVESTIGATIONS
AND ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS

FEBRUARY 1, 1994

CRS Congressional Research Service
The Library of Congress
Washington, D.C. 20540

OTA Congress of the United States
Office of Technology Assessment
Washington, DC 20510-8025

Mr. Chairman and Members, I am Dr. Ross W. Gorte, Specialist in Natural Resources Policy with the Environment and Natural Resources Policy Division of the Congressional Research Service (CRS), U.S. Library of Congress. I am here today to discuss concerns and considerations in reforming or "reinventing" the U.S. Forest Service, in part, based on research and reports from my work at CRS, including *National Forest Receipts: Sources and Dispositions* and *Clearcutting in the National Forests*.

I have also completed a 14-month assignment as the project director of an interim report, *Forest Service Planning: Setting Strategic Direction Under RPA*, and an assessment, *Forest Service Planning: Accommodating Uses, Producing Outputs, and Sustaining Ecosystems*, for the Food and Renewable Resources Program of the Office of Technology Assessment (OTA). I appear before you today also to provide relevant information from the OTA study on concerns and considerations in reforming the Forest Service.

My testimony contains two sections. The first describes several concerns about Forest Service activities, and the causes of the related problems. The second identifies several considerations in changing Forest Service direction, management, and oversight that will influence the effectiveness of changes on Forest Service performance. It should also be noted that, while the testimony generally focuses on the National Forest System, many of the concepts (*e.g.*, inventories, monitoring, targets, and incentives) also apply to the cooperative programs of State and Private Forestry and of International Forestry, and could be used to establish needs and priorities for Forestry Research.

CONCERNS ABOUT FOREST SERVICE ACTIVITIES

The four findings identified in the OTA report, *Forest Service Planning: Accommodating Uses, Producing Outputs, and Sustaining Ecosystems*, describe major concerns over Forest Service activities. The four findings are that:

- The Forest Service emphasizes timber and other physical outputs in planning and decisionmaking;
- Monitoring of the implementation of plans and decisions is inadequate;
- Budget decisions overwhelm the planning decisions; and
- National direction can nullify local decisions.

Emphasis on Timber and Physical Outputs

The Forest Service emphasizes allocating lands and producing physical outputs, especially timber, in national forest planning. Certainly outputs are important -- the forest reserves (national forests) were established to provide stable water flows and continuous timber supplies while protecting the lands and resources. In many ways, the national forests are analogous to trust funds, with outputs as important annuities. However, the ecosystems are the "investments" that generate the annuities, and their sustainability is paramount.

Forest planning gives relatively little attention to ecosystem conditions. The emphasis on measuring and producing physical outputs, such as timber and grazing, has not been balanced with ecosystem health or nonphysical "outputs" -- the nonuse "annuities" of the national forests, such as aesthetics or preserving a legacy for future generations. Planning has generally provided for nonuse values through land allocations, such as wilderness recommendations and lands identified as not suited for timber production, but such allocations are indirect means of providing the values that divide interests and ignore mutual benefits.

The relative emphasis on timber and other physical outputs results from a wide variety of factors throughout the agency's planning and management systems. The laws governing such systems imply a focus on outputs: the Multiple-Use Sustained-Yield Act of 1960 directs balancing uses and sustaining outputs, while the National Forest Management Act of 1976 (NFMA) focused more on regulating timber management than other activities. It is easier to inventory timber and forage than other resource conditions and values. The principal planning technology -- FORPLAN -- was developed from a timber harvest scheduling model, and the goal (objective function) is to maximize those outputs that can be quantified. Other aspects of planning and management -- implementation, budgeting, and national direction -- also emphasize the quantitative, physical outputs of the national forests.

Inadequate Monitoring of Results

The national forest plans have been developed with enormous expenditures of Federal and public time and effort, but it is uncertain how effectively those plans are being implemented. To date, monitoring has been inadequate to evaluate national forest planning and management.

Inadequate monitoring results, in part, from the inadequate information base on resource uses and outputs and on ecosystem conditions. It is impossible to monitor changes in ecosystem conditions that result from management activities without baseline information on preexisting conditions. Monitoring could help establish baseline data, if appropriate measures are defined adequately to show changes in conditions that result from agency efforts (or that would have resulted without such efforts). Thus, inadequate monitoring and inadequate inventories are part-and-parcel of the same problem -- inadequate information about the national forest resources and ecosystems.

Inadequate monitoring also results from the lack of incentives to monitor, or more precisely, from the lack of penalties for not monitoring. Forest Service managers are evaluated largely on: (1) achieving the specified, easily measurable annual outputs -- the "hard" targets, such as timber offered for sale; (2) spending money as it was appropriated and allocated; and, as in many organizations, (3) preventing problems from reaching the boss -- by resolving the problem, postponing the decision, or otherwise avoiding the issue. Again, output production and expenditure control are important, but the general lack of monitoring could allow postponement of other activities and goal achievement, and thus resource and ecosystem conditions to deteriorate. Monitoring that shows degraded conditions or unbalanced goal achievement would not only reflect poorly on the agency and its managers, but would provide the public with information that could be used to challenge the activities and practices. This could prevent achieving the hard targets and raise attention to problems. Thus, Forest Service managers have a distinct disincentive to monitor the implementation of certain forest plans and activities.

Budget Decisions Overwhelm Plans

The annual Forest Service budget request and the subsequent appropriations from Congress are inconsistent with the budget levels and mixes assumed in national forest planning. This occurs, in part, because most forest plans assumed unrealistic budget increases to achieve all the goals desired by the public. Such plans can seem ideal, so long as the interested publics are not responsible for paying for the additional activities. However, the annual Forest Service budget request cannot be built directly from forest plans with unrealistic budgets.

The resource activity line items used in the budget request and appropriations also impede effective meshing of planning and budgeting. Forest plans establish an integrated, coordinated approach to land and resource management, which can result in project proposals designed to achieve multiple objectives. However, budgets for multiple-use management at the national forests must be translated into resource-oriented line items. These resource budgets are then modified by the Forest Service Washington Office, the Secretary of Agriculture, the Office of Management and Budget, and the congressional authorizing committees as well as the House and Senate Committees on Appropriations to meet their political needs and responsibilities. The result is appropriations that bear little resemblance to the coordinated budgets needed to implement the integrated land and resource management plans.

A third factor that hinders effectively meshing plans and budgets is the existence and nature of the agency's numerous special accounts and trust funds. The Forest Service has 13 permanently appropriated special accounts or trust funds; because they are permanently appropriated, these funds are generally outside annual congressional oversight and control. These 13 funds accounted for nearly 30 percent of Forest Service appropriations in FY1992. Six of the largest funds, accounting for more than a quarter of Forest Service FY1992 appropriations -- payments to States, Knutson-Vandenberg funds, timber salvage

sales, the Reforestation Trust Fund, brush disposal, and other cooperative work -- are largely or entirely related to timber production or management. Thus, Forest Service managers (through available funds) and counties (through the payments to States) benefit from increasing the timber sale program. While the agency must rely on the appropriations process for many of its activities, its substantial (but not unlimited) discretion over the size and use of these trust funds and special accounts can lead to continued or expanded timber programs while other resources may be constrained by the efforts to reduce the Federal budget deficit.

When congressional or permanent appropriations conflict with forest plan goals and directions, the budget decision is invariably followed, because Forest Service employees are responsible (and some are personally liable) for assuring that money is spent as Congress directs. Thus, the line item appropriations and the permanently appropriated trust funds and special accounts -- not the forest plans -- essentially control most management activities in the national forests.

National Direction Can Nullify Local Decisions

The Forest and Rangelands Renewable Resources Planning Act of 1974 (RPA) established a national strategic planning process for renewable resources on all lands under which the Forest Service is to assess opportunities and capabilities, develop a long-term agency program, coordinate that program with annual budgets, and report annually on progress in implementing that program. RPA also required local planning for preparing land and resource management plans for the national forests. The Forest Service describes the connection between national strategic planning and local planning as iterative, with information on opportunities and capabilities flowing from local plans into the RPA Assessment and quantitative targets from the RPA Program being allocated to the national forests.

As noted above, inadequate monitoring and inventories have prevented an effective flow of information on opportunities and capabilities from the forest plans into the RPA Assessment. More importantly, however, the allocation of RPA targets to the national forests can negate local agreement about appropriate management direction for a national forest. Allocated targets may be technically infeasible, because a comprehensive national analysis necessarily aggregates information on local capabilities, and loses site-specific interactions and constraints. Furthermore, the RPA Program is subject to national pressures and priorities that may be insensitive to local demands and capabilities. Thus, allocated national goals can be infeasible to achieve on the ground, and even if they are technically feasible, they can substantially alter the national forest management direction determined with considerable local analysis and public involvement. Better information on local capabilities, opportunities, and political feasibilities is needed in the RPA Assessment and in the analysis supporting the RPA Program to prevent development of infeasible targets.

CONSIDERATIONS IN ALTERING THE STRUCTURE OF THE FOREST SERVICE

Proposals to reform or reinvent the Forest Service are generally suggested to improve the agency's performance. Several factors will influence the effectiveness of such proposals: the comprehensiveness of direction; the measuring and reporting of results; and the structure of the budgeting system.

Comprehensiveness of Direction

Direction for Forest Service programs -- be it legislative guidance, departmental and agency regulations or directives, the RPA Program, or the national forest plans -- will be more acceptable to the interested publics, if it is reasonably comprehensive; that is, if it includes all of the values that are generated from forests and rangelands and if a broad array of possibilities are considered.

Forests and rangelands generate many values. Some values are associated with the uses or outputs of the lands -- recreation, timber, livestock grazing, wild animals, etc. Other values are associated with the resource or ecosystem conditions or health; this value is often related to providing future uses or outputs, but is not limited to future productivity, since it can include providing a legacy in good working condition for future generations. In addition, forests and rangelands may have spiritual or aesthetic values; some people value the naturalness of undeveloped lands, regardless of potential uses. Finally, forests and rangelands have financial values, often generating revenues, but requiring expenditures to manage. Different perceptions of the relative importance of these values contribute to the acrimony over national forest planning. Establishing goals and objectives related to all the values would at least demonstrate the intent of balanced, comprehensive management.

Inclusive direction is also needed to coordinate activities among the several branches of the agency. The strategic RPA planning process has focused on the National Forest System, with program targets driven by the desire to alleviate projected resource demand-supply imbalances by increasing production from the national forests. This ignores the potential for research and financial and technical assistance to stimulate supply from private lands. Forest supervisors and other line managers are held accountable for achieving physical output targets, but the researchers and State and Private Forestry staff have little or no responsibility or accountability. This focus has also led to an emphasis on National Forest System lands and outputs that exceeds their importance in the Nation's land and renewable resource base.

Measuring and Reporting Results

Monitoring and public reporting of the results of Forest Service activities are necessary to determine whether the goals were achieved, and if not, whether the deficiency occurred because the plan was not, or could not be, implemented. As with direction, monitoring will be most effective if it assesses performance in achieving goals for all the values associated with forests and rangelands.

Effective monitoring requires adequate baseline inventories and performance measurements for all the values. The emphasis on the relatively easy measures of quantitative outputs was noted above; uses, such as recreation, are more difficult to measure, although standard measurement systems exist. More importantly, measures of resource conditions are rare. For example, the number and condition of various types of recreation facilities was regularly reported until the 1970s, but these data are no longer reported. For other resources, condition data are scarce. Rangeland condition is identified as satisfactory or unsatisfactory, with no distinction between barely adequate and superior quality rangelands. Wilderness is reported only in acres designated, with no data on the condition of the areas or on the number or condition of the trails within the areas. Acceptable measures of spiritual or aesthetic values are exceedingly difficult to develop; public dissatisfaction with participation processes as well as with the resulting plans and activities is one measure, although it must also be recognized that some individuals and groups are unwilling to accept any compromise or balancing of values. Finally, the Forest Service traditionally relied on unit cost information in its budget development and allocation, but has stopped using such data. Consistent, accurate, and thorough information on costs and revenues at the local level is generally unavailable today.

Public reporting on the results also contributes to effective performance. Public reporting makes managers accountable to the public and allows comparisons to identify effective performance. Involving the public in devising the measurement systems may be necessary to develop acceptable measures of all values. Involving the public in monitoring helps the public and the agency to understand how the results relate to the goals and direction. Public involvement can help the Forest Service reduce monitoring costs by performing some monitoring and by assuring that the critical outputs, sites, and other values are examined. Finally, accurate reporting of the results of activities on the many values of the national forests can help build trust between employees and the public and among the disparate interests in national forest planning and management.

The Structure of the Budgeting System

As noted above, budgets that are inconsistent with the comprehensive direction would probably undermine the efforts to establish acceptable goals for all forest and rangeland values. With accurate monitoring and reporting, such results would become known, but the current budget structure may not permit consistency between goals and budgets.

One possibility, used by such other agencies as the National Park Service, would be congressional appropriations by unit -- for example, by national forest. While this has some merit for assuring that budgets are consistent with the goals identified in the forest plans, it would increase interregional tensions by pitting congressional districts against one another. Such an approach might also reduce the linkage between appropriations and results, and thus could reduce the efficiency of Forest Service management.

An alternative, proposed by the Forest Service, is known as end-results budgeting. The Forest Service has proposed consolidating the approximately 60 line items for agency activities into a handful of categories, thus providing the agency with the flexibility needed to implement the national forest plans. The General Accounting Office has examined the proposal, and reported favorably to Congress on its potential. The concern in Congress is the potential loss of control: increased flexibility often means increased discretion, which in turn means less congressional control to serve their constituents. If the Forest Service develops adequate measures of all the values, especially the financial values, and adequately monitors and reports on their performance, then end-results budgeting can fulfill its promise of providing Congress with control through management results, rather than through financial inputs. However, to provide such flexibility prior to the demonstrated ability to measure, monitor, and report on managerial performance would reduce Congress's ability to control the Federal budget.

Three additional aspects of the current budget structure influence the agency's ability to improve its performance. One, as discussed above, is the number, structure, and importance of the trust funds and special accounts. One concern is that the deposits to and expenditures from some of these accounts is substantially within the discretion of the Forest Service. For example, the Forest Service can deposit an unlimited portion of receipts from each timber sale into the Knutson-Vandenberg Fund, and can spend the money on reforestation, timber stand improvement, or any other resource mitigation or enhancement project within timber sale areas on the national forest where the money was collected. Closer linkage between trust fund deposits from output-generated revenues and the subsequent use of those funds for output-related purposes, and more explicit reporting on the deposits and expenditures, would probably improve the ability of the Forest Service to maintain balance among the values of the forests and rangelands and of the Congress to oversee the use of the trust funds and special accounts.

A second aspect relates to the largest special account -- payments to States. Since 1908, the Forest Service has returned 25 percent of its receipts to the States for use on roads and schools in the counties where the national forests are located. These payments were clearly intended to compensate the counties for the tax-exempt status of national forest lands, and are akin to an *ad valorem* severance or yield tax, which some jurisdictions use to tax private timberland owners. However, timber generally accounts for 90 percent or more of Forest Service revenues, but annual timber revenues fluctuate widely; thus, counties that depend heavily on the payments to States must rely on an unpredictable source of income from one resource output. It is unclear whether this revenue-sharing system, combined with the Payments In Lieu of Taxes (PILT) program administered by the Bureau of Land Management, is equitable compensation, but a system that fairly and consistently compensates counties for the tax-exempt status of national forest lands would likely improve cooperation between local government officials and the Forest Service.

The third aspect is the unrealistic budget assumptions used in national forest planning. To some extent, the Forest Service used such assumptions to

build consensus around goals and direction that ultimately proved to be fiscally infeasible. Assessing the potential changes in values that could result from increased budgets is a useful exercise, especially in providing information on the opportunities for national forest management as input to the RPA Assessment. However, management alternatives must portray realistic budgets so that the public can understand what is feasible within current budget constraints. Thus, to build an effective consensus on the goals of national forest management, the Forest Service must identify budget constraints, or perhaps a range of budget possibilities, for each management alternative considered in forest planning and for the final management plan for each national forest.

SUMMARY AND CONCLUSIONS

Several concerns about Forest Service activities have led various interests to propose reforms that would improve agency management performance. One concern is the emphasis on physical outputs, especially timber, with relatively little regard to ecosystem conditions and other values of the national forests. Another concern is the inadequacy of the monitoring that demonstrates Forest Service implementation of its plans and achievement of its goals. Other concerns are that the current budget structure and national direction overwhelm the technically and politically feasible decisions made in national forest plans.

Several factors will influence the effectiveness of reform proposals to improve Forest Service performance. One is the comprehensiveness of legislative, administrative, and planning direction; proposals that expand the direction to consider all values of forests and rangelands -- output levels, ecosystem health, aesthetics, and financial performance -- and to address all branches of the Forest Service will be more likely to lead to acceptable management and performance. Another factor is measuring and reporting results; monitoring changes in all forest and rangeland values and public reporting of those results will enhance public acceptance of management direction and public trust in agency efforts. Finally, the budget structure is critical to influencing the agency's performance; proposals that improve the linkage between performance in achieving desired changes in forest and rangeland values and the expenditures to effect those changes will undoubtedly lead Forest Service managers, the public, and Congress to an improved understanding and control of performance.

Toward Excellence in the U.S. Forest Service

A Report by the
Association of Forest Service Employees
for Environmental Ethics



88-183 95 – 7

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AFSEEE is a 501(c)(3) non-profit organization dedicated to forging a responsible value system for the U.S. Forest Service, based on a land ethic that ensures environmentally and economically sustainable land management.

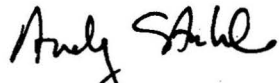


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FOREWORD

The Association of Forest Service Employees for Environmental Ethics (AFSEEE) is pleased to present these recommendations for recapturing the Forest Service's position as the world leader in natural resource stewardship. This report is the synthesis of the ideas and work of many dedicated resource professionals. Many of the reforms put forward here result from the experiences of Forest Service staff subjected to harassment, demotion, transfer, ridicule, or worse, all because they expressed their belief that the national forests should be managed for the long-term public interest first and foremost, not for short-term private or bureaucratic financial gain.

We hope these reforms will end the need for the personal and professional sacrifices made by these Forest Service professionals and make excellence in land stewardship business-as-usual on the national forests. Some may say that this is an unrealizable, idealistic goal. However, the public and the nation's resources deserve no less than our best effort.



Andy Stahl, Executive Director
Association of Forest Service Employees
for Environmental Ethics

January, 1994

INTRODUCTION

Now is the time to rebuild the U.S. Forest Service. During the 1980s, the Forest Service deservedly lost its reputation as a conservation leader. Distrusted by the public, chastened by Congress, and repeatedly branded an outlaw agency by the courts, the Service enters the 1990s with its credibility in tatters. To their credit, the Clinton Administration and Chief Thomas have acknowledged many of these problems and appear committed to repair past damage. Having said the good words, it is now time to do the good deeds.

The Forest Service's shortcomings have been well-chronicled. This report foregoes a rehashing of these problems; we focus instead on the future, on the changes needed to help the Forest Service become a great land steward. Success will depend upon changes in the Forest Service budgeting process, the agency's personnel policies, and the Service's commitment to free speech, integrity and ethics, as well as the fundamental job of land stewardship.

...The problems are not generally the fault of particular agency employees, but of the bureaucracy's structure, habits, and incentives.

The recommendations we put forward share several common features. First, they are consistent with the agency's existing statutory authority. Second, with a few exceptions, as noted, they are capable of immediate implementation. Third, they are based on a simple principle — the problems are not generally the fault of particular agency employees, but of the bureaucracy's structure, habits, and incentives. Fourth, they are fully consistent with the recommendations of Vice-President Gore's Report on Reinventing Government.

FOREST SERVICE BUDGETING

The Forest Service is changing faster than Congress can anticipate. This is reflected no where better than in Congressional appropriations for the agency. At a time when the Service is embarking on a bold experiment in whole-ecosystem management, Congress continues to adhere to arcane "line item" appropriations. Ecosystem management must know no functional boundaries if it is to succeed. AFSEEE recommends that Congress experiment with lump sum appropriations for at least one Forest Service region (Region 6 in the Pacific Northwest appears to be the best candidate).

Ecosystem management must know no functional boundaries if it is to succeed.

To ensure an effective experiment in lump sum funding, AFSEEE recommends that the Forest Service forego the expenditure of K-V, brush disposal, and salvage sale receipts in the selected region. These trust funds, which are authorized but not required by statute, are a disincentive to integrated ecosystem management. The funds result from one functional activity — timber — and are tightly limited by law to financing certain limited practices. We recommend that, if collected, these funds be returned to the Treasury.

Associated with ecosystem management and lump sum budgeting, AFSEEE recommends that numerical resource output "targets" be eliminated as a measure of Forest Service performance. Ecosystem management requires that resource outputs become a consequence of, not a cause for, management actions. The fundamental goal of sustaining healthy ecosystems is entirely inconsistent with commodity target-driven management. Agency funding must not be linked with resource extraction.

AFSEEE recommends the Forest Service and Congress develop a new set of criteria for judging agency performance — criteria rooted in ecosystem management. Such criteria would necessarily be more qualitative in nature and linked to ecosystem function

and structure. Further, the new criteria should evaluate the performance of interdisciplinary departments that result from merging the agency's existing functional departments.

Multi-year budgets and appropriations would provide managers the stability, flexibility, and predictability necessary to plan and implement ecosystem management. In contrast to single-year appropriations with fixed numerical timber targets, ecosystem management's results will be more difficult, if not impossible, to evaluate in a single year increment. Multi-year funding, which could be accomplished in part with a carry-over allowance for unspent funds, will encourage ecosystem planning and lessen wasteful spending practices.

FOREST SERVICE PERSONNEL

To implement ecosystem management effectively, the Forest Service needs workers with diverse skills who are encouraged to be innovative. In addition, the increasing demands of science-driven management require that personnel have the proper training, education, and experience for the job.

AFSEEE proposes that the Forest Service: (1) establish minimum qualifications for each resource specialty to ensure that employees have the knowledge and skills for the job; (2) have the authority to offer incentives for early retirement of senior employees in order to save money and make room for junior employees with the up-to-date training and expertise necessary for ecosystem management; (3) create career-fulfilling, on-the-ground management positions so that employees develop an intimate knowledge of the resources and a

The Service's existing personnel system that favors seniority over professional and technical qualifications must be reformed.

working relationship with the public; (4) give permanent status to temporary employees who are hired year after year; (5) evaluate personnel on the basis of their success at protecting ecosystem integrity, not producing resource outputs; and, (6) make a stronger commitment to race, ethnic, and gender diversity within the Forest Service.



At a time when the Forest Service is forced to change the composition of its workforce to meet the challenges of ecosystem management and simultaneously downsize in response to fiscal imperatives, the Service's existing personnel system that favors seniority over professional and technical qualifications must be reformed. AFSEEE recommends that the agency establish minimum professional qualifications (based on education and/or relevant experience) for each resource specialty to prevent more senior (but less qualified) personnel from "bumping" qualified (but more junior) personnel.

Retaining the workforce needed to meet the challenges of the 21st century will also require incentives for early retirement of senior employees to make room for the skills needed to implement ecosystem management. AFSEEE encourages the Forest Service to work together with the appropriate committees in Congress and the National Federation of Federal Employees union to ensure that the agency has the flexibility necessary to cut middle and high-level "fat" while keeping the agency's on-the-ground "muscle."

Frequent transfers have been common practice and a prerequisite to promotion in the Forest Service. Though the original intent

behind this policy might have had merit at one time (to encourage allegiance to the agency's interests), the demands of a more diverse public and more complicated resource management call for sustained tenure. AFSEEE encourages the Forest Service to provide career incentives for those who make the commitment necessary to become expert stewards of their particular piece of the national forest system. The "land steward" concept being developed on the Clackamas Ranger District, Mt. Hood National Forest in Oregon, is a promising first step.

Retaining the Forest Service's increasingly diverse workforce will require more progressive and empowering personnel policies.

The Forest Service has worked hard at attracting a younger generation of talented resource managers with the training necessary to respond to ecosystem management's challenges. However, many of these employees do not enjoy all the benefits of employment because they are seasonal or temporary employees, but who nonetheless have years of experience with the Forest Service. In order to retain this talent base, AFSEEE recommends that the agency create "permanent-seasonal" positions for seasonal work and grant permanent status to those full-time "temporaries" who are employed by the Forest Service year-in and year-out. These changes would provide these valuable employees reason to dedicate their careers to the Forest Service.

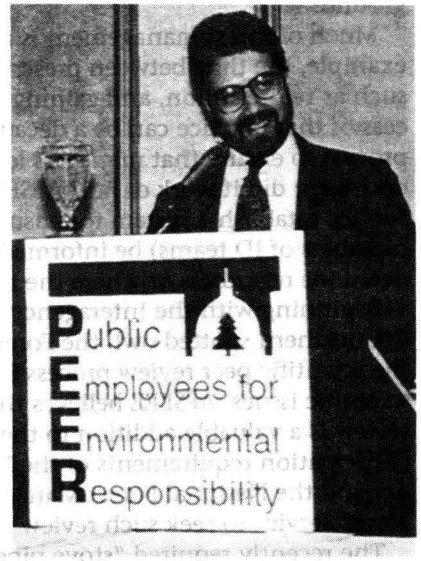
Retaining the Forest Service's increasingly diverse workforce will require more progressive and empowering personnel policies. The traditional hierarchical "command and control" policies threaten to stifle precisely those agency staff with the creativity and vision necessary to surmount new resource management challenges. AFSEEE recommends replacing "target" driven personnel evaluations with criteria that measure public satisfaction and the views of peers and subordinates (in addition to supervisors).

In sum, the Forest Service is undergoing major changes in staffing levels and composition. The Service's challenge is to ensure that in the end the agency has a diverse, talented and committed workforce. In addition to diversity in technical skills, the Forest Service's workforce must become representative of the nation's racial, ethnic and gender mix. Ultimately it is the quality of the agency's people and the support they receive from the organization that is at the root of land stewardship success.

FREE SPEECH, INTEGRITY AND ETHICS

Too many Forest Service employees have suffered from an atmosphere of fear and intimidation within the agency. Chief Thomas has eloquently expressed his opposition to this unfortunate legacy. Meaningful reform, however, will require concrete action, which should include at least the following steps: (1) rescind formally all "gag orders" issued by former Chiefs and other line officers that infringe upon the First Amendment rights of agency staff; (2) prohibit the suppression of scientific research results that may suggest changes to agency policy or practice; and (3) extend whistleblower protections to agency scientists who suffer retaliation for telling the truth about environmental risks.

In addition to adopting humane policies for its own workforce, the Forest Service must reform its attitudes towards the public owners of the national forests. AFSEEE recommends an "open door" policy that encourages discussion and debate among Forest Service employees and the public. Access to Forest Service



Assistant Secretary of Agriculture Jim Lyons speaking at the 1993 Protecting Integrity and Ethics Conference.

employees should be available to the public upon request. In addition, AFSEEE encourages the Forest Service to make all documents available to the public by foregoing the use of discretionary exceptions to public disclosure provided for by the Freedom of Information Act (FOIA).

Accountability is a prerequisite to restoring agency and personnel credibility.

Accountability is a prerequisite to restoring agency and personnel credibility. AFSEEE recommends that the interdisciplinary teams (ID teams) that plan Forest Service projects retain oversight authority over project implementation and monitoring. This will better ensure that projects are implemented in the manner originally intended (and promised to the public) and that those doing the planning learn what works and fails on the ground.

Much of forest management is a long-term proposition. For example, the time between prescribing a silvicultural practice, such as reforestation, and gaining monitoring results of the success of that practice can be a decade or longer. There is no agency process to ensure that managers learn the consequences of their decisions; did it work or fail? AFSEEE recommends that the Forest Service establish a system for ensuring that managers (including members of ID teams) be informed of the consequences of prior decisions regardless of where the manager is now stationed.

Beginning with the Interagency Scientific Committee plan for the northern spotted owl, the Forest Service has started to utilize the scientific peer review process for plans that involve complex scientific issues. AFSEEE believes that independent scientific review is a valuable addition to the required public notice and participation requirements of the National Environmental Policy Act and the National Forest Management Act and encourages the Forest Service to seek such review in appropriate cases.

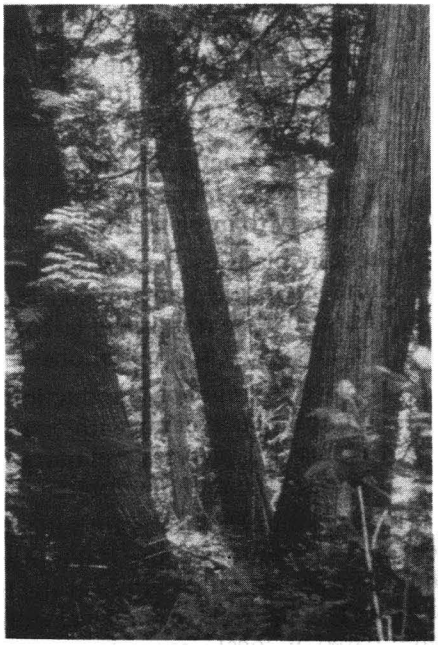
The recently required "stove pipe" reform of Forest investigative agents and law enforcement officers should be expanded to include FOIA officers. FOIA includes administrative sanctions that

resemble criminality for the improper withholding of documents from the public. FOIA officers should be free of undue influence from managers who might be embarrassed by what is in government documents. The chain of command should bypass, at a minimum, the administrative level in which FOIA officers work.

LAND AND RESOURCE MANAGEMENT PLANNING

In NFMA, Congress directed the Forest Service to reform its forest management practices. NFMA's thesis is that intelligent planning conducted in partnership with the public will lead to better land management decisions. The measure of success for forest plans is the extent to which managers in a fiscally responsible manner to preserve future options and eliminate irreversible commitments of resources (such as destroying undeveloped areas, eroding hillsides, endangering wildlife species, and losing biological diversity).

The 1980s saw Congress' reform effort torpedoed by the timber-first agendas of the Reagan and Bush Administrations. Assistant Secretary John Crowell, previously of Louisiana-Pacific Corporation, presided over a complete rewrite of the NFMA regulations designed to place the burden of proof on those who would protect and manage national forests for recreation, wildlife, water quality, and other public values. The forest plans promulgated under these rules have proven to be so out-of-touch with the public's values as to be impossible to implement on the ground.



Old-Growth in the Lolo National Forest, Western Montana.

The Forest Service is now revising its NFMA plans for many national forests. Successful plan revisions will require new planning procedures to ensure that the public's expectations are met. These include, at a minimum:

- Replace FORPLAN and other output-oriented planning tools with map-based tools, such as GIS, that allow managers and the public to see the real world consequences of proposed actions;
- Replace the "benchmark analysis" process with conflict analysis that identifies conflicts and compatibilities of different land uses on particular sites;
- Replace computer generated hypothetical harvest projections with actual on-the-ground timber growth achievements during the preceding 10-year period, and limit future sale levels under the 10-year plan accordingly;

A decentralized forest planning process is the best way of avoiding future systemic errors.

- Eliminate functional budgeting from the NFMA forest planning process; plans need only identify a lump-sum budget necessary to implement the plan in its entirety;
- Require plans to identify sources of funding adequate to implement the plan and consider alternative funding mechanisms that are not linked to commodity extraction or Congressional appropriations;
- Replace "output" or "production" disclosure in Environmental Impact Statements with environmental effects disclosure, emphasizing pictures and narrative descriptions of particular places on the national forest.

These recommendations are remedial only; they seek to cure several shortcomings of the 1980s planning process. Eliminating these problems should help clear the field for the Forest Service to experiment at the ground level with innovative planning procedures based on local circumstances. A decentralized forest planning process is the best way of avoiding future systemic errors.

ADDITIONAL RESOURCE MANAGEMENT INITIATIVES

AFSEEE recommends to the Forest Service the following additional initiatives designed to improve resource stewardship and management efficiency.

- The Forest Service's practice of selling timber "on the stump" increases the likelihood of timber theft and permits unnecessarily speculative bidding by purchasers. AFSEEE recommends the agency adopt a pilot program of selling timber at a log sort yard to reduce timber theft and speculation. Timber sold by this method could be more accurately appraised based on current open market log prices, better ensuring a fair return to the government. The cutting and hauling of timber would be performed by independent contractors working for the Forest Service rather than for the timber purchaser, better ensuring compliance with environmental safeguards.
- The agency's State and Private Forestry (SPF) program has a long history of working with state and private landowners to encourage professionally acceptable silvicultural practices. AFSEEE recommends that SPF broaden its educational mission to encourage use of recycled paper and wood products and to promote local building codes that conserve wood products at no cost to structural integrity.
- Successful managers retain options wherever possible to better ensure the flexibility needed to respond to unanticipated change. AFSEEE encourages the Forest Service to go beyond the letter of the law, which requires identification of irretrievable and irreversible commitments of resources, and adopt a substantive policy of preserving future options. This will require managers to look beyond the traditional narrow purposes of many agency actions (i.e., to meet timber targets) to determine whether the larger public interests can be accomplished without irreversibly destroying roadless areas, threatening wildlife species, or otherwise foreclosing resource options.

CONCLUSION

The Forest Service was once the model successful federal agency. AFSEEE believes the Service can regain its past stature by enacting the reform proposals recommended herein. These changes will require wisdom and leadership from the top, patience and tolerance from within, and trust and cooperation from Congress and the public. It is, however, the Forest Service that must make the first substantive moves to re-earn the public trust and cooperation it squandered during past decades. Adoption of these recommendations is a good place to start.

The Forest Service ...must make the first substantive moves to re-earn the public trust and cooperation it squandered during past decades.



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Toward Excellence in the U.S. Forest Service

Summary of AFSEEE's Recommendations

BUDGET REFORM

- Shift from line item budgeting to lump sum budgeting.
- Forego special trust funds that hinder ecosystem management.
- Replace commodity targets with performance criteria rooted in ecosystem health.
- Establish multi-year budgets to further long-term restoration goals.

PERSONNEL REFORM

- Establish minimum qualifications for resource specialists responsible for ecosystem management.
- Offer incentives for early retirement to make room for those more willing and able to implement ecosystem management.
- Create career-fulfilling positions for on-the-ground management personnel.
- Offer job security to dedicated temporaries and seasonals.
- Foster all forms of diversity within the agency.
- Evaluate employees based on their success at protecting ecosystem health, not producing commodity outputs.

PROTECTING INTEGRITY AND ETHICS

- Rescind all speech inhibiting "gag orders" issued by the agency.
- Rather than suppress research that challenges the status quo, encourage agency scientists to address challenging issues in their research.
- Protect scientists and resource specialists from reprisals for telling the truth in the course of doing their job.
- Institute open-door policies with the public.
- Forego discretionary exceptions to public disclosure of agency documents under the Freedom of Information Act.
- Retain interdisciplinary planning teams through project implementation.
- Insure that forest managers are kept informed of the long-term consequences of their actions.
- Use independent peer review to improve management plans that involve complex scientific issues.

LAND PLANNING REFORM

- Replace FORPLAN with map-based analytical tools.
- Identify conflicts and compatibilities between uses of particular forest areas.
- Replace hypothetical computer estimates of timber yield with more field-verified data.
- Use planning as a policy tool, not a functional budget tool.
- Use the planning process to identify alternative funding mechanisms for implementation.
- Replace output disclosure with environmental effects disclosure.

STEWARDSHIP REFORMS

- Sell timber at the yard, not on the stump.
- Institute programs to encourage the public and industry to reduce demand for wood products through recycling, and new building codes.
- Adopt a substantive policy of preserving future options.

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1 February 1994

Testimony of Randal O'Toole
Reinventing the Forest Service

Imagine a supermarket whose owners rewarded the manager for selling dairy products no matter what the price but gave the manager no reward for selling anything else. Since dairy products provide the only reward, it wouldn't be long before the market was stocked mostly with dairy products. Of course, the store's losses would skyrocket as the manager responded to the incentive to lose money by selling more at lower prices.

This is the situation in the national forests today. ***Forest managers are rewarded for losing money on timber sales, but are given little reward for most recreation, wildlife, or watershed.*** Naturally, the Forest Service responds by emphasizing timber above all other resources and by losing money on most timber sales.

The National Forests Should Make Money

People once said that the Forest Service was the only federal agency that made money. This should still be true. National forest assets are worth close to $100 billion, more than any Forbes 500 company. Nearly all national forest resources, including timber, forage, recreation, many species of fish and wildlife, and even water are marketable resources. Gifford Pinchot himself believed the national forests should earn a profit.

Yet the agency costs taxpayers $2.0 billion per year. The Forest Service loses money for several reasons. First, it is top heavy. ***Fewer than half of its employees and less than 30 percent of its budget are spent at the ranger district level,*** which is where the real work of managing the forests get done.

Second, forest managers are hampered by laws restricting them from charging fair market value for most resources. The agency is required to charge fair market value for timber, but cannot charge market value for most recreation, forage, minerals, or wildlife.

National Forest Timber Managers Are Rewarded for Losing Money

But the biggest reason the Forest Service loses money is that it is rewarded for doing so. It's biggest reward comes from losing money on timber sales. Managers are allowed to keep an unlimited share of the timber receipts, and many forests keep nearly all of the receipts they collect. Even when the Forest Service charges fair market value for timber, most sales lose money because managers keep the receipts.

The laws allowing managers to keep receipts, and in particular the Knutson-Vandenberg Act, give broad discretion to how the money is used. The Forest Service spends almost a third of its K-V money on administrative overhead. Ten percent is spent on wildlife, but most of this is to mitigate the effects of timber cutting or grazing on wildlife. Small amounts are spent on recreation and watershed, but most of the rest is spent on timber.

Managers find all sorts of ways to spend the money they keep. One forest used K-V dollars to inventory cultural resources that would be destroyed by timber sales. Another used K-V dollars to hire someone to explain to recreationists why clearcutting is good for them. Often K-V dollars are spent "improving wildlife habitat" by closing the roads built for the timber sales—roads that wouldn't exist if below-cost sales weren't sold.

The only significant restriction on the use of K-V funds is that they must be spent in the sale area. A review of forest budgets shows that, where timber prices are higher, forest managers find more things to do in the sale area and thus keep more of the receipts.

- In the central Rocky Mountains, where prices are fairly low, managers keep an average of $200 out of timber receipts per acre cut.
- In the Northwest, where prices are considerably higher, managers keep an average of $1,000 per acre cut.
- Where prices are highest, such as on the Willamette, Olympic, Siuslaw, and Six Rivers forests, managers keep $3,000 to $5,000 per acre cut.

Evidently, managers eventually run out of ways to spend money in the sale area, so some forests do return funds to the Treasury. But the fact is that ***just 20 national forests return over 80 percent of all timber receipts that the Treasury receives.*** Still, these forests keep $1,200 or more of timber receipts per acre cut for their own budgets.

This suggests that, under the current system, most below-cost forests will remain below cost until their sales earn at least $1,200 per acre plus the costs to taxpayers of arranging the sales and accessing the timber. That is far more than timber is worth on most forests. Even then, there is no guarantee that creative forest managers will not be able to find more things to do, as have the Siuslaw and Six Rivers forests.

The Tongass National Forest: A Specific Example

In 1992, the Tongass National Forest cost the Treasury $64 million on its timber program, which is probably a record for the National Forest System. The Forest Service spent almost $50 million out of the Treasury arranging timber sales and building roads, and returned minus $14 million to the Treasury.

How does the Treasury receive minus $14 million from a forest? In 1990 and 1991, the Tongass charged timber purchasers an average of $25 per thousand board feet for the timber they cut (which is less than the $35 per thousand that the Tongass spent out of tax dollars to arrange and access the sales). But in 1992, the Forest Service decided that it had overcharged the purchasers, and it gave them $9.8 million in cash refunds and $12.3 million in credit towards more timber.

The primary beneficiaries of this decision are the two pulp mills, Alaska Pulp Company (APC) and Ketchikan Pulp Company (KPC), which hold fifty-year timber sale contracts. Ketchikan Pulp, for example, cut 160.9 million board feet of timber worth $16 million but paid only $121,719 in cash and received $9.4 million in cash refunds.

It turns out that the pulp mills have been getting paid by the Treasury to cut public timber since 1975. Prior to that year, the mills always paid appraised rates and no less than a minimum base rate for timber. In 1975, however, purchaser road credits were added to the long-term contracts. When the pulp mills built roads, they were able to credit the road cost against timber that they had cut and paid for prior to 1975. By the end of 1992, total payments to the Treasury by the two mills was nearly $1 million less than they had been in 1975.

In essence, taxpayers are paying the pulp mills to cut nearly 300 million board feet of timber per year. Purchasers of short-term timber sale contracts are not allowed to credit road costs against sales they cut years ago. Although the Tongass Timber Reform Act directed the Forest Service to make the long-term contracts comparable to short-term contracts, the agency has refused to fix the purchaser credit provision. This refusal cost taxpayers $5.4 million in 1992 alone.

The Tongass' size and fifty-year contracts are unusual, but its losses are typical in that national forest managers have no incentive to worry about returns to the Treasury. In fact, managers frequently describe payments to the Treasury as "losses" because they lose control of them. This is completely inappropriate but it is a predictable result of the current budgetary process.

Only Budgetary Reforms Will Correct the Misincentives

The fundamental problem with the Forest Service is not poor accounting, inept managers, or a bloated bureaucracy. Nor is it too much clearcutting or too little ecosystem management. These are all symptoms of the real problem. ***The fundamental problem with the Forest Service is that the incentives managers face have been haphazardly designed and reward good people for doing bad things.***

Proposals to ban below-cost timber sales, ban clearcutting, or otherwise limit managers' discretion cannot work. The details of managing 191 million acres are too complex to all be decided in Washington, DC. More important, such ***prescriptive legislation does nothing to change the incentives that lead to poor management.***

Those incentives are primarily budgetary. Forest managers can charge fair market value for timber and keep timber receipts in their budgets. They cannot charge fair market value for other resources or keep most recreation or other fees in their budgets. Fixing these problems means changing the budgetary process.

New Incentives Will Save Taxpayers Money and Improve Management

We don't have to spend more money to improve forest management. In fact, more spending will probably do more harm. ***The best way to improve the national forests is to eliminate their deficits.*** Losses to the Treasury are a symptom of poor forest management because they mean that the forests are producing things that people don't want. Net returns to the Treasury are a symptom of good forest management because they mean that managers are producing things that people want enough to pay for.

My book, ***Reforming the Forest Service,*** proposes a comprehensive set of reforms that create new checks and balances to insure that the national forests will truly be managed for multiple use and sustained yield of all forest resources. In essence, I propose to reinvent the Forest Service. These proposals can be summarized in four basic steps.

1. ***Congress must stop spending tax dollars on the national forests.*** Instead, each forest should be funded out its net income. This will give managers an incentive to make money and eliminate incentives to lose money.

2. ***Congress should allow forest managers to charge market value for all resources,*** including recreation, grazing, and minerals. Each forest should be given the authority to determine fair market value on its own. Managers rewarded for making money will do their best to find a fair value for all resources.

3. To protect forest resources that are not marketable—and there are only a few—***Congress should direct the Forest Service to remove the "use it or lose it" provisions from its contracts.*** In other words, a rancher should be able to pay grazing fees but let the elk or deer have the forage, and a timber purchaser should be able to pay the agency to not cut the trees down. Such "conservation easements" would give environmentalists a new and less controversial way of protecting resources.

4. ***Congress should dedicate seed money to special trust funds for conservation easements out of certain user fees.*** The funds would be managed by boards of trustees. Wilderness and wild river fees should go to wilderness trust funds that would purchase conservation easements, thus expanding the wilderness and wild river systems without all the political turmoil we face today. Wilderness boards of trustees could be elected by wilderness users in each state or region.

   In addition, ten percent of all other user fees should go to a biodiversity trust fund administered by a board of trustees consisting of experts in conservation biology selected by the Interior and Agriculture Secretaries and/or the director of the Smithsonian Institute. The board would use the funds to pay land owners or managers to protect habitat.

Together, these four proposals—***funding out of net receipts, charging fair market value user fees, conservation easements,*** and ***trust funds for wilderness and biodiversity***—will insure balanced multiple-use management of the national forests; multiple use is only possible with multiple incentives. They will also save taxpayers over $2 billion per year because managers will be rewarded for producing profits, not losses.

Managing National Forests for Profits and for People

"Managing the national forests for a profit" sounds like a strange concept. Yet in 1905, Gifford Pinchot promised Congress that, if he were given the national forests to manage, he would run them at a profit. Today, profits seem strange only because, after so many years of losing money, we think losing money is the right thing for them to do.

In fact, losing money is a symptom of a serious problem—the same problem indicated by environmental conflicts in the national forests: ***The Forest Service is producing things that people don't really want.*** Most national forest resources can be marketed. In a market, losses mean that managers are producing goods that no one really wants, at least not enough to pay their cost. ***Profits mean that managers are producing the things that people want enough that they are willing to pay for them.***

Profits will give the American taxpayers a return on all the investments they have made in the national forests. But more important, ***profits will prove that the Forest Service is managing the forests for the people and for the things that people want.*** Once wilderness and biodiversity are given appropriate protection, what "the people want" is really the best measure of how well the national forests are managed—and profits are the best measure of what the people want.

These four proposals will ease the tension and polarization forest managers face today. Markets encourage people to work together rather than fight. Once these ideas are implemented, national forest managers will again be able to proudly say that they work for an excellent organization, one of the best in the world. I urge you to consider them in any legislation you propose.

TESTIMONY OF BARRY ROSENBERG
DIRECTOR, FOREST WATCH PROGRAM

INLAND EMPIRE PUBLIC LANDS COUNCIL
P.O. BOX 2170
SPOKANE, WASHINGTON 99210

BEFORE THE

HOUSE NATURAL RESOURCE SUBCOMMITTEES

ON

NATIONAL PARKS, FORESTS AND PUBLIC LANDS

AND

OVERSIGHT AND INVESTIGATIONS

February 1, 1994

INLAND EMPIRE PUBLIC LANDS COUNCIL
Forest Watch Program
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Mr. Chairman and Distinguished Members,

Thank you for providing me this opportunity to appear before you. I am Barry Rosenberg, Director of the Inland Empire Public Lands Council's (Council) Forest Watch Program, a program which trains concerned citizens to become effective forest advocates. The Forest Watch Program monitors Forest Service (FS) activities on 28 ranger districts on 9 national forests in northern Idaho, western Montana, eastern Washington and eastern Oregon. The offices of the Council are located in Spokane, Washington. I am also a member of the Board of Directors for the Selkirk-Priest Basin Association of Priest Lake, Idaho.

I have worked in our national forests for 15 years, both as a logger and reforestation contractor. For the last 12 years I have devoted most of my time to trying to stop destructive and illegal Forest Service logging and road building practices. The first eight of these years I worked independently, and for the last four years I have been on the staff of the Council.

I would like to begin my testimony with a quote from an editorial which appeared in The Spokesman-Review, a moderately conservative regional newspaper published in Spokane, Washington. Spokane is in the heart of the Inland Empire, one of the largest timber-producing regions in the country. This editorial was printed in The Spokesman's three-part series entitled "Our Failing Forests," published in November 1993, and since that time mailed by the Council to every member of Congress. The editorial stated:

> "...The U.S. Forest Service, which he [Gifford Pinchot] founded, has degenerated into a tool for the logging industry. Over the years, powerful senators and congressmen browbeat local forest managers into swallowing conscience and regurgitating logs.
>
> The logging companies appreciated the profits. County governments appreciated their cut of the timber sale revenue. Constituents appreciated the jobs. The

politicians appreciated Big Timber's campaign contributions.

What a system.

What a mess.

What a betrayal of the public interest, and of Pinchot's legacy."

This hearing today is an acknowledgement of these problems.

For years I shared with some of you the perception that the Forest Service was an agency out of control. I see now that this is not true. The agency has exerted tremendous control over its employees to conform to an industrial agenda that uses our national forests as a production facility. As a result of that narrow focus those in power have systematically and knowingly destroyed much of the biological integrity of our national forests, along with the public service careers of many caring and productive employees.

Since the passage of the National Environmental Policy Act (NEPA) 25 years ago, the Forest Service has been issuing environmental documents for timber sales supporting Findings of No Significant Impact (FONSIs). As evidenced by the necessity of these hearings, these agency findings have obviously been wrong. Yet these same managers keep issuing flawed and damaging decisions. The majority of timber sale decisions we are receiving still need to be appealed. While the Forest Service is mouthing the right buzz words, these sales still advocate destructive and illegal actions. Obviously, Chief Thomas' message to his employees, "Obey the Law and Tell the Truth" has yet to filter down the ranks.

The map on the table before you is a graphic and dramatic illustration of the result of the Forest Service's flawed and illegal policies. This map depicts the state of watershed health in the Idaho Panhandle National Forests (IPNF), and is part of an evaluation of watershed conditions across all of Region 1.

The red indicates watersheds that the Forest Service calls "management constrained." If you want to be more blunt and truthful, these watersheds are trashed. The yellow indicates drainages which preliminary indications suggest have some of the parameters of instability and these watersheds require further study. The green displays watersheds that still have integrity. Most of these watersheds are in roadless condition, and/or have been only lightly logged.

Perhaps the most dramatic illustration of watershed abuse in

the entire National Forest System has taken place in the North Fork of the Coeur d'Alene River drainage, which encompasses the Fernan and Wallace Ranger Districts on the IPNF. Excessive road building has created areas that have road densities of up to 20 miles per square mile. Massive clearcut logging and mining have yielded stream instability and toxic heavy metal pollution. Floodwaters from the North Fork are disgorged onto a floodplain contaminated with heavy metals, pushing toxic metals and nutrients into Lake Coeur d'Alene. In spite of this, Forest Service officers continue to propose large timber sales. These sales call for the same clearcut-like logging that has destabilized the Coeur d'Alene watershed and caused the extirpation of the bull trout and the loss of viability of the native westslope cutthroat trout, Idaho's state fish.

Fortunately, these and many other proposed sales have been stopped by appeals through the efforts of local Forest Watch activists and the Council. Appeals filed by Forest Watch during the last four years have been responsible for a 75 percent overall reduction of timber sale offerings on the Colville, Okanogan, Clearwater, and Idaho Panhandle National Forests, as compared to the Forest Plan Allowable Sale Quantities for these forests.

I wish to add that there are no spotted owls on these forests. The reductions in timber sale offerings have resulted from intense scrutiny by local citizens intent on upholding the public's environmental laws protecting what remains of the biological integrity of our national forests.

The success of these administrative appeals is tinged with irony. While the Forest Service has learned from citizen advocates, it has unfortunately learned the wrong lessons. Instead of improving its forest practices, the Forest Service has learned to write less transparent documents, some which cost up to half a million dollars each. The agency has begun improving its documentation while still proposing environmentally unsound timber sales.

The Forest Service is comfortable in the belief that the appearance of procedural compliance with National Environmental Policy Act (NEPA) will likely result in a favorable ruling in the courts. As illustrated by this map, the perception presented in the NEPA documents does not reflect the reality in the forest.

Even when the Forest Service cannot hide the ecological abuses of proposed timber sales behind slick NEPA documents, it still

attempts to disguise them by portraying them as "salvage", "rehabilitation", or "restoration" projects. While restoration is admirable and necessary, tying it to timber sales is inappropriate.

During the Forest Planning process on the IPNF, Allen Isaacson, who was then Supervisory Hydrologist for that Forest, and IPNF Forest Hydrologist Pete Bengeyfield urged the Forest Service to stay out of the damaged drainages of the Coeur d'Alene River. for at least ten years. Their pleas were ignored. Instead, Isaacson was offered a transfer from north Idaho to Atlanta, Georgia, which he refused--terminating his 23-year career with the agency. Bengeyfield was moved off the IPNF to the Beaverhead National Forest.

Bengeyfield returned at the request of the Wallace District Ranger to review a proposed logging/rehabilitation project on the Wallace District. In a June 11, 1993, letter to the Forest Supervisor of the IPNF, Bengeyfield clearly stated that while rehabilitation was necessary, logging these beleaguered drainages to obtain funding for these projects was counterproductive:

> Because these drainages are already over their respective thresholds, further canopy removal exacerbates the portion of the scenario that leads to the greatest instability in the streams. The work that is being done by the Wallace district will reduce energy in the channel, but not enough to offset the energy increases from concurrent timber harvest in the same drainage. Once the vegetation is removed, the only control over the amount of energy increase is the size of the climatic event that produces the runoff (see attachment #1).

The Forest Service claims rehabilitation is needed, in part due to a lack of road maintenance. The Fernan District Ranger on the IPNF admitted that funding constraints prohibit maintenance of about two-thirds of the roads that the Forest Service constructs. New timber sales, with incumbent road construction, are then planned in order to generate revenue necessary to fix damage which was caused by previous roading and timber sales. Not only does this make no sense, but the lack of road maintenance violates state and federal laws and perpetuates the problem they are purporting to fix.

The current funding system must change. Rehabilitation

dollars must be independent of timber sale funding. **You cannot log your way to watershed health**. In addition, the Forest Service must set realistic and appropriate goals concerning watershed rehabilitation. A project of such magnitude as restoring the North Fork of Coeur d'Alene River is not possible given past Forest Service budgets. We must realize that **time** is the essential ingredient. Time is needed for the forest canopy to grow back to moderate the excessive water runoff and for the streams to regain stability.

Restoration can both help the forest and provide jobs for local timber communities. Many miles of unneeded roads should be obliterated. This will not only help to repair the watershed, but it will put displaced loggers back to work. There is no one more qualified to do this than those who build forest roads. Because of the enormity of the combined impacts of massive clearcutting above heavy metals, Congress should make forest restoration and heavy metal clean-up of the Spokane--Coeur d'Alene Basin a national priority.

The Forest Service needs to consult with non-agency experts. I would recommend that Dave Rosgen of Wildlands Hydrology and Allen Isaacson of Water Management of North Idaho be employed as consultants by the Forest Service to evaluate and submit recommendations of the actions needed to restore this critically important watershed. Rosgen, a former Forest Service employee with experience in the Coeur d'Alenes, is regarded as one of the foremost experts in the country on river restoration. Rosgen was also recently featured in National Geographic's special issue entitled "Water". Isaacson, has had over 25 years experience working in the Coeur d'Alene watershed and was one of the first to recognize the problems caused by logging in that drainage.

How can Forest Service officials, entrusted with our public forests, now acknowledge to themselves and the public that they are responsible for the destruction of an entire river system? The managers and employees deny their responsibility by stating they just followed orders; orders which came from their superiors and Congress. The argument of "I was just following orders" has been tried and rejected before.

The high level of concern by Congress and the commitment by the new administration **will** bring change to the Forest Service. Still, there are many within the agency who are fiercely resisting this change. This is because the Forest Service is governed by

those who made their way up the ranks using stumps as stepping stones. For 30 years these individuals have been rewarded for cutting down large numbers of trees. The more trees they cut down the more they were rewarded. Their current behavior suggests they are incapable of change -- it's hard to break a Pavlovian response. If these managers have been unable to see the significance of the impacts in the last 30 years, I doubt they ever will.

On the other hand, those employees who could not compromise their ideals and spoke out against the abuse were transferred or forced to quit. Even today the old guard is solidifying their position by driving out of the agency those who not only want change, but who have the vision, courage and ability to implement that change. Too few are still hanging on, waiting and hoping for the inevitable to manifest itself. When the change occurs will there be anyone capable of administering it?

In the course of my work, which involves public oversight of 9 national forests, I talk to many Forest Service employees, line officers and resource specialists. When I ask these people what they need from Congress, the consistent first response is, "Change the incentive and budget system. Reward those whose management results in healthy, sustainable, diverse ecosystems, not those whose focus is commodity extraction."

There must be accountability on the part of Forest Service employees. To facilitate personal responsibility these employees should remain on their districts long enough to witness the consequences of their actions. Therefore the agency must limit the frequency of transfers.

Another very apparent problem is that members of the Forest Service talk primarily to themselves. The Forest Service is a closed society, one where the mantra "got to get the cut out" has been chanted for so long that it is ingrained in nearly every employee. FS experts talk to other FS experts who talk to other FS experts. Unfortunately, these experts are so much under the influence of the mantra and the rationale of compromise that the information they provide each other often doesn't match reality. The Forest Service needs to talk to non-governmental experts familiar with the area and resources.

In addition, Forest Service employees need to be de-programmed to rid themselves of the institutionalized prejudice towards commodity extraction. We need some method to "flip the switch" so that, in the words on one Forest Service hydrologist, employees can

"do the right thing for the land, instead of trying to find ways to minimize the damage from proposed timber sales."

Finally, the Forest Service should not be obligated to support itself through the extraction of commodities. Our national forests are of inestimable worth to the physical and spiritual well-being of our country today and for future generations. Until the employees of the Forest Service have a fundamental change of heart, and until Congress changes its method of Forest Service funding, our physical and spiritual well-being will continue to be jeopardized.

Attachment 1

United States Department of Agriculture | Forest Service | Beaverhead National Forest

REPLY TO: 2520 Watershed Protection Date: June 11, 1993

SUBJECT: Watershed Restoration Program - Wallace RD

TO: Forest Supervisor, IPNF

On June 7th and 8th, at the invitation of Steve Williams, I had the opportunity to participate in a peer review of the watershed restoration program on the Wallace District. I was stationed on the IPNF from 1979-84 as the hydrologist on the planning team, and am familiar with the watershed problems on the Coeur d'Alene. Following are my thoughts regarding the Wallace review.

The approach the district is taking is conceptually sound and they are executing it well on the ground. They have a good knowledge of the problems that exist, the processes that caused them, and the extent of effectiveness that their restoration efforts can be expected to achieve. Don Loper is doing an excellent job of supervising this effort, and his enthusiasm should be commended and encouraged. One of the points stressed by both the district personnel and those participating in the review was the benefit of involving the specialists from the SO and nursery in a consulting capacity for interperations that will enhance the chance of success. The need for restoration in the tributaries of the Coeur d'Alene River is extensive, and the results will not be apparent for many decades, however the district is taking the correct steps at the present time to achieve watershed recovery at the earliest possible date.

Perhaps the greatest benefit to the program is the realization by the personnel involved that they are not actually "fixing" the watersheds. The drainages within the Coeur d'Alene Basin will recover only when the vegetation lost through timber harvest is replaced by new stands of timber that approximate the density and height of the original stands. The peak flow augmentation resulting from timber harvest is the mechanism that provides excess energy to the channel system, and that energy will only be reduced as a new canopy is established. Given this constraint to recovery, the district correctly recognizes that by reducing the effects of other adverse impacts of past timber harvest (high road densities, debris removal, encroaching road fills), rate of watershed recovery will be enhanced as vegetation recovers. However, no amount of work on these other factors can eliminate time from the equation.

The work we reviewed in the Autumn-Martin area was effective in restoring the proper width to the channel, establishing woody debris as a grade-control mechanism and ripping roads to increase infiltration. These are the three areas in which on-the-ground efforts can be most effective on the Coeur d'Alene Forest, and they can be repeated throughout the dozens of drainages

on the Wallace and Fernan districts where previous timber harvest has led to peak flow/bedload problems.

One area that could be improved is the coordination between the various inventories that are necessary within a given drainage to determine the location of projects and the type of channel that represents the Desired Future Condition. The survey of roads to determine areas in need of ripping, culvert removal and slope reestablishment is straightforward and was well-done in Autumn-Martin. Of equal importance is a survey of the stream channel to establish the physical characteristics that will ensure the channel functions properly once the projects are completed and time replaces the vegetation. This survey is imperative for woody debris replacement and removal of encroaching road fills for it determines the dimensions to which the channel should be restored. It should be accomplished by the hydro/fish people on the district, and should include channel typing, RASI and pool-filling data. This survey also serves as the basis for long-term monitoring to determine effectiveness, as well as incorporates the aquatic components of Ecosystem Management.

Of lesser importance to the field activities, but maybe of greatest importance to the planning effort, is the running of the various models to determine existing condition. WATSED, rain-on-snow risk assessment and other "paper" analyses can help prioritize which drainages have the greatest need for restoration scheduling. These tools, especially when coupled with RASI, are much more powerful than the analysis I did to determine the deferred drainages in the Forest Plan. If properly used, they could be used to ammend the Forest Plan to obtain a more realistic assessment of the need to defer drainages from timber harvest.

Which brings me to two negative points that need to be raised with respect to the watershed situtation on the Panhandle.

Evidently, some of my recommendtions concerning deferred drainages and the conditions for entering them have been changed since I left the Forest. Drainages, especially on the Fernan and Wallace districts, were deferred from harvest because of the increase in stream energy as a result of canopy removal. Conditions for reentry in those drainages that were scheduled with mitigation were based on not increasing peak flows beyond current levels, and a monitoring program that showed measurable improvement in the stream channel. The only harvest recommended was single-tree selection from existing roads. Before any harvest was to take place, a watershed-specific analysis was to be done that would detail conditions to a far greater extent than the planning analysis was able to. These were agreements between myself and the management team that were to go into the Plan so that watershed recovery/protection would be assured. I understand that a number of the deferred watersheds have been entered, and that harvest beyond single-tree selection has been done in those drainages that were scheduled with mitigation. As yet, no monitoring has been done that shows an improvement in the stream channels. These activities might well negate some of the assumptions and effects reported in the Forest Plan.

Secondly, in drainages that have been deferred or scheduled-with-mitigation for water yield concerns (the majority of those on Fernan and Wallace) it is inappropriate to schedule harvest as a means to fund restoration work.

Because these drainages are already over their respective thresholds, further canopy removal exacerbates the portion of the scenario that leads to the greatest instability in the streams. The work that is being done by the Wallace district will reduce energy in the channel, but not enough to offset the energy increases from concurrent timber harvest in the same drainage. Once the vegetation is removed, the only control over the amount of energy increase is the size of the climatic event that produces the runoff. Restoration would have to be in place for quite awhile to give the channel time to adapt to the existing peak flow increases, without making those increases greater by additional timber harvest. For the same reason, it is also inappropriate to assume that once the restoration projects are completed, the watershed is "fixed" and further harvest can be initiated.

The need to treat vegetation in deferred drainages as a means to offset future water yield increases due to insect and/or disease considerations is not valid for two reasons. First, many of those drainages are 30%-40% harvested. Vegetative recovery is occurring, however slowly, over that portion of the drainage. Root rot, if present, covers a much smaller portion of the drainage, and spreads at a slow rate. In deferred drainages, where watershed recovery is the driving factor, any negative effect on water yield arising from the spreading of existing root rot will be more than offset by the recovery in the larger portion of the area in existing harvest units. Secondly, the standing dead trees left by root rot will not have near the effect on water yield as a clearcut or seed-tree harvest. The branches provide some interception of snow, and the boles interrupt the wind blowing across the snow surface during rain-on-snow events. This warm wind - snow surface interaction is the main mechanism for heat transfer to the snowpack. Either way, its a bad situtation, but creating additional clearcuts or seed tree units will only maximize water yield increase on those acres harvested, while setting them further away from eventual recovery.

My recommendation would be to choose a deferred drainage on the Coeur d'Alene where the hydrologists think that reasonable recovery might be expected, and do the necessary surveys and on-the-ground restoration as currently being done at Wallace. Once that is done and documented, a strong case could be made for the effectiveness of the practices, and the need to implement them if watersheds are ever going to function properly in the context of Ecosystem Management. As an agency, we need to explore the possibility of using traditional funding like KV over a wider area to implement restoration. That would allow dollars generated from harvest in drainages that are still able to withstand timber harvest to be used to rehab drainages that are currently over their thresholds. If we can be "responsive" enough to deal with silvicultural emergencies such as root rot, we should at least be able to give watersheds the same emphasis.

After a nine year absence, it was gratifying to see at least one district on the Panhandle begin to come to grips with the legacy of watershed neglect the current leadership team has inherited. Steve should be commended for the rational approach he's taking, and that approach might well serve as a model for the rest of the Forest.

/s/ Pete Bengeyfield

Pete Bengeyfield

Hydrologist, Beaverhead National Forest

cc S.Williams
G.Kappesser
D.Cross
G.Niehoff
G.Ford
B.Rosenberg

REFORM OF THE U.S. FOREST SERVICE

TESTIMONY OF JEFFREY RUCH

POLICY DIRECTOR FOR THE GOVERNMENT ACCOUNTABILITY PROJECT

BEFORE THE
HOUSE NATURAL RESOURCES SUBCOMMITTEE ON
NATIONAL PARKS, FORESTS AND PUBLIC LANDS

FEBRUARY 1, 1994

88-183 95 – 8

MISTER CHAIRMAN:

Thank you for inviting the testimony of the Government Accountability Project ("GAP") concerning reform of the United States Forest Service. My name is Jeffrey Ruch and I serve as GAP's policy director. GAP is a non-profit, nonpartisan whistleblower defense and support organization. Since 1979 we have represented hundreds of whistleblowers from both the public and the private sectors in legal challenges to employment reprisals. GAP has also consistently advocated on behalf of stronger laws and policies to protect employees who speak the truth. GAP led the constituency campaign that resulted in the unanimous passage by Congress of the Whistleblower Protection Act of 1989 which defines free speech rights of federal civil servants.

Since 1991 GAP has served as the legal arm of the Association of Forest Service Employees for Environmental Ethics (AFSEEE) representing Forest Service employees in the filing and prosecution of whistleblower claims. During this period, GAP has interviewed and counselled scores of Forest Service employees who were facing career jeopardy for voicing dissent. GAP has waged successful legal actions to reverse unjust terminations, suspensions, and even "directed reassignments" or forced transfers which are normally considered a management prerogative. We have also obtained rulings extending whistleblower protection to temporary and seasonal employees facing nonrenewal of their contracts as well as probationary employees who were denied permanent status in reprisal for whistleblowing.

This morning AFSEEE has presented testimony recommending changes in the Forest Service structure, mission and operations. My testimony will focus on the personnel practices of the Forest Service with particular emphasis on continuing retaliation against whistleblowers, "gag orders", suppression of scientific dissent, and the lack of accountability of agency managers.

The atmosphere within the Forest Service has over the past decade been one of increasing fear and intimidation. Forest Service managers have attempted to retaliate against employees who disclose cases of agency waste, fraud, or mismanagement, to stifle or discredit scientists whose findings conflict with a particular activity or agenda, and to interfere with employees' rights to express their personal views outside of work.

The new Chief of the Forest Service, Jack Ward Thomas, has made some encouraging pronouncements about a new direction in Forest Service policies, a new openness, and freedom of expression. Unfortunately, this new message of candor has not reached the "troops" on the ground. The rhetorical commitment to change must, in order to be effective, be matched by direct action in individual cases, i.e., rescinding retaliatory discipline imposed against conscientious employees and holding responsible managers accountable. Some of these cases requiring action are now literally on the new Chief's desk awaiting decision. Others have moved to litigation and could be

expeditiously settled. Still other employees are currently experiencing or being threatened with adverse action on a daily basis.

The cases described in this testimony involve Forest Service employees who in the normal course of their duties have been subjected to a pattern of intimidation and harassment. They are not environmental zealots. They are not using loopholes and technicalities to try to stop all development. They care about resources but understand, and have served, the multiple missions of the Forest Service. What got them in trouble was simply doing their job.

I. END RETALIATION AGAINST WHISTLEBLOWERS

The best way to illustrate the nature of the continuing retaliation within the Forest Service is to review a sampling of current cases in just one Region of the Forest Service, Region 5 (California):

A. NANCY SANDBURG---BIOLOGIST, LOS PADRES NATIONAL FOREST

Nancy Sandburg has worked for the Forest Service for more than 17 years on the Mendocino, Rio Grande, the Tongass, and, since 1989, the Los Padres National Forests. Ms. Sandburg had a spotless service record, is highly regarded by her peers both inside and outside the federal service, and has received recognition and awards for her work, including a cash bonus with a certificate of merit from then Chief of the Forest Service F. Dale Robertson.

In her current capacity as the Wildlife Biologist for the Santa Barbara District of the Los Padres, Ms. Sandburg oversees or writes the Biological Evaluations and the Environmental Impact Studies for all activities in the district. The Los Padres supports the last natural riparian ecosystem in Southern California which is inhabited by several threatened or endangered animal species, including the arroyo southwestern toad, the California red legged frog, the two striped garter snake , and the southwestern pond turtle.

In late 1992 Nancy Sandburg discovered that the Forest Resource Officer had ordered the construction of a road through extremely sensitive riparian habitat without either informing her or doing any of the environmental impact studies required by law. Forest engineers had run bulldozers through the streambed at five different locations, killing untold number of arroyo toad. Ms. Sandburg vigorously protested through the chain of command. Both the U.S. Fish and Wildlife Service and Army Corps of Engineers ,after investigation, issued letters "of concern" over the incident. By early 1993 Ms. Sandburg's continued efforts resulted in her being abruptly summoned to the office of newly appointed Forest Supervisor David Dahl. At the meeting which was also attended by the Resource Officer and other top managers of both the forest and the district, it became clear that no action would be taken on the Mono Creek Road bulldozing incident.

Further, Supervisor Dahl warned Ms. Sandburg that if she continued to talk about the incident that he would withhold $160,000 in funding from a grant that Ms. Sandburg had obtained for riparian protection initiatives on the forest.

Three months later while at home recuperating from surgery, Nancy Sandburg received a call from a University of California scientist with whom she was doing a joint research project on the arroyo toad. The scientist had witnessed Forest Service crews pouring concrete into fencing post holes dug into the Mono and Indian Creeks themselves. Concrete is a toxin to some plants and animals, especially when combined with the high alkaline content of the streams. Further, the actions of the project crew was contrary to the Biological Evaluation, Ms. Sandburg's written instructions and the Corps of Engineers permit requirements. After confirming the report, Ms. Sandburg contacted both her District Ranger and the Forest Resource Officer demanding an investigation.

Shortly after this second incident, a campaign of harassment of Ms. Sandburg by forest management began. The most galling tactic was the insistence by the Forest Resource Officer that Ms. Sandburg supervise a particular forest technician against whom Ms. Sandburg had been forced to obtain a restraining order. The restraining order was issued on the basis that this employee had been stalking and harassing Ms. Sandburg for over two years, had physically assaulted her and had even broken into her housing unit. Ms. Sandburg reminded the Resource Officer of the restraining order and suggested that the resource officer contact the issuing judge if he wanted to obtain an exemption from the order.

Events accelerated when a local reporter who was referred to Ms. Sandburg by the Forest Resource Officer began asking questions about both the fencing and the earlier bulldozing incident. Ms. Sandburg truthfully disclosed what she knew about both incidents to the reporter. The reporter then contacted the Forest Supervisor who admitted in the interview that he had indeed threatened to take away funding for Sandburg's riparian project. That afternoon, Ms. Sandburg received notice of a proposed two week suspension. The basis for the action included her refusal to supervise the employee who was the subject of the restraining order.

The subsequent newspaper article in the local paper was not flattering to the Forest Supervisor or to management generally on the Los Padres. The reporter also wrote several follow-up articles including one that focused on Nancy Sandburg and the disciplinary actions that had recently been taken against her. Soon after this article appeared, Nancy Sandburg received a formal Letter of Reprimand for creating a hostile work environment.

Nancy Sandburg contacted AFSEEE and GAP. GAP filed a complaint under the Whistleblower Protection Act with the Office of Special Counsel (OSC) in the summer of 1993. OSC has yet to begin an investigation, let alone act on the complaint. As a result of the stress occasioned by the long, unresolved conflict, Nancy Sandburg has taken

extended sick leave and is rethinking her career commitment to the Forest Service.

B. SANDRA SCHULTZ---BIOLOGIST, SIERRA NATIONAL FOREST

Sandra Schultz began her short career with the Forest Service as a Forest Ecologist on the Shasta-Trinity National Forest in May of 1991. In January of 1992, she accepted a position as the Wildlife Biologist for the Kings River Ranger District of the Sierra National Forest. Shortly after arrival on the Sierra her supervisor asked her to sign off on a timber sale which she had not even reviewed. Ms. Schultz resisted the request and went out to the proposed sale site. There she discovered that the sale was in a protected spotted owl habitat area and several of the trees marked for "salvage" as dead or diseased were, in fact, "green" or healthy and appeared to be prime nesting trees. After she reported her findings, she was no longer consulted on the sale, which later went to bid.

Shortly thereafter, in a meeting with several top staff of the Forest Supervisor's office, Schultz was told that biological impact analyses on riparian areas and fisheries were not appropriate on grazing permits because "grazing actually improved the conditions of the meadows..."

In April of that year, Ms. Schultz's review of proposed spotted owl habitat maps were grossly inaccurate in a way which made it appear that there was substantially more suitable habitat than actually existed. Over 70% of the maps had major discrepancies. When she raised these concerns with district timber staff she was ignored. Only by threatening to take the matter to the Regional Office was she able to bring the matter to a head. Unfortunately, the matter was resolved by her termination.

Three days before her one year anniversary (and the end of her probationary period) in the Forest Service occurred in May, Ms. Schultz was abruptly terminated. Reasons cited included "conduct unbecoming a forest officer" arising from a meeting in which Sandra Schultz allegedly threw a box of donuts across a table at a colleague, and "inability to work with other resource managers..." Ms. Schultz filed a complaint with the Office of Special Counsel which over a year later, in November of 1993, formally declined to take action, inviting her to file her own complaint with the Merit Systems Protection Board.

Regardless of the merits of Ms. Schultz's case, the message to every employee of the Region was quite clear--don't rock the boat unless you are prepared to be thrown overboard.

C. THOMAS LAKE---FORMER TRAILS KEEPER, MODOC NATIONAL FOREST

The case of Thomas ("Tom") Lake is one where the harassment follows the employee even after he has left the Forest Service. Tom Lake has spent his whole working in the outdoors. In 1966, he went to work for the Forest Service in a seasonal position as a

trails keeper. For 25 years, Tom Lake worked the 70,000 acre South Warner Wilderness of the Modoc National Forest. As trails keeper, Tom Lake and the volunteers he recruited maintained 77 miles of mountain trails. Motor vehicles are prohibited in the South Warner Wilderness, so that all travel has to be done on foot or on horseback. It is no exaggeration to say that Tom Lake knows the South Warner Wilderness better than anyone alive. It is also no exaggeration to say that Tom Lake loves the area and feels responsible for its maintenance and preservation.

Throughout the 1980's, Tom Lake noticed an increase in grazing activity in the South Warner Wilderness. More and more of his time was being assigned to livestock related improvements instead of wilderness projects. Despite a growing amount of livestock work, Tom Lake's salary and supplies were paid out of wilderness funds. Curiosity led Tom Lake to investigate. He discovered that Modoc wilderness funds were systematically and illegally being diverted to livestock projects. Mr. Lake also documented severe overgrazing in certain areas of the Forest in violation of permit conditions as well as grazing activity in prohibited areas.

In 1983, Tom Lake filed his first internal grievance on these matters. When that proved fruitless, he filed a formal complaint with the Department of Agriculture Inspector General (USDA/OIG) regarding the misappropriation of funds. USDA/OIG eventually confirmed the misappropriation of funds and the matter was resolved. The supervising Ranger in the Modoc District, who had condoned this activity was transferred and promoted.

By the late '80's, Tom Lake's supervisors openly regarded him as a "troublemaker" and began petty harassment such as questioning overtime records and obstructing volunteer citizen projects. In 1989, Tom Lake stimulated a Congressional investigation into overgrazing which led to significant reforms in permit enforcement despite management opposition on the Forest. The backlash from supervisors continued apace. First, Tom Lake was ordered not to communicate any work related information to anyone but himself. Next, he was forbidden to recruit volunteers. Then he was severely restricted in the amount of field work he was allowed to do. Finally, in October of 1991, he was informed that his seasonal contract would not be renewed due to lack of funding.

Tom Lake filed a complaint challenging his termination with the Merit System Protection Board. The Forest Service negotiated a financial settlement of the complaint with Mr. Lake in return for his retirement.

In 1992 Tom Lake and his wife, Ruth, opened an outfitter-guide business to take people on hikes and horseback rides through the South Warner Wilderness. Their business requires a permit from the Modoc National Forest. Not surprisingly, the handling of the Lakes' permit has been far from routine. First his permit application was "lost". The permit was finally granted well after the season for work had begun. The next year his permit access privileges were curtailed in a manner to which no other permittee was subjected. Now his former supervisors have ordered an audit of Tom and Ruth's

business for charging lower than standard fees to customers. Mr. Lake has made it clear that his rates are on a client-by-client basis, taking into account factors such as the weight of the equipment, the nature of the services rendered, and in one case, the fact that his client was handicapped. One side effect of this new investigation is that the Lakes are not listed, despite their repeated requests, as eligible contractors to bid on mapping and trail clearing work in the Modoc and surrounding Forests.

Not surprisingly, Tom Lake has not been quiet about ongoing mismanagement, illegal grazing and other problems on the South Warner Wilderness. On April 5, 1993, the Lakes summarized these concerns in a letter to Secretary of Agriculture Mike Espy. In July, Assistant Secretary for Natural Resources and the Environment, James Lyons, announced an official investigation of their allegations. The investigation is still pending.

Despite the vast acreage of the Modoc and the solitude of the South Warner Wilderness, today there still does not appear to be enough room in this National Forest for people who speak their minds like Tom and Ruth Lake.

These cases are only some of just the GAP cases still arising out of Region 5. Several private law firms in California have enough work to be able to specialize in Forest Service cases. GAP is also counselling several other Region 5 employees who have similar stories but did not want their cases discussed for fear that harassment would only intensify as a result of any public attention.

Region 5 is not atypical of the Forest Service generally. Fear of retaliation is a daily fact of life for many Forest Service employees who are candid with their own supervisors or members of the public about problems with Forest Service operations. Conditions for employees vary tremendously from Forest to Forest, even from District to District on the same Forest. Often, the "solution" for employees faced with these sort of situations is to transfer away from the problems and continue their careers as if nothing happened. Unfortunately, the criteria for advancement within the Forest Service over the last decade has, in our view, tended to reward intolerance, cover-ups and mismanagement.

What is needed is an amnesty for whistleblowers in the Forest Service so that those who have sacrificed their careers in trying to change things for the better can come "home" again. Concerted, specific action in a great number of these cases is needed in order to even begin to make a salient difference in the "culture" of this self-styled para-military organization known as the United States Forest Service.

II. STOP SUPPRESSION OF SCIENTIFIC DISSENT

In the Forest Service, biologists, hydrologists, botanists and other scientists are known collectively as "ologists". In many circles, these professionals are known or label themselves as "combat ologists" because they are often in conflict with their own management. A typical war story of a combat ologist is the Forest Service botanist on the National Forests in North Carolina who, in 1991, was sent out to do her rare, threatened, and endangered plant and flower surveys in winter when the ground was covered in snow.

Forest Service scientists often unavoidably find themselves on the front line of resource conflicts. Their findings and recommendations can facilitate or obstruct projects such as timber sales, mining permits, road building, and range improvements. Consequently, the practice of "good science" can and has proved dangerous to the professional well-being of many ologists in the Forest Service.

Like whistleblowers who report fraud, waste, and abuse, scientists who faithfully report deteriorating environmental conditions, animal populations falling below viable levels, or dwindling timber reserves can find themselves the subject of intimidation, harassment or termination. In some ways, however, the conscientious conduct of science can be more of a threat to established resource policies of a land management agency like the Forest Service than disclosures of mismanagement or misappropriation of funds because the former challenges the very assumptions upon which policies are based and not merely deficiencies in their execution.

To illustrate the current aspects of scientific suppression in the Forest Service, the profiles of two ologists are presented as well as an example of growing attempts to prevent academic researchers from documenting conditions on national forest lands.

A. COLE CROCKER-BEDFORD---BIOLOGIST, KAIBAB NATIONAL FOREST (REGION 3, ARIZONA) AND THE TONGASS NATIONAL FOREST (REGION 10, ALASKA)

Cole Crocker-Bedford has been a Wildlife Biologist with the Forest Service since 1978. Extremely well regarded in his field, he has received numerous awards and citations. His work is often cited in academic and scientific journals.

From 1981 through 1987, while employed on the Kaibab National Forest, Crocker-Bedford did extensive research and writing on declines in goshawk populations. His analysis indicated that successfully nesting goshawk pairs required much more undisturbed area than previously thought. The implications of his work indicated that the type of timber harvesting being practiced, clearcutting, would have severe negative consequences in goshawk habitat areas. His published, peer-reviewed research became the basis of court challenges to proposed timber sales brought by environmental groups.

Regional Forester himself, have mounted an aggressive campaign of attacks on Crocker-Bedford's goshawk studies and on Crocker-Bedford's professional integrity. Crocker-Bedford, who had transferred to the Tongass National Forest, has received gag orders from his current supervisors not to respond to these attacks. Further, Crocker-Bedford has been denied permission to represent the agency at, or to even attend, conferences on goshawks. Further he has been forbidden from writing new material or submitting existing material to peer review journals.

Compounding the situation for Crocker-Bedford is the work he has been allowed to do since coming to the Tongass. In 1989, in the midst of a major timber sale appeal, Crocker-Bedford conducted a field survey which revealed serious deficiencies in the Forest's retention of old growth stands as well as the implementation of stream buffer strip program. His report on these matters was subsequently introduced in the judicial proceedings and influenced the issuance of a restraining order against the Forest Service.

In 1991 Crocker-Bedford chaired the first inter-agency, interdisciplinary Viability Populations Committee (VPC) to produce a study detailing the resource requirements to maintain well-distributed viable populations of wildlife throughout the Forest. The completed report of the VPC was never issued by the Regional Office. Crocker-Bedford is then subjected to the worst performance evaluations of his career. His supervisors are now seeking to revise his performance criteria around highly subjective factors to promote greater team-play.

Significantly, several of the other Forest Service ologists involved in the suppressed VPC report have since transferred off the Tongass. A number of the remaining scientists are being subjected to a variety of adverse actions by Tongass management.

B. UNNAMED "RESOURCE PERSONNEL", CLEARWATER NATIONAL FOREST (REGION 1, IDAHO)

Another highly politicized resource battleground within the Forest Service are the former timber "breadbasket" forests of western Montana and the Idaho Panhandle. The Clearwater National Forest is one of several Forests in the Region which "crashed", hitting the wall of lower timber harvests. In 1992 the Clearwater harvested only 27 million board feet of timber, little more than a third of its timber target that year of 75 million board feet. A similar pattern of dramatically lower than projected harvests occurred that year in 11 of the Region's 13 Forests.

A Regional Office Management Review of the situation requested by the Clearwater Forest Supervisor concluded that the problem was the "resource personnel" (i.e, the biologists, hydrologists, etc.) who should be made "collectively accountable" for the failure to meet timber targets. At the same time research work on the Clearwater

indicating that 71 percent of watersheds on that Forest were so damaged already as to be in violation of Forest Plan standards was ordered stopped.

Only an aggressive public campaign by AFSEEE prevented what most observers felt was imminent transfer or demotion of the core scientific staff on the forest. The senior biologist on staff subsequently retired citing impossible working conditions, lack of management support and frustration at the continuing failure to address deteriorating resource conditions.

C. SUPPRESSION OF INDEPENDENT RESEARCH

The treatment of Dr. Peter Stacey, a professor of wildlife biology at the University of Nevada at Reno, by the Forest Service has stimulated considerable comment. Stacey had for years conducted bird research in National Forests and in 1992 was in the midst of a major study on Mexican spotted owls when he was confronted by armed Forest Service officials who threatened Stacey and his research team with arrest if they did not leave the Gila National Forest within 24 hours. Stacey was cited for doing "unauthorized research" for failure to apply for a "special use permit" although none had ever previously been required. The new Forest Service research permit conditions would have severely limited Dr. Stacey's access to research sites and would give the Forest Service the right to cancel the permit, without cause, at any time.

While the final outcome of the Stacey case is pending, a number of other academic scientists are reporting to GAP new Forest Service restrictions on independent research. In one very recent case, a reputable botanist on the faculty of a major research university working under contract to another federal agency and in possession of a state endangered plant species collection permit was barred from two National Forests in Region 9. This researcher has been told that a special Forest Service permit will be required for any plant collection but the process for obtaining such a permit has not been spelled out. Significantly, however, timber sales in both of these Forests have successfully been appealed because of rare or endangered plants have been discovered in the proposed harvest areas.

On March 23, 1993, twenty three top conservation biologists and resource scientists wrote an open letter to Vice President Albert Gore, Jr., which read:

> "[W]e are concerned by recent actions taken by the U.S. Forest Service to suppress scientific studies and penalize scientists and resource professionals whose findings do not lend support to current timber programs....[T]he Forest Service has, in several instances, attempted to alter the findings of scientists and resource specialists in order to meet commodity targets set by the agency or Congress....We believe that this systemic problem in current Forest Service

management is the largest single obstacle facing you as you steer the Administration along a new path toward sustainable national resource management. Failure to correct these problems will undermine your every effort."

To my knowledge, this letter has yet to be answered.

III. HOLD MANAGERS ACCOUNTABLE

The flip side of whistleblower protection is addressing the problems which led the employee to risk his or her career. When waste, fraud or abuse is uncovered, the Forest Service has not been notable for holding responsible managers accountable for their actions. Ironically, disciplinary processes in the Forest Service are often used for the perverse purpose of removing good managers, silencing critics, and spreading intimidation.

The profile of cases that follows illustrates how accountability within the Forest Service is turned on its head. Outrageous conduct goes unpunished or, in some cases, is actually rewarded. Conscientious managers are subject to arbitrary removal.

A. ERNIE NUNN---SUPERVISOR, HELENA NATIONAL FOREST, AND CURT BATES---FORMER SUPERVISOR, CUSTER NATIONAL FOREST (REGION 1, MONTANA)

In 1989 the Forest Supervisors of Region 1 jointly submitted a letter to the then Chief of the Forest Service, F. Dale Robertson. The first signature on the letter was from the Regional Forest, John Mumma. The letter, called the "Sunbird Letter" after the Arizona resort where they presented it to the Chief, warned that the Forest Service had lost sight of its stewardship mission and had become an organization out of control. It is an understatement to say that the letter was not well received.

Two years later, John Mumma was removed as Regional Forester. In that same year, a directive to remove Ernie Nunn, the man Mumma recruited as the Supervisor of the Helena National Forest, was withdrawn as a result of considerable public outcry on behalf of Nunn.

In the period following the inauguration of the Clinton Administration, a moratorium on high level personnel transfers was instituted in most agencies, including the Forest Service, so as to give new Clinton appointees time to evaluate existing operations and personnel. One exception to this moratorium in the Forest Service was disciplinary moves. That June, while the moratorium was still in effect, Ernie Nunn and Curt Bates, Supervisor of the Custer National Forest, were notified that they were to give up their

Supervisor positions, report to a new, as yet unspecified assignments in Washington, DC, and serve two week suspensions.

This disciplinary transfer, called a "directed reassignment", was based upon allegations of impropriety involving fielding a Forest Service mule train to march in the 1991 Rose Parade. Unbeknownst to Nunn and Bates, the Forest Service had initiated a two year investigation of the circumstances surrounding the purchase of the mules and the solicitation of private donations to send the team to Pasadena. The Forest Service had even gone so far as to seek criminal prosecution of Bates and Nunn by the U.S. Attorney, who declined the referral. Acting before Assistant Secretary Lyons was confirmed, then Deputy Chief George Leonard demanded immediate transfer, refusing to allow them to remain on their Forests while their defense could be considered.

The haste in removing the two supervisors seemed out of place considering the trivial nature of the charges, which involved technical violations and did not suggest any personal gain or motive. In fact, the two Supervisors had been acting at the direction of their boss, John Mumma.

Curt Bates, who had been under considerable pressure from the Washington Office to quickly grant several pending mining and drilling permits, had always been considered a progressive, fair and business-like manager with more than 30 years in the Forest Service. Curt Bates felt betrayed by the organization he had served so long. He did not feel he could remain loyal to agency which was not loyal to him. While strenuously maintaining that he had done nothing wrong, he decided to retire on the date he was supposed to report to Washington, DC.

Ernie Nunn filed a grievance and, when that was rejected by George Leonard, filed an appeal with the Merit System Protection Board (MSPB) arguing that the disciplinary charge was without any merit and that it had been inspired by his signature on the Sunbird Letter and the testimony he gave to Congressional investigators looking into the dismissal of Mumma.

The Nunn MSPB appeal has been put on hold until February 15 in order to exhaust the last stage in Nunn's grievance procedure--a review by the new Chief of the Forest Service. Significantly, the Forest Service official in the Washington Office who had been assigned to handle the Nunn case is also a witness against Nunn.

Regardless of the merits of the allegations about the mule team for the 1991 Rose Parade, a lot of taxpayer money was spent to pursue Ernie Nunn and Curt Bates. Of the 13 signers of the Sunbird Letter, only 4 were left in place. The rest, like Mumma, Nunn and Bates, had retired, been removed, or ordered transferred.

B. BILL SHOAF---FORESTER, TONGASS NATIONAL FOREST (REGION 10, ALASKA)

Bill Shoaf, a 15 year Forest Service veteran, had served as the interdisciplinary team (ID team) leader for long-term timber sale projects on the Tongass National Forests for three years. In the summer of 1991, Shoaf wrote a report to his superiors that a Notice of Intent to prepare a major timber sale was illegal in that it dramatically understated the size of the unit slated to be harvested. After having his objections consistently ignored by his superiors, he submitted a letter of comment as a private citizen on the very Environmental Impact Statement that his own ID Team had prepared.

Shoaf's letter of comment caused a lot of comment, as well for calls for an investigation whether Shoaf's charges were true. No investigation was conducted. No one on the Forest even addressed Shoaf's concerns.

As Shoaf's ID Team begin preparing for the largest timber sale in the nation, the Central Prince of Wales Island sale, Shoaf concluded that not only was the same type of illegal unit expansion taking place on the project but that estimates of harvestable timber were grossly exaggerated. In fact, Shoaf concluded that the extensive nature of the reliance on false data placed the Forest Plan itself in violation of the National Environmental Policy Act, the National Forest Management Act, the Multiple Use Sustained Yield Act and the Tongass Timber Reform Act.

On June 14, 1993, Shoaf's immediate supervisor, Dave Arrasmith, issued a written direction that Shoaf and the ID Team not disclose any of these matters to the public and instead rely on the inflated timber supply estimation which Shoaf's team had documented as unsustainable. With the assistance of AFSEEE and GAP, Shoaf filed a formal "whistleblower disclosure" with the Office of Special Counsel documenting this pattern of illegalities and mismanagement on the Tongass. After reviewing the submission, the Special Counsel determined that Shoaf's disclosures had "a substantial likelihood of validity" and ordered the U.S. Department of Agriculture to investigate.

The Department of Agriculture requested an extension until January 1994 before even beginning an inquiry.

In the meantime, Bill Shoaf waits. For three years he has been trying to get someone to pay attention to what was happening on the Tongass. Shoaf has been removed as ID Team leader and stripped of any real responsibility. In his words, "I have a paycheck but not a job." In his timber dependent community, Shoaf attracts a lot of attention. He avoids public gatherings and has even been hassled while shopping for groceries.

The same managers who approved and, in some cases, ordered the use of false and misleading data in public documents to facilitate the timber sales are still in their

C. TWENTY FIVE UNNAMED SPECIAL AGENTS (REGIONS 5 and 6, CALIFORNIA, OREGON AND WASHINGTON)

Recently, Congress mandated the formation of a separate law enforcement program within the Forest Service. Under the "stovepipe" requirements, the approximately 160 Special Agents (detective level investigators) and 500 Law Enforcement Officers (uniformed peace officers) were removed from the authority of line managers, such as District Rangers and Forest Supervisors and placed in their own chain of command reporting directly to the Chief.

In making this change Congress reacted to a flood of stories of management interference with law enforcement investigations, particularly investigations into timber theft. These stories were documented in General Accounting Office reports and Congressional studies and depicted on several network television news magazines as well as many newspaper and magazine articles and, finally, detailed by Special Agents testifying under oath before several Congressional Committees. Besides timber theft, accounts by Special Agents of interference included cover-ups of rank corruption, such as use of tax funds to pay for prostitutes, widespread illegality, such as the routine use of undocumented workers on Forest Service reforestation and brush removal crews, and violations of public trust, such as falsifying responses to requests for documents under the Freedom of Information Act.

The extent of ongoing timber theft that was tolerated within the Forest Service is staggering. Forest Service official estimates say that timber theft from National Forests ranges from $10 million to $100 million each year, unofficial estimates run even higher. As much as one dollar out of ten from our public timber program may be stolen. Yet, even more staggering, is that these thefts have been going on for decades. Timber theft is not reflected in Forest Plans. Some designated reserves are nonexistent because they have been taken while the Forest Service deliberately looked the other way.

The Forest Service vigorously opposed the law enforcement stovepipe plan. One top Forest Service official even helped direct letters of opposition by timber executives to key Senators. While ultimately unsuccessful in Congress, line managers in the Forest Service have shifted venues to fighting the bureaucratic implementation and budgeting for the new program.

What remains unclear is whether a single manager will suffer even the mildest reprimand for their role in the timber theft and other cases documented by these Special Agents.

The foregoing cases are offered to show that within the Forest Service there is little effort to get to the root of problems. Investigative resources and merit system sanctions are employed in petty vendettas while millions of dollars of timber is stolen.

little effort to get to the root of problems. Investigative resources and merit system sanctions are employed in petty vendettas while millions of dollars of timber is stolen. Serious allegations made by its own employees are stonewalled. The careers of good people are ruined but nothing is ever done to the retaliator.

The Forest Service's lack of accountability has taken a cancerous toll on the public credibility of its top management. In my view, one motivation for not drawing the new Chief from the ranks of the Senior Executive Service within the Forest Service is that the top management of the agency has been complicit in misconduct of a bewildering variety for so long that it is justifiably discredited and mistrusted. The only path back to credibility is to make accountability concrete in specific cases and not just a dictum.

CONCLUSION

GAP would like to join AFSEEE in urging that current Forest Service gag orders be rescinded. We would also join in AFSEEE's call for protections for whistleblowers and for safeguards enabling scientists to pursue and publish needed research even when the findings or implications of research are politically inconvenient.

We are greatly encouraged and hopeful that the new Chief of the Forest Service will meaningfully address the issues raised by this testimony. There have been memos, policies, and directives from the Chief's Office before to the effect that retaliation against whistleblowers will not be condoned. Tolerance for divergent scientific and policy points of view has for years been enshrined in the Forest Service Manual. We are anxious to see how official policy is actualized in the many individual cases awaiting decision.

The Forest Service professionals with whom we at GAP feel honored to work love the Forest Service and want to be proud of it once again. There are many conscientious and concerned ologists, foresters, technicians, and law enforcement personnel who want to help reform the agency to which they have dedicated their professional lives.

Thank you again for inviting my testimony. If I can provide any additional information about these issues, I would be happy to work with you and your staff.

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FOREST RESOURCES GROUP

WRITTEN STATEMENT FOR THE RECORD

OF

DOUG CRANDALL
ASSISTANT VICE PRESIDENT
PUBLIC FORESTRY

OF THE
AMERICAN FOREST & PAPER ASSOCIATION

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
AND THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

OF THE NATURAL RESOURCES COMMITTEE

ON
"REFORM OF THE FOREST SERVICE"

FEBRUARY 1, 1994

REFORM OF THE FOREST SERVICE

Mr. Chairman, I am Doug Crandall, Assistant Vice President, Public Forestry, of the American Forest & Paper Association (AF&PA). I appreciate the opportunity to address you here today.

My testimony is presented on behalf of the American Forest & Paper Association. AF&PA is the national trade association of the forest, pulp, paper, paperboard, and wood products industry. AF&PA represents member companies engaged in the growing, harvesting, and processing of wood and wood fiber, and the manufacture of pulp, paper, and paperboard products from both virgin and recycled fiber, and solid wood products. Of the association's 400-plus company members, approximately 260 are solid wood manufacturers. The association is also the umbrella for more than 60 affiliate member associations that reach out to more than 10,000 companies.

AF&PA members make an important contribution to the U.S. economy. They employ 1.6 million people, enjoy annual sales in excess of $200 billion, and have facilities in all fifty States. AF&PA members account for over 7 percent of the U.S. manufacturing output , producing goods and nurturing a resource which enhances the daily lives of all Americans.

Forest Health and Timber Supply Indicate a Need for Change

The trendy words, dysfunctional and gridlock, do a fair job of describing the Forest Service of the 90's. As a result of our national forests being managed less by professional foresters than the courts, we are seeing the ability of the Forest Service to achieve its mission of "caring for the land and serving people" severely restricted.

This legal gridlock is pervasive across Forest Service programs, but is most noticeable in two areas:

First, forest health problems are spreading in every region. Insect and disease epidemics and catastrophic fires are occurring at an escalating rate. Our knowledge of these problems, while incomplete, is sufficient to the degree that we can address and ameliorate them -- with active hands on management. **Forest health must be a priority in any discussion of the future of the**

Forest Service.

Second, the Forest Service timber sale program is in a free fall. Attached to this testimony is a graphic review of the Forest Service timber sale program. Figures one, two, and three clearly show the plummeting timber sale program. Figure four shows the resulting train wreck; volume of timber under contract at a desperately low level. Figure four shows why about 150 mills have shut down in the west in the last two years and why hundreds more will be lost in the next two years.

While reasonable people could have disagreed over land allocations and sale levels during the eighties, the resulting correction went way beyond any reasonable person's expectations. In an over zealous attempt to modify sale levels, the entire timber sale mechanism was derailed, legally and politically. Extrapolating out the trends on the graphs for another two years shows the disaster complete. If moved upon quickly, a portion of this disaster can be averted -- for all the right reasons:

♦ In the U.S. today we have more forested acres than we did fifty years ago, and we are growing 37 percent more than is being harvested. We are the world's most successful tree growers, have some of the most productive forest soils on earth, and have the best forest practices.

♦ Approximately one-third of the United States is owned by the Federal Government. Of that, the Forest Service manages 46 percent of the nation's inventory of softwood sawtimber, yet these lands have traditionally provided only 24 percent of the annual harvest of softwood sawtimber -- dropping to 15 percent last year.

♦ Abundant examples internationally have made it clear that a healthy and competitive economy must have a strong manufacturing component. In the United States the forest products industry plays an important role in this capacity by directly employing over 1.5 million people and by producing more than 7 percent of the total manufacturing income of the country.

♦ Wood products are far more desirable from an environmental standpoint than are its substitutes. Wood is renewable, reusable, and recyclable. Energy consumption for the production of wood products is, on average, seven times less than for wood substitutes such as aluminum, steel, concrete, or plastic.

♦ In recent years, timber price trends have continued to rise to record high levels. Studies by the National Association of Home Builders conclude that a 20 percent price increase in wood construction products will force 65,000 families annually out of the new home market.

♦ International demand for wood products is increasing at an increasing rate. The United Nations Food and Agriculture Organization (FAO) forecasts a global increase in demand for forest products of 40 percent by the year 2010.

The Forest Service's encounter with gridlock is keeping national forest lands from supplying their responsible share of forest resources to the American public. The resulting timber supply shortage is reducing U.S. manufacturing capability, wreaking economic and human havoc in thousands of rural communities, driving up the U.S. trade deficit, forcing consumers to buy wood substitutes that are environmentally less preferable, and making it much more expensive for Americans to buy a home.

Supplying a dependable and sustainable level of timber outputs to meet the wood and fiber demands of the American people must also be a fundamental component of any discussion about the future of the Forest Service.

This hearing over the future of the Forest Service is timely considering the urgency of the situation from the standpoints of forest health and timber supply. For the sake of this discussion the American Forest & Paper Association offers the following recommendations.

Reinventing the Forest Service

AF&PA strongly supports the Administration's current reinvention efforts within the Forest Service as a means to reunite and redirect the agency. There has been an unmistakable identity crisis within the Forest Service from the lack of strong leadership and solidarity of purpose which has allowed a series of competing and divisive subcultures to be formed. Any serious reinvention, therefore, dictates a reevaluation of what it is the Forest Service does and how it does it. This will require a solid dedication from all levels of the organization to: (1) determine what the goals of a reinvented Forest Service should be; (2) evaluate each agency program in lieu of those goals; (3) make the necessary program and policy changes; and (4) generate support and a clear common vision of the goals among agency staff.

These steps need to begin relatively quickly as **the agency is already being haphazardly restructured due to budget cuts** -- without any guidance from a comprehensive plan or list of goals. The result of this uncontrolled restructuring will be a continuation of forest management gridlock, and a furthering of economic and ecologic degradation.

Ecosystem Management

One of the primary aspects of reinvention needs to be the implementation of ecosystem management as a process for developing and maintaining forest health. Anne Heissenbuttel will go into that in more detail during her testimony.

Restructure the Agency

Another basic aspect of reinvention will be the actual restructuring of the Forest Service into a more streamlined organization. The Forest Service has four major layers of administration: ranger districts, forests, regions, and the Washington office. Each of these layers has its own sub-layers.

Three major developments of the past decade have made this structure outmoded: (1) advances in communications make it as easy to send a memo or map across the country as across the hall; (2) the expanded role of the courts in forest planning and operations makes it far more important than in the past for Forest Service policy to be precise, consistent and appropriately documented, with the consequence that much greater direction and coordination, especially as to process, is required; (3) federal budget strictures compel the agency to become more administratively efficient.

As a result: (1) geographic proximity is no longer required for efficient communications; (2) the present heavily layered structure is obstructing precise and uniform direction needed to satisfy legal requirements; (3) an excessive proportion of agency funds are being spent on administration rather than direct program use; (4) district and forest staff are spending a disproportionate amount of time in the office rather than in the field; and (5) every layer has accumulated its own complement of technical experts ("ologists") causing much duplication of effort.

Therefore, **the Forest Service should streamline its operations by reducing its major layers of administration to at most three,** or perhaps two. As part of that reduction, numerous office locations should be closed, consolidated or moved.

A Blue Ribbon "Base Closing" Commission

AF&PA recommends that a blue-ribbon commission be established to make the streamlining recommendations, and that these recommendations be accepted or rejected as a whole.

This mechanism would help to assure that choices are made on a basis of a coherent plan to achieve over-all efficiency, rather than being merely a sum total of

individual political decisions. This process would shield the agency from direct attack by those who oppose specific changes. A selective body is also likely to have more credibility with the Appropriations and Agriculture Committees, who, under present law, have to approve any changes.

Although the congressional committees might not, at first glance, favor making an advance commitment, the advantage of this process is that the committees would be mostly spared the member-by-member hassling that would inevitably occur if they handled streamlining on a facility-by-facility basis. The opportunity for members, and anyone else, to lobby on behalf of a facility would occur during consultations with the blue ribbon commission.

Communications Strategy

Perhaps the weakest aspect of Forest Service performance in the last ten years has been in communications. Rather than utilizing proactive communications to respond to the challenges of contentious issues and increased public scrutiny, the agency has seemed to crawl into its shell. This has allowed other individuals and organizations to define the Forest Service - usually in negative terms - to the public, Congress, and, to a certain extent, its own employees. The result is the growing perception of forest management as an either/or activity; either jobs or the environment; either complete preservation or ecological catastrophe. Though the science of forestry in practice debunks this divisive myth, the positive results of forestry are poorly or seldom told. **For the Forest Service to regain control of its future it must completely rethink its internal and external efforts in communications in line with its "reinvented" mission and goals.**

Internal Communications Needs

The agency should invite an outside firm to conduct an internal "communications audit." In addition to identifying persistent problem areas that lead to communications breakdowns, the audit would identify how communications between levels in the organization can be improved and how the agency can better communicate its mission and goals throughout the organization.

The mission and goals of the organization must be more aggressively merchandized internally. Many of the newer Forest Service employees do not have the technical background or sufficient on-the-ground experience to have a well developed idea of integrated scientific forest management. A professionally constructed internal communications effort would improve agency morale, help to ensure consistent performance and policy implementation, and enhance public perceptions of the agency.

External Communication Needs

Various aspects of the agency still sustain a significant level of credibility with the public that need to be used to spearhead a campaign to build public awareness of forest management. These assets include, but are not limited to, local field personnel and scientists, symbols (e.g. Smokey the Bear), and a solid history of effective stewardship.

The agency should develop a more aggressive approach toward informing the often emotional public debate on forestry issues with the relevant facts. The professional esteem and technical expertise of the Forest Service should be more actively engaged in the process of informing the interested public (i.e. the agency's "customers") about the rudiments of forest resource management. **The agency shouldn't abdicate its responsibilities to educate the public and to defend policies and practices which are justified by scientific practice and professional experience.**

Develop a Federal Commission to Review Environmental Laws and Regulations

Although federal commissions, such as the Outdoor Recreation Resources Review Commission (ORRRC) and the Public Land Law Review Commission (PLLRC), have met with varying degrees of success, this is clearly the level at which a review of federal environmental laws and regulations must take place. Since conflicting laws and regulations are a direct result of congressional intervention it will take this kind of congressional commitment if there is to be any chance of resolution.

The Forest Service must comply with a number of interrelating and conflicting laws and regulations addressing environmental and land management concerns. While each law was passed to address one or more issues related to national forest or federal land management, inherent conflicts among the statutes were often not fully understood or, in some cases, did not develop until the agency's interpretation and implementation of the laws came into question. In addition, many of the agency's implementing regulations were written to achieve specific objectives without full consideration of the broader statutory direction.

In order to make the Forest Service "work better and cost less," the first directive of this type of commission would be to do a preliminary review with the Forest Service to determine how laws and regulations are hindering or preventing the agency from achieving its goals.

Next, at a minimum, the commission should undertake a comprehensive evaluation of the interrelationships between the Multiple-Use Sustained-Yield Act of 1960 (MUSY), the National Environmental Policy Act of 1969 (NEPA), the Forest and

Rangeland Renewable Resources Planning Act of 1974 (RPA), the National Forest Management Act of 1976 (NFMA), and the Endangered Species Act of 1973 (ESA). The review may identify other applicable laws which should be included as well. The review should identify conflicting provisions among the laws themselves, as well as circumstances where agency interpretation and direction have subsequently created the conflict. In particular, the review must focus on those relationships and conflicts which have effectively prevented timely and cost-effective land management, including forest planning, plan implementation, and NEPA compliance, in recent years.

Finally, the commission would craft and present legislation in accordance with the findings of the study.

Conclusion

Of all the problems the Forest Service has, one of them is **not** a lack of highly qualified foresters who take their charge of stewardship of the land very seriously. What is the problem is that these people aren't allowed to do their jobs. One of the key principles in Al Gore's National Performance Review is "Empowering Employees to Get Results" and states that "effective entrepreneurial governments transform their cultures by decentralizing authority. They empower those who work on the front lines to make more of their own decisions and solve more of their own problems."

In 1985 the Forest Service published a task force study on agency communications and awareness. Here are some conclusions from the report; they should sound familiar. "There is a belief that the Forest Service is burdened with an overly complex planning process which has not resulted in significant contributions to "on the ground" management. Many of those interviewed also expressed concern that the Forest Service has become too process oriented, citing the appeals and contracting procedures as examples. This has consumed time, energy, and limited resources at the expense of getting the job done on the ground."

"There is widespread concern about the declining ability of the District Ranger to make decisions and effectively complete "on the ground" work. As perceived, this is brought about by an erosion of decision authority, complex and overly burdensome environmental assessment requirements, excessive paperwork leading to limited field [work] for the District ranger and key staff, and loss of effective contact with "grassroots" constituency."

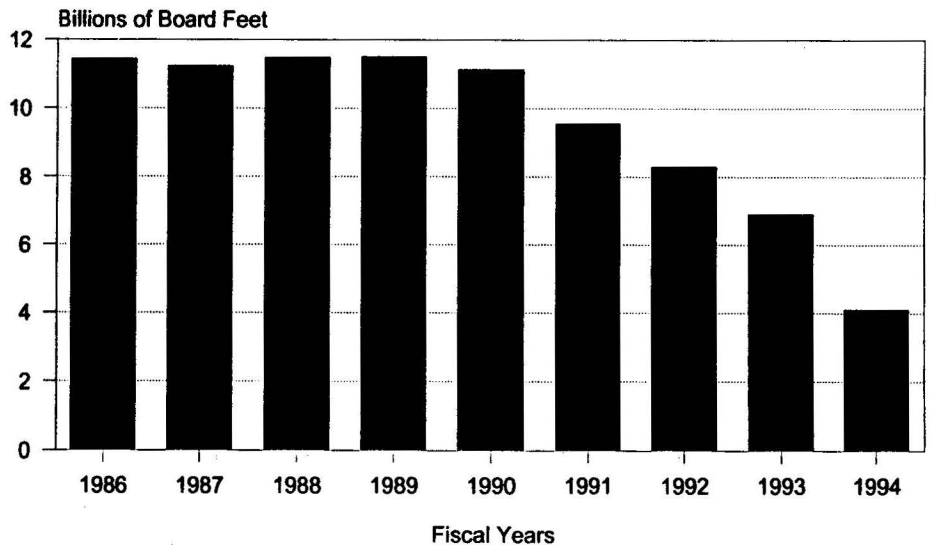
These concerns, though prevalent throughout the agency for many years, have gone largely unnoticed. The future success of the Forest Service in developing and conserving forest health and in maintaining a dependable and sustainable level of

timber outputs will depend primarily on two things: the agency's ability to empower the people on the front lines, and the willingness of the Administration, Congress, and the leadership of the Forest Service to work together to provide consistent national direction and support to those implementing agency goals on the ground. **This is not just an opportunity but an obligation -- to reinvigorate an agency that has an immense responsibility to society. AF&PA stands ready to assist in any way this committee would find useful.**

FIGURE 1

U.S. Forest Service Timber Sale Program

Congressional Sale Targets for Fiscal Years 1986 to 1994

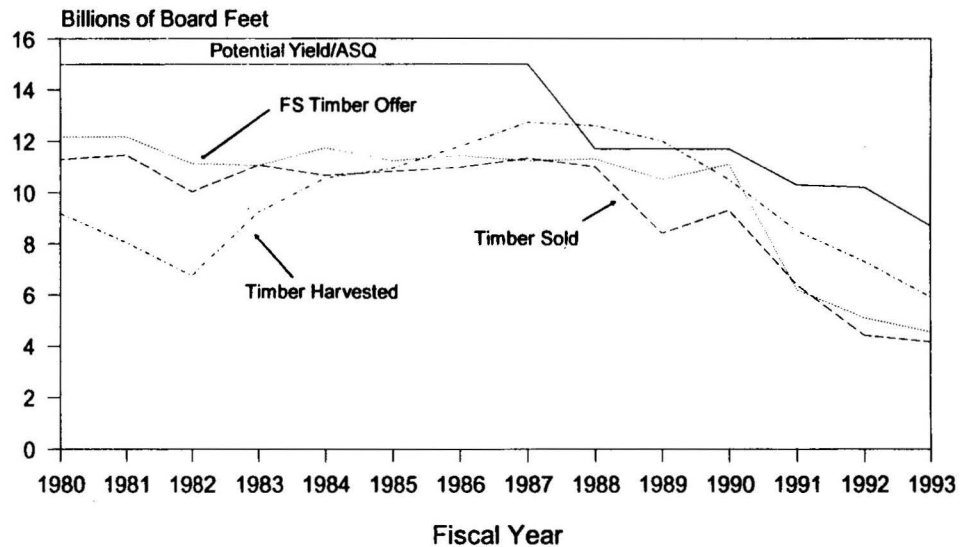


Source: FS budget explanatory notes

AF&PA

FIGURE 2

Forest Service Timber Sale Program
Offer, Sale and Harvest Accomplishment



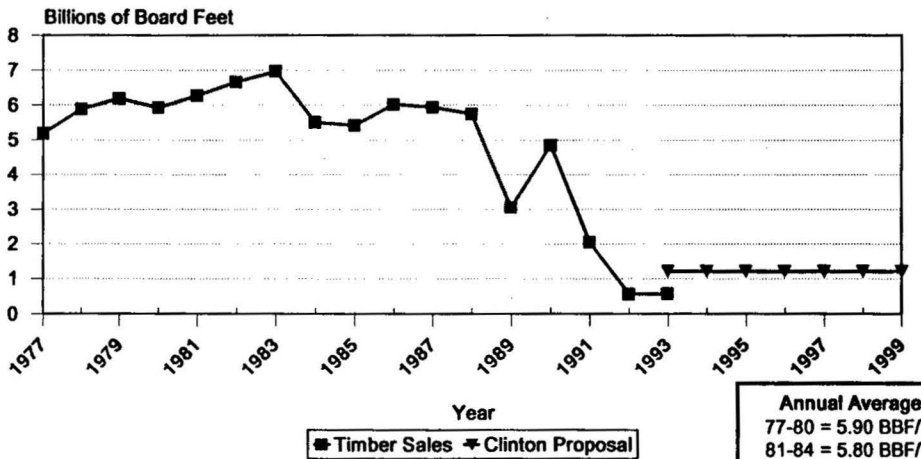
AF&PA

Source: U.S. Forest Service

FIGURE 3

Relation of Historic Federal Timber Sales To Clinton Spotted Owl Proposal

(Spotted Owl National Forests & BLM Districts)



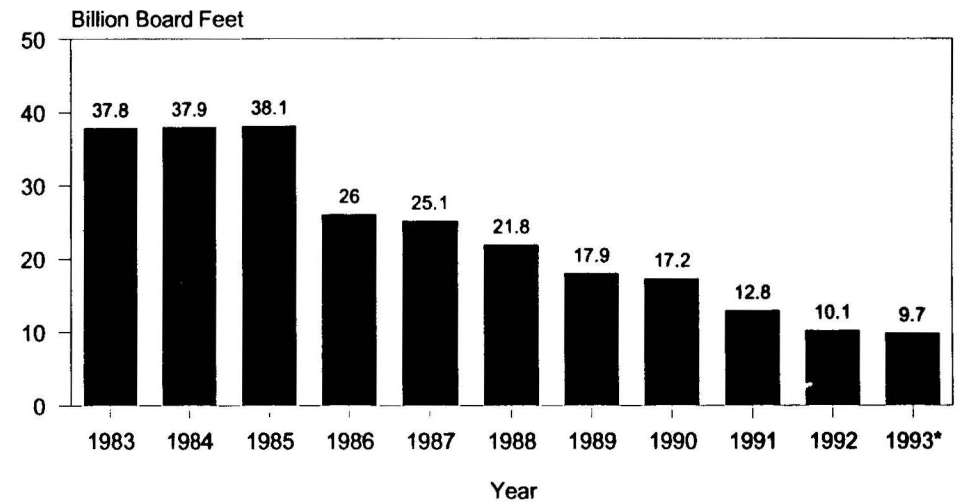
Annual Averages
77-80 = 5.90 BBF/Yr.
81-84 = 5.80 BBF/Yr.
85-88 = 5.78 BBF/Yr.
89-92 = 2.62 BBF/Yr.
81-88 = 5.79 BBF/Yr.
81-92 = 4.73 BBF/Yr.

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Sources: U.S. Forest Service and BLM data

FIGURE 4

National Forest Timber Volume Under Contract to Purchasers Awaiting Harvest



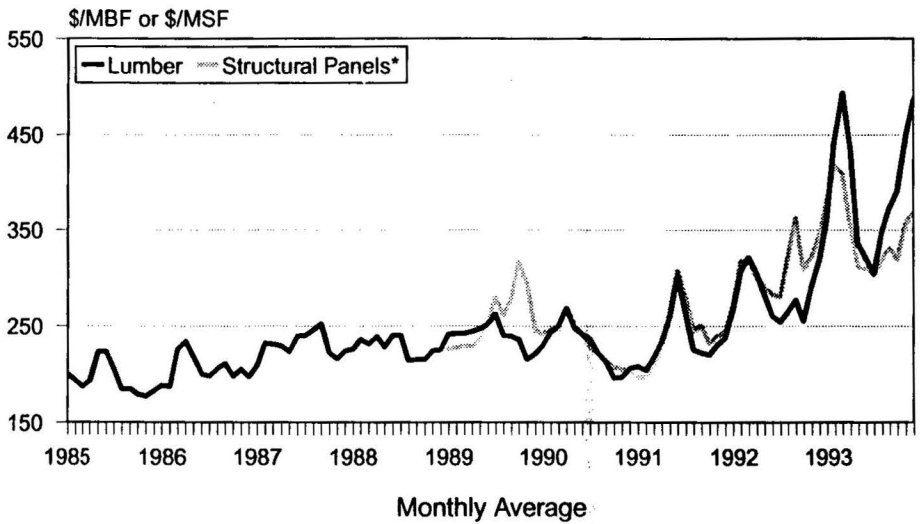
Source: USDA, Forest Service

* Includes enjoined volume that can't be operated.

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FIGURE 5

Random Lengths Composite Price of Softwood Lumber and Structural Panels



Source: Random Lengths

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* Composite Price not available before 1989.

WRITTEN STATEMENT FOR THE RECORD
OF

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HEARING ON MANAGEMENT REDIRECTION ON THE NATIONAL FORESTS

BEFORE THE
NATIONAL PARKS, FOREST AND PUBLIC LANDS
SUBCOMMITTEE
OF THE
NATURAL RESOURCES COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 1, 1994

Introduction

My name is Dr. William McKillop. I am Professor of Forest Economics in the College of Natural Resources, University of California, Berkeley. I have authored over 100 research publications and conference papers in the area of forest and natural resource economics. Prior to joining the UC Berkeley faculty in 1964, I was a research officer with the Canadian Forestry Service. In addition, I have undertaken temporary assignments with a number of national and international organizations, including the United Nations and the U.S.D.A. Forest Service. A major focus of my research and teaching is analysis of the economic effects of changes in forest policy. Recently, I have engaged in a number of activities related to the effects of restricting timber output in California and the Pacific Northwest, including a study for the State of Washington, service as an expert witness for the U.S. Bureau of Land Management in its Spotted Owl petition to the Endangered Species Committee, and Chair of the Oregon Lands Coalition Socio-economic Panel which reviewed President Clinton's Forest Plan.

The Economic Effects of Management Redirection on the National Forests

William McKillop, Professor of Forest Economics
College of Natural Resources, University of California, Berkeley
February 2, 1994

Executive summary

This report analyses the economic effects of management redirection on the National Forests. It focuses on a range of economic effects relating to: (a) outlook for government revenues, (b) effects on U.S. consumers, and (c) regional non-timber activities such as recreation and tourism, service employment in forestry, marketing of special forest products, and commercial fisheries. To demonstrate the consequences of management redirection it uses, as a case study, the effects of adopting the Forest Ecosystem Management Assessment Team (FEMAT) option 9 on the National Forests of California and the Pacific Northwest in the region of the Northern spotted owl. There will be similar types of effects for other National Forests such as those in the California Sierra Nevada if proposed management plans for the California spotted owl are implemented.

Baseline harvest levels

The social and economic costs of management redirection on the National Forests can be gauged only by comparing proposed timber harvest levels to a baseline alternative which reflected concern for local communities and regional economies.

The most appropriate baseline period for assessing the effects of redirection is the ten-year period, 1980 through 1989.

Reductions in timber outputs

Management redirection under FEMAT option 9 would result in a federal scheduled timber harvest level in the owl region of 1.084 billion board feet (Bbf) per year. This is lower by 3.440 Bbf (76 percent) than the 1980-89 average federal harvest level of 4.524 Bbf.

FEMAT assumed that the three-state owl region net timber harvest decrease under option 9 will be 3.065 billion board feet because nonfederal harvests will rise in response to decreases in the federal cut. This assumption is untenable. Environmental constraints and lack of mature growing stock will prevent increases in the overall level of private harvests.

Decreases in regional employment and income

The 3.440 billion board feet reduction in federal timber harvests resulting from management redirection under option 9 will result in the loss of 34 thousand jobs in the

timber industry and a loss of 38 thousand other jobs in Washington, Oregon and California, for a total loss in employment of 72 thousand jobs.

There will be a corresponding reduction in regional income of $1.7 billion per year.

The above estimates do not include job losses due to reductions in reforestation and other silvicultural activities. Olson and Maki included the effect of those reductions in their estimate of 81.5 thousand lost jobs.

Losses to federal, state and local government

The loss in net timber sale receipts to the U.S. Treasury will be $289 million per year due to management redirection under option 9.

This will result in a reduction in federal payments in-lieu-of-taxes to counties and school districts of $209 million per year.

There will be losses of over $5 million per year in sales taxes and over $6 million per year in timber yield (excise) taxes in California and Washington.

State personal and business income tax receipts will decrease by $56 million per year. Federal income tax receipts will drop by $117 million per year.

Unemployment compensation payments to cover laid-off workers for a twelve-month period will be $746 million. Costs of supplementary programs to assist the unemployed will be additional and substantial.

Consumer losses

Data in the FEMAT report permit a conservative estimate of longer term losses to U.S. consumers due to management redirection under option 9 of $1.2 billion per year because of higher timber prices.

In the shorter term, annual losses to consumers because of higher lumber and plywood prices will be almost $3 billion in each of the next several years.

If timber outputs in other regions do not increase in response to the decline in West Coast harvests, as FEMAT suggests, the annual $3 billion consumer loss could continue indefinitely.

Aggregate national losses

Aggregate national losses due to decrease in regional income and losses to consumers from higher wood product prices will amount to $4.6 billion per year in the initial years of management redirection under option 9. This level of aggregate loss could continue

indefinitely if other regions are unable to increase timber output to partially compensate for the reduction in Pacific Coast timber harvests.

Land allocations

The argument that the economic benefits of timber harvesting on the National Forests can be replaced by economic benefits from increased recreation or by setting aside more areas where timber harvesting is banned or severely restricted is false.

Proponents of management redirection attribute to it economic effects of government expenditures that are more readily justifiable or more feasible under policies that permit 1980-89 levels of timber sales to continue.

Timber harvesting is already precluded on 6.98 million acres of Congressionally-withdrawn federal land which is 29 percent of the 24.26 million acres of federal land within the range of the Northern spotted owl.

Harvesting is also precluded on 1.65 million acres that were administratively withdrawn during earlier forest planning efforts.

These Congressional and administrative withdrawals, totaling 8.63 million acres (36 percent of the total federal acres) represent a substantial prior commitment to preserving natural ecosystems on the public forests.

With management redirection under option 9, 9.28 million acres will be withdrawn from timber production to provide "late-successional reserves" and "riparian reserves", in addition to 8.63 million acres in Congressionally and administratively withdrawn status.

Timber harvesting will thus be precluded on 17.91 million acres (74 percent) of federal lands in the owl region, and will be subject to intense regulation on the remaining acreage.

On-site recreation

Claims are made that there will be advantages to increasing non-motorized recreation opportunities at the expense of recreation opportunities that are motorized or require vehicular access. These are based on estimates of values (average willingness-to-pay) per visit whose reliability and validity are highly suspect.

For example, FEMAT uses a value per daily visit of $35.86 for hiking, biking, horsebacking and other "nonmotorized visits". It is inconceivable that this type of recreationist would be willing to pay such a large fee per daily visit.

Optimal allocation of forestland should be based on the benefits that are provided per acre in each use. On the basis of recreational value per acre, the FEMAT report shows that vehicular-based recreation is a superior form of land use.

88-183 95 – 9

The vast majority of persons who use the National Forests require roads for pursuing fishing, hunting and general recreation activities; and most back-country users need access by road to the trailhead. Without timber harvesting, most National Forest roads would not have been built.

Vehicular-based recreation and timber harvesting are joint and complementary uses of the federal forests. Claims of unsatisfied demand for nonmotorized recreation opportunities is not a legitimate basis for adopting management redirection.

Sport fishing

It is distinctly misleading to imply that current timber harvesting creates a problem with regard to fish habitat. The effect on fisheries of management redirection will be little different than would occur with maintenance of timber sales programs at the 1980-89 level.

Tourism

It is improper to claim that management redirection will increase tourism. An objective appraisal would find that it will have no significant beneficial effect relative to recent policies.

Discussions, such as in the FEMAT report, of potential tourist activity under redirection fail to acknowledge that the bulk of recreationists on BLM and U.S. Forest Service forestland are regional residents. An increase in attendance at new or expanded recreation areas will come mainly through reduction in attendance at other areas. Thus there will be no net increase in overall economic benefits to the region from levels of recreation under the FEMAT alternatives as implied in the report.

Furthermore, wage scales for employment in sectors of the economy catering to tourists and other recreationists are much less than timber industry rates so there is no possibility that tourism and recreation activities will provide alternative employment for laid-off timber workers. Wage scales in the timber industry are probably double those in economic sectors catering to tourism.

A report published by the Southeast Women's Employment Coalition refers to the promotion of tourism as a "flawed economic development strategy" because it provides only low-paying jobs of a seasonal nature. Tourism is an useful component of the economy of any region but it is totally misleading to pretend that tourism will increase if option 9 type of management redirection takes place on the National Forests of Northern California and the Pacific Northwest. Even if it did, it would not provide meaningful employment opportunities for displaced timber workers.

Service employment in forestry

As FEMAT correctly notes, the decline in timber harvesting under redirection will "greatly diminish the need for forestry services workers" for reforestation and timber stand improvement work.

FEMAT, however, claims that wildlife surveys and watershed assessments, as well as "some recommendations for watershed restoration and forest stand improvement will likely help offset some of the declines in the forestry services sector - and potentially increase employment in the sector". It is improper to suggest that these activities will increase employment in the sector.

FEMAT notes that costs for these projects would be substantial. No meaningful analysis has been made of potential funding sources . The fact that these projects have not been undertaken in the past indicates that they were not competitive in the budget allocation process. It is obvious, in the face of continuing federal budget deficits and reduced timber revenues, that they will be substantially less competitive in the future.

Furthermore, wage scales for employment on forest rehabilitation projects are much less than timber industry rates so there is very little chance that such projects will provide meaningful opportunities for the many thousands of laid-off timber workers.

Special forest products

It is unlikely that the overall supply of special forest products such as floral greens, Christmas ornamentals and wild edible mushrooms will increase under management redirection.

Proponents of redirection, such as FEMAT, fail to acknowledge that timber and many special products are complementary rather than competitive in their production and that special products harvesters require access by road to successfully pursue their activities. Thus redirection may reduce, rather than increase, the overall level of activity in the special forest products industry.

Commercial fisheries

Proponents of redirection, such as FEMAT, say that improved watershed and management policies may aid fish stocks in the longer term. A more accurate statement would be that current logging and road-building practices do not significantly affect fish habitat and that watershed improvements could be undertaken without reducing recent levels of timber harvest.

As early as 1968, Van Hyning pointed out that an increase in ocean fishing was the major factor in the decline of the fall chinook run. Kaczynski and Palmisano (1992) indicate that modern timber harvesting practices have a very minor effect on salmon stocks.

Adverse environmental impacts

Management redirection on the National Forests will have large and negative environmental impacts at the national and global levels, including impacts on global biodiversity.

Increased pressure on the sensitive boreal forests of Siberia and the tropical forests of Malaysia and Indonesia will occur because of reduction in timber harvests on the U.S. National Forests.

There will be serious effects on global environmental quality and biodiversity because timber harvesting in those regions is not subject to the stringent forest practice regulations in force in the U.S.

Reductions in U.S. timber harvests will lead to increased use of wood substitutes, such as steel, aluminum and concrete, with environmental impacts that will be adverse and substantial.

It has been conclusively established that wood has a substantial advantage in relation to other materials in terms of energy consumption per unit of finished product.

Because of the low energy intensity of wood-based materials, comparatively little carbon dioxide, sulfur dioxide and nitrogen oxides are released in producing them.

The use of non-renewable structural materials such as steel, aluminum, concrete, brick or plastics in place of wood products in construction will result in a substantial increase in energy demand.

One must ask whether a U.S. policy designed to create a pristine domestic environment through continued and increasing reliance on other regions of the world for raw materials is ethically and morally defensible.

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Introduction

This report analyses the economic effects of management redirection on the National Forests. It focuses on a range of economic effects relating to: (a) outlook for government revenues, (b) effects on U.S. consumers, and (c) regional non-timber activities such as recreation and tourism, service employment in forestry, marketing of special forest products, and commercial fisheries. To demonstrate the consequences of management redirection it uses, as a case study, the effects of adopting FEMAT (Forest Ecosystem Management Assessment Team 1993) option 9 on the National Forests of California and the Pacific Northwest in the region of the Northern spotted owl. There will be similar types of effects for other National Forests such as those in the California Sierra Nevada if proposed management plans for the California spotted owl are implemented.

Outlook for government revenues

Baseline harvest levels

A major change in the ability of the federal agencies to manage lands under their jurisdiction within the range of the Northern spotted owl occurred in 1989 with the decision of the U.S. District Court for Western Washington regarding of the adequacy of the U.S. Forest Service environmental impact statement for its spotted owl management option. Therefore, the most appropriate baseline period for assessing the effects of management redirection under FEMAT options is the ten-year period, 1980 through 1989.

The period 1980-89 contains a range of highs and lows in forest product markets. It is equivalent in length to the 10-year period used by the U.S. Forest Service in calculating decade-by-decade sustainable levels of allowable sale quantities on the National Forests.

Federal timber harvesting in the period 1980-89 was conducted under comprehensive and detailed land use plans of the U.S. Forest Service and U.S. Bureau of Land Management which ensured a supply of timber on a sustained yield basis, and struck a balance between protecting natural ecosystems and meeting the obligations of these agencies to support local and regional economies.

After 1989, in response to political pressures as well as court decisions, the U.S. Forest Service and Bureau of Land Management initiated substantial replanning efforts. It is important that the baseline alternative does not include the effects of these replanning efforts so that the full cumulative impacts of policy changes can be properly assessed.

U.S. Forest Service Region 6 harvest levels in 1980-89 have been incorrectly characterized as record highs. Average harvests of the 1960's and the 1970's were higher than during the 1980's (Rasmussen 1993).

It is improper to claim that existing Forest Service management plans significantly overestimated the amount of timber available for harvest, and prescribed high harvest levels that could not be sustained. Harvest levels projected in existing plans were sustainable, given the land allocations permitted prior to court decisions (Rasmussen 1993a).

Reductions in timber output under FEMAT option 9

Management redirection under FEMAT option 9 will result in a federal scheduled timber harvest level in the owl region of 1.084 billion board feet (Bbf) per year. This is lower by 3.440 Bbf (76 percent) than the 1980-89 average harvest level of 4.524 Bbf (Forest Ecosystem Management Assessment Team 1993).

The FEMAT report implies that, if the federal cut is reduced, nonfederal harvest levels will increase in response. Close familiarity with California conditions indicates there will be no nonfederal increase in that state (Krumland and McKillop 1990). Analyses by Rasmussen (1993a, 1993b) properly conclude that there will be no significant increase in nonfederal timber harvests in Oregon and Washington in response to the decline in federal output.

Among the factors limiting the first decade allowable sale quantities (ASQs) calculated for recently completed NFMA forest plans is the fact that the National Forests have an unbalanced age class distribution. Under a non-declining harvest constraint, harvest during the first decade can be limited by the number of acres available for harvest in the future. Withdrawing a large number of additional acres for late-successional reserves and riparian reserves will likely exacerbate the effects of an unbalanced age class distribution (Rasmussen 1993a).

FEMAT option 9 refers to an average federal cut of 1.2 billion board feet per year. This is based on the addition to the 1.084 Bbf mentioned above of some 116 million board feet of unscheduled timber harvest such as salvage cuts. This 116 million bf is not included in this analysis because information, such as its probable location, has not been made available.

This analysis is, however, conservative with respect to the effect of the drop in harvest because it does not consider the lower quality of timber that will be produced under option 9 relative to that which was harvested in the 1980-89 period. FEMAT estimates of employment per million bf (FEMAT table VI-14) are based on timber harvest and employment data for 1989-90. Timber harvested under the option 9 will provide less employment per million bf than timber harvested in 1989-90. The lower quality of timber will also dampen rises in stumpage prices anticipated by FEMAT.

Decreases in regional employment and income

Using sub-regional estimates of timber industry employment per million board feet of timber harvested in FEMAT table VI-14, it is estimated that the 3.440 Bbf net reduction in

cut resulting from management redirection under option 9 will result in the loss of 34 thousand jobs in the timber industry. The July 1, 1993 White House announcement of President Clinton's forest plan said that it "will directly impact 6,000 jobs". It appears that this 6 thousand job loss was derived by comparing the option to some alternative that already had incorporated in it a major degree of damage to the economy of the owl region, rather than comparing it to an alternative that represented a balance between biological and socio-economic concerns. In Washington, Oregon and California, timber industry job losses due to the option will be 7.4, 23.8 and 2.6 thousand respectively. These estimates do not include losses in employment due to reductions in reforestation and other silvicultural activities.

The FEMAT report uses an employment multiplier of 2.122, indicating that each timber industry job supports just over one other "nonbasic" job in the rest of the economy. Use of this multiplier shows that management redirection under FEMAT option 9 will lead to a loss of 38 thousand nontimber jobs and a total employment loss relative to 1980-89 of 72 thousand jobs in the regional economy. In Washington, Oregon and California, total job losses due to the option will be 16, 50 and 6 thousand respectively.

Olson and Maki (1993) estimate that 81.5 thousand jobs will be lost under option 9. Their analysis included the loss of 6 thousand direct jobs and 6.7 thousand indirect jobs due to reduced activity in the forestry services sector. Addition of job losses in this sector would significantly increase the estimate of 72 thousand lost jobs derived above.

Data provided by Rasmussen et al. (1991) on average annual earnings per job in Washington, Oregon and California were used to estimate that management redirection under FEMAT option 9 will lead to a reduction in payrolls of $1.6 billion per year for the three states combined. Losses to the individual states will be $393, 1092 and 130 million respectively.

Reduction in total regional income will be exacerbated because of a loss in proprietors' income and net corporate earnings of some $58 million per year. The total loss in regional income will thus be almost $1.7 billion per year.

Revenue losses

Neither the DSEIS (U.S. Forest Service and U.S. Bureau of Land Management 1993) nor the FEMAT Report (Forest Ecosystem Management Assessment Team 1993) provide information on 1980-89 average levels of gross and net timber receipts or disbursements to local governments in the owl region. However, reports by the U.S. Forest Service (1992) and the U.S. Bureau of Land Management (1992) permit estimates to be made of these levels for the 1986-90 period. Management redirection under FEMAT option 9 will generate $355 million in gross annual timber sale receipts. This is $690 million less per year than was generated in 1986-90.

The loss in net receipts to the U.S. Treasury is estimated to be $290 million per year under the assumption that timber sales costs per million feet do not increase under FEMAT option 9. In fact, these costs will undoubtedly be much higher than they were in 1980-89. As a result, the loss to the Treasury will be significantly greater than $290 million per year.

Federal payments "in-lieu of taxes" (PILT) to local governments (counties and school districts) resulting from management redirection under option 9 will be $110 million per year. In 1986-90, they averaged approximately $319 million per year. Redirection, therefore, will result in a loss in revenue to counties and school districts from this source of $209 million per year relative to 1986-90. In Washington, Oregon and California, annual PILT losses will be $26, 172 and 12 million respectively.

Losses in revenues from sales taxes, timber yield taxes, property taxes, personal income taxes and corporate income taxes are not estimated by the DSEIS or the FEMAT report but they, also, will be substantial. For example, on the basis of McKillop and Spriggs (1993) it is estimated that there will be losses of approximately $5 million per year in sales taxes and $6 million per year in timber yield (excise) taxes in California and Washington. (These taxes are not levied in Oregon).

Annual reductions in personal and corporate income tax payments will also be substantial. Based on McKillop et al. (1993), it is conservatively estimated that management redirection under FEMAT option 9 will result in reductions in state personal income tax receipts of $51.1 million per year in Oregon and $0.3 million per year in California. (Washington does not have a state personal income tax). Losses in state business tax receipts will be $1.7 million in Washington, $2.4 million in Oregon and $0.2 million in California.

Based on McKillop et al. (1993), it is conservatively estimated that management redirection under option 9 will result in reductions in federal personal income tax receipts of $101 million per year for the three-state region. Losses in federal corporate income tax receipts will be $16.3 million per year.

Accentuating the burden of tax revenue losses, will be substantial increases in governmental costs to assist persons rendered unemployed by option 9. For example, on the basis of McKillop and Spriggs (1993), it is estimated that unemployment compensation payments to cover laid-off workers for a twelve-month period will be $660 million. In Washington, Oregon and California payments will be $163, 525 and 58 million respectively. These amounts do not include costs of supplementary programs to assist the unemployed. Such costs will be substantial.

Effects on U.S. consumers

On page VI-38 FEMAT gives a very brief discussion of increased costs to consumers. Because consumer surplus is included in FEMAT estimates of recreational values, an objective, scientific analysis would include estimates of losses in consumer surplus to buyers of wood products, but FEMAT pays no attention to this aspect.

Although the FEMAT report fails to provide an estimate of aggregate losses to consumers it contains some information to permit an approximate estimate of them.

As Schmalensee (1971 and 1976) indicates, losses in consumer welfare resulting from increases in wood prices may be estimated using changes in markets for primary goods such as standing timber (stumpage). The FEMAT report shows estimates of timber prices from runs of the TAMM model (Haynes and Adams 1985) for federal harvest levels of 1.0 and 2.5 Bbf. This is a 1.5 Bbf difference in cut. FEMAT option 9 reduction relative to the 1980-89 average will be more than twice that. A price change of twice the difference in prices for these alternative TAMM runs will be used as an estimate of the effect of the option on stumpage markets. An estimate of the resulting loss to consumers is obtained by multiplying this price change by the 1980-89 average harvest level (McKillop 1974). This results in a conservative estimate of losses to consumers of wood products at the national level of $1.2 billion per year in the first decade. Additional losses will occur in succeeding years.

The above estimate of consumer loss is based on analyses which assume that increases in lumber shipments from other regions will offset the decline in West Coast production to a significant extent. Even if such an increase is possible it will take time for adjustments to occur. An estimate of immediate losses to consumers because of the restriction in federal timber supply may be obtained in the following alternative way. Random Lengths (1993) provides monthly average composite prices for framing lumber in the U.S. (This underestimates the average price for all categories of lumber). The unweighted average increase in this composite price for January through April of 1993 versus 1992 was $136 per thousand board feet (Mbf). The level of U.S. softwood lumber consumption for this period in 1993 was 14.653 billion board feet, and the levels of U.S. housing starts for the first part of the year are similar for 1992 and 1993 (Western Wood Products Association 1993). A conservative estimate of the consequent loss to consumers in the January - April, 1993 period is obtained by multiplying the price increase by the level of consumption (McKillop 1974). The consumer loss for the four month period is therefore estimated to be $2 billion.

The first four months of 1993 contained a spike in lumber prices due to the traumatic effects of court decisions and actions by federal agencies. By May, lumber markets had settled down and the average price for May, June and July 1993 was only $51 per Mbf greater than for the same period in 1992. This $51 increase will be used as a measure of the medium term effect of timber sales restrictions in California, Oregon and Washington. TAMM model runs suggest that the average annual level of U.S. softwood lumber

consumption for the next decade will be approximately 48 billion board feet. On this basis, it is estimated that the annual loss to consumers will be approximately $2.46 billion in each of the next several years. If timber outputs in other regions do not increase in response to the decline in West Coast harvests, as FEMAT suggests, this level of loss could continue indefinitely.

The above estimates reflect increases in only softwood lumber prices. There will also be a significant loss in consumer welfare due to increases in softwood plywood prices. The Random Lengths average price for 3/8" exterior CD plywood was used to estimate the effect on national plywood prices. This price for May, June and July 1993 was $27 per thousand square feet (Msf) greater than for the same period in 1992. TAMM model runs suggest that the average annual level of U.S. softwood plywood consumption for the next decade will be approximately 18 billion board feet. On this basis, it is estimated that the annual loss to consumers will be $490 million in each of the next several years.

The total loss to consumers from increases in softwood lumber and plywood prices will therefore be $2.95 billion per year over the next several years, or beyond if other regions are unable to make up the losses in output due to management redirection that will occur in the Northern spotted owl region.

Alternatives to timber harvesting

Introduction

An attempt has made in recent years to argue that the economic benefits of timber harvesting on the National Forests can be replaced by economic benefits from increased recreation or by setting aside more areas where timber harvesting is banned or severely restricted. This argument is false.

Proponents of redirection violate the basic principle of economic analysis that assessments of change should be "ceteris paribus" (holding other things equal). They attribute to it, economic effects that were already taking place under prior forest plans. They also attribute to it, economic effects of government expenditures that are more readily justifiable or more feasible under policies that permit 1980-89 levels of timber sales to continue because they can be funded out of timber revenues rather than by increasing federal borrowing.

Timber harvesting is already precluded on 6.98 million acres of Congressionally-withdrawn federal land which is 29 percent of the 24.26 million acres of the federal land within the range of the Northern spotted owl. Harvesting is also already precluded on 1.65 million acres that were administratively withdrawn during earlier forest planning efforts (U.S. Forest Service and U.S. Bureau of Land Management 1993).

These Congressional and administrative withdrawals, totaling 8.63 million acres (36 percent of the total federal acres), represent a substantial prior commitment to preserving natural ecosystems on the public forests.

Furthermore, over the last twenty years or more, regulations governing timber harvesting and road building on federal lands have become increasingly more stringent to ensure adequate protection for water quality, fish habitat and soil productivity. Land use options that were in force prior to 1989 cannot legitimately be characterized as promoting timber production without regard to other values.

With management redirection under FEMAT option 9, 9.28 million acres will be withdrawn from timber production to provide "late-successional reserves" and "riparian reserves", in addition to the 8.63 million acres in Congressionally and administratively withdrawn status.

Timber harvesting will thus be precluded on 17.91 million acres (74 percent) of federal lands in the owl region, and will be subject to intense regulation on the remaining acreage.

On-site recreation

Proponents of management redirection may rely on various statements from the FEMAT report to support their case. For example, FEMAT page II-62 says that "Policies that provide more recreation opportunities that are deemed in short-supply could bolster the region's tourism. This primarily means offering more opportunities for primitive and semiprimitive nonmotorized activities."

FEMAT page II-62 also says that "Retirement of road systems within some Key Watersheds as part of watershed restoration activities could thus provide side benefits for recreation and tourism."

FEMAT page II-62 says that "Because we currently fail to fully charge for recreational use of the forest, we tend to understate the value of recreation outputs. Recreation fees, while contentious with much of the public, could provide a source of replacement revenues to the agencies and the local governments. Traditionally, much of the recreation improvement had been funded out of timber receipts. With declining receipts, charges may be required to guarantee a continual offering of public recreation opportunities."

Referring to noncommodity outputs, FEMAT page VI-16 says "While these outputs may not have a direct economic value as expressed through market prices, they are valued by society and can lead to tangible economic returns through tourism and through increasing attractiveness of the region to new firms."

On page VI-16 FEMAT claims there is an "excess supply of ...more developed motorized forms of recreation" and that "Forests of the region ..... appear to be providing less of the primitive and semiprimitive nonmotorized than is desired by forest recreationists".

FEMAT appears to base these claims on estimates in tables VI-7, 8 and 9, which are derived from an unpublished draft report prepared for FEMAT by Swanson and Loomis (1993) and made available to the public in mid-September 1993. The values per visit used by Swanson and Loomis are based on RPA program estimates (U.S. Forest Service 1990) which in turn are based on a 1984 report by Sorg and Loomis. Their reliability and validity are highly suspect.

Weakness of FEMAT estimates of recreation values

Table VI-7 lists a value per daily visit of $35.86 for hiking, biking, horsebacking and other "nonmotorized visits". This value per daily visit is obviously an estimate of average willingness-to-pay because it is multiplied by 10.803 million visits in 1990 to get a total annual value of $213.429 million. (Expenditures by these recreationists, over and above willingness-to-pay, is listed as $8.53 per visit, for a total annual expenditure of $92.150 million. Those expenditures are presumably for purchases made in conjunction with the recreational activity).

It is distinctly implausible, in fact inconceivable, that this type of recreationist would be willing to pay such a large fee per daily visit. It should also be noted that willingness-to-pay values incorporate consumer surplus which is the net benefit derived by the consumer after paying any fee that may be charged. Because recreational on the federal forests are mostly provided free, the values in tables VI-7, 8 and 9 are made up almost entirely of consumer surplus.

In FEMAT table VI-7, motorized sightseeing and exploring is given a value of only $4.00 per visit; boating, canoeing and rafting only $6.00; and swimming and wading only $3.00 per visit.

The information in FEMAT tables VI-7, 8 and 9 comes from the Swanson and Loomis (1993) report. The Swanson and Loomis data is, as noted, is taken from the 1990 U.S. Forest Service RPA "program" report. The data in the RPA report come from a 1984 publication by Sorg and Loomis which describes Sorg as a wildlife biologist with the U.S. Forest Service and Loomis as an economist with the U.S. Fish and Wildlife Service.

The Sorg and Loomis publication is essentially a review of willingness-to-pay estimates from various, quite disparate studies. Wilderness values, for example, were drawn from a 1982 study by Walsh and Gilliam in the Indian Peaks Wilderness Area in Colorado, a 1981 study by Walsh et al. for Colorado, 1979 and 1980 studies by Loomis for southern Utah, a 1978 study by Smith and Kopp for the Ventana Wilderness in central California, and a 1979 study by Brown and Plummer for the Glacier Peaks, Goat Rocks, Diamond Peaks and Eagle Cap areas of Washington and Oregon. Walsh and Gilliam used contingent valuation; the others used the travel cost method.

Table VI-8 shows acres required per visit for various types of recreation and values per acre assigned to each type. In spite of the use of an implausibly high value per visit for

nonmotorized versus motorized recreation, table VI-8 shows that the value per acre for primitive recreation is only $1.01 and only $2.45 for semiprimitive nonmotorized recreation. Semiprimitive motorized and "roaded natural" recreation on the other hand show a value per acre of $7.35 and $9.18 respectively.

Forest land is a resource to be allocated among different uses (including both commodity and noncommodity uses) for the benefit of society. Optimal allocation of land should be based on the benefits that are provided per acre in each use. On the basis of recreational value per acre, table VI-8 shows that vehicular-based recreation is a superior form of land use.

Defects of FEMAT analysis of recreation needs

In arguing the case for increasing recreational opportunities of the primitive and semiprimitive nonmotorized type, FEMAT relies on statements by Swanson and Loomis (1993) which are based on reports such as the Oregon Statewide Comprehensive Outdoor Recreation Plan (SCORP).

SCORP-type estimates of recreation needs were based on a recreation demand survey of households in Oregon, Washington and Idaho. Settings for location of recreation were listed as "primitive/semi-primitive", "roaded natural", "roaded-modified" and "rural/urban. Respondents were asked which type of setting they actually used for various types of activity such as fishing, hiking, sightseeing and sports. They were also asked which setting they would have preferred to use for each type of activity. When the percentage preferring one type of setting was greater than the percentage using that type of setting, it was asserted that there was a shortage of that type of setting.

This type of analysis on which the FEMAT arguments are based is not scientifically sound. It does not allow for the fact that it requires more time and effort for a recreationist to travel to a primitive or semi-primitive setting to engage in recreation. In other words it ignores monetary and non-monetary cost to the user. It is akin to asking a sawmill owner what quality of logs the sawmill uses and then asking what quality the owner would prefer to use, without reference to the cost of the logs.

A related defect is that this type of analysis also ignores the possibilities of substituting one type of recreation for another depending, for example, on their relative monetary and non-monetary costs. A more penetrating analysis would have attempted to determine why the observed behavior of respondents did not correspond to their stated preferences.

As McKillop et al. (1993) noted, the vast majority of persons who use the National Forests require roads for pursuing fishing, hunting and general recreation activities; and most back-country users need access by road to the trailhead. Without timber harvesting, most National Forest roads would not have been built. If timber had not been sold and logged, the National Forests would be largely unroaded, and would be the private

preserve of a very limited number of backpackers who are able to spend a lengthy period of time to get into the backcountry without using a vehicle for preliminary access.

Vehicular-based recreation and timber harvesting are thus joint and complementary uses of the federal forests. Addition of the substantial values per acre that are obtainable from timber production to those for vehicular-based recreation in FEMAT table VI-9 make it abundantly clear that nonmotorized recreation values displayed in tables VI-7, 8 and 9 do not make a legitimate contribution to the case for adopting management redirection.

Sport fishing

Proponents of management redirection may also rely on statements in the FEMAT report that have limited credibility. For example, in discussing sport fishing for trout, salmon and steelhead, FEMAT page VI-16 says "Forested watersheds can have marked impacts on these species. Radtke and Davis (1993a) show that, while it is not attributable solely to forest conditions, Pacific Northwest salmon fishing catch rates and angler days have declined greatly from the 1970's".

The statement is distinctly misleading. Although logging and road building practices of 20 or 30 years ago may have reduced spawning potentials for these species, modern logging and road building practices followed for the last 20 years or more do not contribute significantly to reduced fish stocks. As early as 1968, Van Hyning pointed out that an increase in ocean fishing was the major factor in the decline of the fall chinook run. In addition, a recent review by Kaczynski and Palmisano (1992) indicates that modern timber harvesting practices have a very minor effect on salmon stocks.

In mid-1993 the Interagency SEIS Team released two studies by Radtke and Davis (1993a, 1993b). Neither of them warrant the FEMAT statement and neither, in any way, provide an assessment of the effects of the FEMAT alternatives in spite of the fact that the FEMAT report refers to them as if they did.

Tourism

Proponents of management redirection imply that tourism activity will offset timber industry job losses. On page VI-29 FEMAT says that tourism is a "large and important part of the coastal economy" and that "Many thousands more are supported by the inland recreation industry as well". It also says "In the near term, the alternatives proposed will likely not radically change the nature of coastal tourism, but in future decades, restoration of salmon and trout runs could have marked impacts on coastal recreation activities".

These statements are misleading and defective in several respects. It is improper to insert the word "radically" to create the impression that the alternatives will have a non-radical effect on coastal tourism. An objective appraisal would find that the alternatives will have no appreciable effect. Current logging practices are designed to avoid significant impact

on fish habitat. The effect on fisheries of the proposed FEMAT alternatives will therefore be little different from that which would occur with maintenance of timber sales programs at the 1980-89 level.

As noted earlier, it is improper to violate the basic principle of economic analysis that assessments of change should be "ceteris paribus" (holding other things equal). All of the FEMAT options will result in a substantial decrease in federal revenues. If watershed improvements can be undertaken when federal revenues are decreased, they certainly can be undertaken if recent levels of timber sales are maintained. In other words, if the federal government is truly willing to spend more on watershed improvement projects this can be done while continuing to maintain a significant timber sales program.

A major defect in the charge given to FEMAT was that it was not required to use a meaningful baseline alternative. Use of a meaningful baseline alternative would have provided an assessment of the substantial opportunity cost, and loss to society, of the options it considered.

FEMAT discusses jobs created by tourism and sport fishing under prior forest options as if they were to be created by its proposed alternatives. This is improper. In addition, FEMAT fails to acknowledge that the bulk of recreationists on BLM and U.S. Forest Service forestland are regional residents. At any point in time, the total level of outdoor recreation activity in the region is virtually fixed. An increase in attendance at new or expanded recreation areas will come mainly through reduction in attendance at other areas. Thus there will be no net increase in overall economic benefits to the region from levels of recreation under the FEMAT alternatives. This is contrary to what is implied in the FEMAT report.

Furthermore, wage scales for employment in sectors of the economy catering to tourists and other recreationists are much less than timber industry rates so there is no possibility that tourism and recreation activities will provide meaningful alternative employment for laid-off timber workers. Wage scales in the timber industry are about double those in economic sectors catering to tourism.

A report published by the Southeast Women's Employment Coalition (Smith 1989) refers to the promotion of tourism as a "flawed economic development strategy" because it provides only low-paying jobs of a seasonal nature. Tourism is an useful component of the economy of many regions but it is totally misleading to pretend that tourism activity will increase if option 9 type of management redirection takes place on the National Forests of Northern California and the Pacific Northwest. Even if it did, it would not provide meaningful employment opportunities for displaced timber workers.

Service employment in forestry

Claims may be made that laid-off timber workers will find employment in service forestry. FEMAT page VI-31 correctly notes that the decline in timber harvesting under its

alternatives will "greatly diminish the need for forestry services workers" for reforestation and timber stand improvement work". However, it claims that wildlife surveys and watershed assessments, as well as "some recommendations for watershed restoration and forest stand improvement will likely help offset some of the declines in the forestry services sector - and potentially increase employment in the sector". The validity of these claims is extremely doubtful. It improper to suggest that these activities will increase employment in the sector.

FEMAT notes that costs for these projects "would be substantial ... in excess of $250 million per year". No meaningful analysis has been made of potential funding sources . The fact that these projects have not been undertaken in the past indicates that they were not competitive in the budget allocation process. It is obvious, in the face of continuing federal budget deficits and reduced timber revenues, that they will be substantially less competitive in the future.

Furthermore, wage scales for employment on forest rehabilitation projects are much less than timber industry rates so there is very little chance that such projects will provide meaningful opportunities for the many thousands of laid-off timber workers.

Special forest products

The harvesting of special forest products such as floral greens, Christmas ornamentals and wild edible mushrooms has become "the subject of intense interest in the Pacific Northwest" over the past several years (Schlosser and Blatner 1993). Schlosser et al. (1991) note that the special forest products industry has become an "important factor in forest management".

Some claims of doubtful validity have been made that the special forest products industry will be able to absorb some unemployed timber workers if management redirection takes place. On page II-62, FEMAT says that "To adequately capture the economic value of products such as mushrooms, boughs and ferns, and to guarantee that the inherent productivity of the resources is not adversely impacted by the harvesting of timber, the agencies will have to take a more active role". It fails to point out that this active role could be undertaken even if timber harvests were maintained at recent levels.

In fact, rather than imply that its recommendations would help the industry, it would have been appropriate for FEMAT to acknowledge that timber and many special products are complementary rather than competitive in their production and that special products harvesters require access by road to successfully pursue their activities. Thus redirection of management as suggested by FEMAT may reduce rather than increase the overall level of activity in this industry.

Schlosser and Blatner (1993), in a report prepared for FEMAT, note that "Forest site disturbances, such as fire and timber harvesting often create early succession conditions"

which favor species desired by floral greens producers. They say that the mountain hemlock forest zone is "utilized to a high degree for timber production, which can be matched with floral greens management", that "Evergreen boughs are normally harvested from young trees", and that "In the Pacific silver fir zone, management prescriptions can target the joint production of floral greens and traditional forest uses". Schlosser and Blatner also note that because chemical taxol has now been synthesized in the laboratory, the "future of the Pacific yew harvest is limited".

Schlosser and Blatner also say that "employment in the special forest products industry is not a panacea", and that economic development experts "rarely discuss the predominant characteristics associated with the harvest and processing of these products -- relatively low paying, often seasonal jobs with no benefits and a high degree of uncertainty". They note that "approximately 70% of the edible wild edible mushroom harvesters also received welfare, and 50% received unemployment compensations". Thus it is highly unlikely that this industry can in any way offset the job losses due to decreased timber harvests.

Other commodity production

FEMAT page VI-10 notes that it "did not deal explicitly with the management of the federal lands for commodities other than timber". It did, however, note that the likely future expansion of mining and mineral processing in the region "may be limited to some degree" by its proposals. It also recognized that the proposals would have adverse economic consequences for the range livestock industry but that these "would likely be overwhelmed by other economic considerations in the region".

Commercial fisheries

In mid-September 1993 the Interagency SEIS Team released a 1993 study by Radtke and Davis on commercial fishing. Although the study draws attention to the decline in commercial fisheries it does not provide an assessment of the effects of the management redirection under the various FEMAT alternatives and does not suggest that the alternatives would increase fish stocks.

As noted above, Van Hyning (1968) pointed out that an increase in ocean fishing was the major factor in the decline of the fall chinook run, and Kaczynski and Palmisano (1992) indicate that modern timber harvesting practices have a very minor effect on salmon stocks.

Adverse environmental impacts

Management redirection on the National Forests will have large and negative environmental impacts at the national and global levels, including impacts on global biodiversity (McKillop et al., 1993).

Siberia is very likely to play a prominent future role in providing wood to U.S. mills and consumers to replace lost U.S. timber output. Increased pressure on the tropical forests of Malaysia and Indonesia is also likely as a result of management redirection on the U.S. National Forests.

There will be serious effects on environmental quality and biodiversity because timber harvesting in those regions is not subject to the stringent forest practice regulations in force in the U.S.

Reductions in U.S. timber harvest reductions will lead to increased use of wood substitutes, such as steel, aluminum or concrete, with environmental impacts that will be adverse and significant.

It has been conclusively established that wood has a substantial advantage in relation to other materials in terms of energy consumption per unit of finished product.

Because of the low energy intensity of wood-based materials, comparatively little carbon dioxide, sulfur dioxide and nitrogen oxides are released in producing them.

The use of non-renewable structural materials such as steel, aluminum, concrete, brick or plastics in place of wood products in construction will result in a substantial increase in energy demand.

If the proposed reductions in U.S. Pacific Coast timber output under FEMAT option 9 were to be replaced by non-renewable resources, energy demand will increase by approximately 2.3 billion gallons of oil annually, while quantities of carbon dioxide released each year to the atmosphere will increase by 24.8 million tons.

Other environmental impacts associated with energy use (i.e. spills, generation of carbon dioxide and sulfur dioxide, and acid deposition) will likewise increase.

The annual increase in energy use triggered by option 9 would be sufficient to power a fleet of 9.8 million automobiles for one year.

As Bowyer (1991, 1992) emphasizes, one must ask whether a U.S. policy designed to create a pristine domestic environment through continued and increasing reliance on other regions of the world for raw materials is ethically and morally defensible.

Conclusion

As indicated in table 1, management redirection on the National Forests by adoption of FEMAT option 9 will lead to major economic losses to California, Oregon and Washington and to the nation as a whole.

Aggregate national losses due to decrease in regional income and losses to consumers from higher wood product prices will amount to $4.6 billion per year in the initial years of management redirection. This level of aggregate loss could continue indefinitely if other regions are unable to increase timber output to partially compensate for the reduction in Pacific Coast timber harvests.

Net revenue loss to the federal government through reductions in tax receipts and net revenue from timber sales will amount to more than $400 million per year. State and local governments will suffer losses of $277 million per year and, furthermore, will be forced to pay more than $746 million in unemployment compensation to laid-off workers, not including costs of supplemental programs to assist the unemployed. The loss to federal, state and local governments in the first year of management redirection under option 9 will thus be over $1.4 billion.

Those who argue for management redirection either ignore these very large and tangible economic losses or try to mask them by claiming the existence of dubious economic benefits associated with redirection. Claims of economic benefits to be derived by adding to the Pacific Coast's already extensive areas of wilderness, parks and reserves are not based on rigorous, objective analyses and have very limited credibility.

Proponents of redirection violate the crucial "ceteris paribus" rule of economic analysis. They fail to hold "all other things equal" by claiming benefits of governmental actions that would be more feasible, or more readily achievable, if timber harvest levels were maintained at recent levels instead of being decreased as required by redirection.

Management redirection on the National Forests will have large and negative environmental impacts at the national and global levels, including impacts on global biodiversity. One must ask whether a U.S. policy designed to create a pristine domestic environment through continued and increasing reliance on other regions of the world for raw materials is ethically and morally defensible.

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Table 1. Regional and national economic costs of FEMAT option 9

		WA	OR	Total OR&WA	CA	Total 3 state
Reduction in federal harvest level	mil. bf/yr	841.0	2190.0	3031.0	409.0	3440.0
Loss in gross federal timber revenue	mil. $/yr	102.3	548.8	651.1	41.9	693.0
Loss in net federal timber revenue	mil. $/yr	36.1	237.8	273.9	15.1	289.0
Loss in direct jobs	thous.	7.4	23.8	31.2	2.6	33.8
Loss in indirect & induced jobs	thous.	8.3	26.7	35.0	2.9	37.9
Loss in total jobs	thous.	15.7	50.5	66.2	5.6	71.7
Loss in regional payrolls	mil. $/yr	393.4	1092.4	1485.8	129.7	1615.5
Loss in business net income	mil. $/yr	14.2	37.1	51.3	6.9	58.2
Loss in total regional income	mil. $/yr	407.6	1129.5	1537.1	136.6	1673.7
Loss in personal income taxes - state	mil. $/yr		51.1	51.1	0.3	51.4
Loss in personal income taxes - federal	mil. $/yr	24.7	67.5	92.3	8.4	100.7
Loss in business tax receipts - state	mil. $/yr	1.7	2.4	4.1	0.2	4.3
Loss in business tax receipts - federal	mil. $/yr	4.0	10.4	14.4	1.9	16.3
Loss in federal county & school payments	mil. $/yr	25.5	171.8	197.3	11.7	209.0
Loss in timber tax receipts	mil. $/yr	5.1		5.1	1.3	6.4
Loss in sales taxes	mil. $/yr	4.0		4.0	1.4	5.5
Net revenue loss to federal govt.	mil. $/yr	64.9	315.7	380.6	25.4	406.0
Revenue loss to state & local govt.	mil. $/yr	36.3	225.4	261.7	14.9	276.6
Revenue loss to fed., state & local govt.	mil. $/yr	101.2	541.1	642.2	40.3	682.5
Increase in unemployment compensation	mil. $	163.1	525.0	688.2	57.8	745.9
First year loss to state & local govt.	mil. $	199.5	750.4	949.9	72.6	1022.5
First year loss to fed., state & local govt.	mil. $	264.3	1066.1	1330.4	98.0	1428.5
Annual loss to US consumers 1994-96	mil. $/yr					2950.0
Annual consumer & regional income loss	mil. $/yr					4623.7

Notes
1. Base for timber receipts is 1986-90 average, otherwise 1980-89 average.
2. Excise taxes on public timber and sales taxes are not levied in Oregon.
3. Personal income taxes are not levied in Washington.
4. Costs of supplemental programs to assist the unemployed are not included



NORTHWEST
FORESTRY
ASSOCIATION

WRITTEN STATEMENT FOR THE RECORD

OF

ANNE E. HEISSENBUTTEL

ON BEHALF OF THE
NORTHWEST FORESTRY ASSOCIATION

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
AND THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

OF THE NATURAL RESOURCES COMMITTEE

ON
"REFORM OF THE FOREST SERVICE"

FEBRUARY 1, 1994

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Thank you for the opportunity to testify today. I am Anne Heissenbuttel, Director of Forest Planning and Policy for the American Forest & Paper Association. I am testifying on behalf of one of our members, the Northwest Forestry Association, headquartered in Portland, Oregon.

The Northwest Forestry Association represents 75 forest products manufacturers and forest land owners in Oregon and Washington who are dependent, either in total or in part, on public lands for their raw material supplies. Some of these companies own landholdings which are adjacent to or intermingled with National Forest lands. Many of these lands may be considered part of the National Forest "landscape" and thus will likely be affected by the agency's ecosystem management policies.

These companies, like others around the nation, are particularly concerned about the future management of the national forests. As Mr. Crandall pointed out, legal gridlock is severely hindering our industry's ability to provide the forest products our nation needs. The gridlock has also prevented the Forest Service from addressing critical land management concerns, such as improving the health of the national forests.

I. Ecosystem Management Offers Promise for Ending the Gridlock and Improving Forest Management.

The forest industry believes ecosystem management, properly defined and applied, offers new opportunities to reduce the public conflict that has halted management

activities on many federal lands, especially in the Northwest. In addition, managing ecosystems should provide a better way for the Forest Service to manage the lands in its charge to meet the various public goals and objectives.

The Forest Service definition, however, is not sufficiently clear to explain what the agency means by "ecosystem management."[1] This is evident in the confusion among agency employees in the field, as staff attempt to carry out the new direction, and among the public, who wish to participate in the decision-making process.

We suggest the following working definition:

> *"Ecosystem management is a resource management system designed to maintain or enhance ecosystem health and productivity while producing essential commodities and other values to meet human needs and desires within the limits of socially, biologically and economically acceptable risk."*

This definition recognizes that ecosystem management is a process used to achieve the national forest goals: maintain and enhance ecosystem health and productivity, while producing commodities and other values. (Or, as stated in the Forest Service Mission: "caring for the land and serving people.") It also recognizes that land management entails certain risks -- that decisions to take an action (or not to take the action) will have consequences that may or may not be predicted accurately.

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[1] "An ecological approach will be used to achieve the multiple-use management of the national forests and grasslands. It means that we must blend the needs of people and environmental values in such a way that the national forests and grasslands represent diverse, healthy, productive, and sustainable ecosystems." *Chief Robertson, June 4 1992.*

We are not suggesting a top-down process for management of the national forests. Our recommended definition merely provides the necessary sideboards -- it clarifies the national goals -- within which local forest plan decisions must be made.

Thus, in implementing "ecosystem management," each National Forest should seek to define the *forest conditions* needed to meet ecosystem management goals and objectives, including economic and social needs. The Forest Service must establish these "Desired Forest Conditions" through the forest planning process, with full public participation.

II. Determining Forest Goals: Define the Desired Forest Condition.

The agency's forest planning regulations required, for the first-generation plans, "a description of the desired future condition [DFC] of the forest or grassland and an identification of the quantities of goods and services that are expected to be produced or provided during the RPA planning periods..." 36 CFR §219.11(b). While included in every plan, the concept of the DFC was never well understood by those writing or using the plans. However, we believe this is one of the most important decisions to be made. Every other decision made in a forest plan should be designed to help achieve the agreed upon "desired forest condition."

The Desired Forest Condition will vary by region and by national forest. Therefore, the agency should define the Desired Forest Condition specifically in each forest plan, and generally at the national and regional levels.

The concept of "desired forest condition" is described more fully in a paper by the American Forest & Paper Association, which I have attached to my testimony. In that paper, the DFC is described as one of a number of elements which must be incorporated into an ecosystem management strategy for it to be effective. (See AF&PA at 3)[2]

The Desired Forest Condition describes a dynamic ecosystem condition, selected for a planning unit, which can be developed and maintained over the long term. It should: (1) provide a range of seral stages and natural vegetation types and structures across the landscape that will meet the needs of the known species existing within the ecosystem; (2) minimize the risk of catastrophic levels of destructive natural agents, including insect epidemics or uncontrolled wild fire; (3) maintain the health and vigor of the forest; and (4) ensure the economic health and vigor of local communities, which are, in turn, necessary to sustain the ecosystem.

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[2] Ecosystem Management: A New Approach to Federal Forest Management and Planning. The American Forest & Paper Association, Nov. 5, 1993.

III. Forests Must Use the Most Cost-Effective Methods, Based on Sound Science and Accepted Management Principles, to Achieve the Desired Forest Conditions.

A number of tools are available to land managers to achieve the specified management goals. However, an ecosystem approach to management does not fit easily into the TSPIRS accounting system currently used by the Forest Service. Under this system, costs incurred in connection with timber management activities have been fully or substantially charged against the timber sale program, even when the activity may be designed to benefit wildlife, recreation, or other program areas.

Under ecosystem management, accomplishment of the Desired Forest Condition will require the effective use of timber management tools where appropriate, but it will also utilize other tools such as prescribed burning or access management, to use two examples. In working toward the desired condition, land managers will have to choose the most effective methods to achieve the interim and long-term goals. In doing so, it no longer makes sense to judge individual timber sales solely on their economic or financial merits. Instead, managers must consider the cost of the entire management scheme, including timber sales and other activities, against the benefits received. Measuring the costs of the separate components would be meaningless, since the activities together are defined to accomplish the specified goals.

In addition, the agency and Congress must recognize that ecosystem management will increase the costs of managing the national forests. It will require more complex plans, development of new planning models, and more detailed monitoring programs. Congress must recognize and support this need during the annual funding process.

To more appropriately address the "below-cost" concerns, the agency must continue to improve its management efficiencies wherever possible. Mr. Crandall's recommendations on "reinventing" the Forest Service are designed in part with this in mind. The bottom line, however, is that ecosystem management makes the concept of "below-cost sales" completely moot.

IV. Ecosystem Management Must be Applied Across the Entire National Forest Landscape.

Ecosystem management must be applied across the entire national forest landscape if it is truly to address management of the ecosystem. It must not be limited to those lands designated as "suitable timberlands" in the current forest plans, for example. Nor should it be a set of new constraints simply overlaid upon the land management allocations in the current forest plans, as was done in Option 9, President Clinton's plan for management of habitat within the range of the northern spotted owl.

Similarly, inflexible land allocations and inviolable standards and guidelines are not compatible with the ecosystem management concept. Land managers must have the

experience and flexibility to explore all reasonable options and design site-specific management practices that most effectively achieve the Desired Forest Conditions.

By contrast, the management plan for the northern spotted owl region, commonly described as "Option 9," is based upon the current forest plans with new management constraints and land set-asides simply overlaid upon the original land management designations. It focuses on preservation, not management.

The stated objective of Option 9 is to restore the forest to "presettlement conditions." We have two serious concerns with this objective. First, it is based upon the faulty premise that "60 to 70 percent of the forest area of the region was typically dominated by late-successional and old-growth forests," as stated in the document, Forest Ecosystem Management: An Ecological, Economic, and Social Assessment. This is misleading because the area described included 80 to 100 year old trees, which are not usually considered old growth.

At the same time, Option 9 seeks to maintain old growth "preserves" without recognizing that forests are dynamic and ever-changing, and that even old growth forests do not live forever. It is a serious shortcoming that the plan does not consider the need to provide an adequate range of seral stages throughout the landscape to ensure the long term availability of old forests.

V. Future Management Decisions Must Incorporate Adaptive Management Principles.

Unlike the concept used in Option 9, effective land management must utilize adaptive management principles throughout the planning process. Forest land managers recognize that it is not possible to predict with complete precision the outcome of management decisions within a given ecosystem. Therefore, they must utilize adaptive management techniques, including proven silvicultural practices, to limit risk.

"Adaptive management" is a process by which land managers: (1) define management goals; (2) identify areas of biological and management uncertainty; (3) construct management models that bracket the range of uncertainty; and (4) conduct experiments to eliminate the worst models and thereby reduce uncertainty. In practice, managers take action based on the best available information, assess the results, and use the resulting information to constantly refine their management decisions.

The "adaptive management areas" described in Option 9 are far different -- and much less effective -- than the process described above and generally understood by scientists. A particular weakness in the Administration's approach is that it develops only one paradigm which it will attempt to prove or disprove through research, rather than testing multiple hypotheses at once. We understand that the adaptive management areas in Option 9 are designed to test additional theories, but the land

base is far too limited and the constraints are too many to make the process effective and practicable.

If the Forest Service truly intends to practice ecosystem management within the northern spotted owl region, it must apply these adaptive management principles to the entire national forest landbase within the owl region. Without a coordinated program of decision-making, implementation, and monitoring, which builds upon existing knowledge and research, sound adaptive management strategies cannot be developed and decisions based on theories cannot be improved.

VI. In the Future, Management Policies for the National Forests Must Ensure that Plans Will be Implemented, and Managers Must be Held Accountable for the Results.

To ensure implementation, ecosystem management strategies must be technically, economically, politically and socially sound. Successful implementation will require broad public acceptance and support. This, in turn, will require the agency to improve its public involvement procedures.

Acceptance and support for agency decisions will also depend on whether forest managers are held accountable for achieving the desired conditions and resulting predicted outputs. The Forest Service must be able to demonstrate that it can achieve the goals established through the forest planning process, and when

necessary, adjust those goals in an open public process.

Effective implementation of ecosystem management will require greater emphasis on local ("bottom up") planning and an active partnership between the agencies and interested citizens. But such decisions must still be placed in the broader context of national goals. The agency must do its part to help meet the nation's needs for forest products and other values desired by the public, while providing for the long term sustainability of the forests and the wildlife it supports.

The agency's Washington and Regional offices must also play an important role in providing consistent analytical tools and broad guidance on global, national, and regional issues. However, within these sideboards, local managers must have maximum flexibility to work with local interest groups to design programs appropriate for the unique ecological, social, and economic needs of each federal land unit. Enduring solutions must be worked out *by the people closest to the land and those most affected by the issues.*

VII. Implementation of Land Management Decisions Will Depend Upon Effective Implementation of the Forest Service's Recently-Amended Administrative Appeal Procedures.

We are hopeful that the Forest Service's new administrative appeal procedures for

project-level decisions will improve the agency's ability to identify and address public concerns in a timely manner. The requirement for earlier public involvement in projects should result in better, more acceptable decisions. In addition, the shorter time frame for reaching decisions on appeal should reduce the uncertainty that has plagued national forest management over the past five to ten years. We will be closely monitoring the implementation of the rule over the coming months, and hope that it will fulfill the direction issued by Congress over a year ago in Public Law 102-381, Section 322.

VIII. Future Forest Service Management Must Build on the Knowledge Gained During the NFMA Forest Planning Process, Improve Accountability, and Provide Greater Certainty that the Plans Will, in Fact, be Implemented.

In conclusion, I must emphasize that the Forest Service, Congress and the public have learned a great deal from the first round of forest plans. As Mr. Crandall pointed out, many management changes have been made as a result of those first land and resource management plans. Unfortunately, too often the plans have not been fully implemented, resulting in tremendous uncertainty, economic hardship in the affected areas, and a shortage of timber supplies nationwide.

In the future, the Forest Service must incorporate ecosystem management as a new process for achieving its land management goals; it must develop broad national guidelines and a meaningful definition of ecosystem management to clarify its direction

to the field; and it should incorporate the guiding principles described by AF&PA to ensure the ecosystem management goals can be achieved.

In addition, the agency must hold itself accountable to meet the national forest goals, individually and collectively, in order to regain public confidence in its decisions. It must demonstrate that it can effectively manage the national forests, producing the goods and services needed by society while protecting the values and ecosystem processes that are desired. Ecosystem management should become a useful tool to meet these objectives, leading to decisions which may be implemented on the ground with the certainty that is sadly lacking today.

Finally, Option 9 must be revised to fully incorporate the ecosystem management principles described above and in the attached paper by AF&PA. Option 9 and other management schemes must utilize appropriate management tools to achieve the desired forest condition, determined through the forest planning process, and provide accountability in meeting forest goals. The goals must address social and economic needs as well as biologic needs.

Thank you for the opportunity to testify. I would be happy to answer any questions you may have.

Attachment: "Ecosystem Management: A New Approach to Federal Forest Management and Planning"

ECOSYSTEM MANAGEMENT:
"A NEW APPROACH TO FEDERAL FOREST MANAGEMENT AND PLANNING"

Approved by the AF&PA Forest Resources Board
November 5, 1993

ECOSYSTEM MANAGEMENT

After more than 15 years of forest planning mandated by the National Forest Management Act of 1976 (NFMA), the level of public conflict surrounding many national forest management issues has increased to the point that reasonable solutions no longer seem possible. Some national forests have yet to complete a formal plan. In response to this challenge, the Forest Service has adopted ecosystem management as its new policy for managing national forest lands. Similarly, the Bureau of Land Management has adopted an ecosystem management approach for its lands. Management planning for BLM is guided by the Federal Land Policy and Management Act of 1976 (FLPMA).

This paper outlines the American Forest & Paper Association's (AF&PA) recommendations based on our assessment that ecosystem management, *properly defined and applied*, offers new opportunities to reduce the public conflict that has nearly halted management activities on many federal lands. In addition, managing ecosystems provides a better way for federal agencies to manage lands to meet the various public goals and objectives. The forest industry must now work with the Forest Service, the BLM, other agencies and interest groups to design a workable approach to ecosystem management before the critical elements become cast in stone.

Definition

An AF&PA task group examined a number of definitions of the term "ecosystem management," found none of them entirely acceptable, and developed one of its own. We recommend the following definition as a philosophical basis for the forest industry's work on the ecosystem management issue:

> *"Ecosystem management is a resource management system designed to maintain or enhance ecosystem health and productivity while producing essential commodities and other values to meet human needs and desires within the limits of socially, biologically and economically acceptable risk."*[1]

In other words, ecosystem management means implementation of a range of forestry practices designed to provide positive benefits to all renewable natural resources and to the people who use them.

Key Principles

The above definition incorporates the following essential principles:

1. Human beings and their activities are an integral part of ecosystems. Ecosystem management must consider the full range of human needs.

2. Healthy ecosystems are essential to the health and sustainability of human societies and the quality of human life. Human activities (as well as decisions not to act) must maintain or enhance long-term ecosystem health.

3. Forest ecosystems are dynamic, resilient and subject to a variety of on-going disturbances. They cannot be "preserved" in a static condition.

4. Active resource management is an important and often essential component of ecosystem management and the conservation of biodiversity.

5. Ecosystems are adaptable to change. A wide range of biologically-sound management options exists. Identifying the "best" option is both a social and biological issue.

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[1] Planners must recognize that there is risk in doing nothing.

6. It is not possible to predict with complete precision the outcome of management decisions within a given ecosystem. Proper use of adaptive management, including proven silvicultural practices, will help to limit risk.[2] A coordinated program of research and monitoring, which builds on existing knowledge, is necessary to develop sound adaptive management strategies.

Implementation

A national "ecosystem management" policy for federal lands must recognize the diversity of ecological, social, and economic conditions within and between various regions of the country. It also must provide flexibility for local forest managers to design on-the-ground management programs appropriate for each region's unique ecological, social, and economic needs. Legislation, regulations, or national policy direction developed to implement ecosystem

management should provide broad "guiding principles," *without tightly defining how these principles will be applied at the local forest level.*

In addition, ecosystem management must include the following elements to ensure effective implementation:

1. Ecosystem management strategies must be technically, economically, politically and socially sound. Successful implementation will require broad public acceptance and support.

2. Ecosystem management must not mean abandoning the principles of national forest or BLM management established by Congress.[3] The Forest Service and other federal land management agencies should strive to sustain healthy ecosystems *and* produce goods, services, and amenities as mandated by NFMA, FLPMA and other guiding statutes.

3. Within the context of these principles, the emphasis of forest planning should shift from defining commodity output targets, land allocations, and management constraints to defining the *forest conditions* needed to meet ecosystem management goals and objectives, *including economic and social needs*. The Forest Service must establish these "Desired Forest Conditions" through the forest planning process, with full public participation. The agency must identify the resulting outputs to assure that predictable and sustainable levels will be achieved.

4. The Desired Forest Condition may vary by region and by national forest. The Forest Service should define the Desired Forest Condition specifically in each forest plan, and generally at the national and regional levels.

   The Desired Forest Condition describes a dynamic ecosystem condition, selected for a planning unit, which can be developed and maintained over the long term to:

   a. provide a range of seral stages and natural vegetation types and structures across the landscape that will meet the needs of the known species existing within the ecosystem;

   b. minimize the risk of occurrence of catastrophic levels of destructive natural agents, including insect epidemics or uncontrolled wild fire;

   c. maintain the health and vigor of the forest cover at a level that will allow it the maximum opportunity to repel the effects of natural disasters, recognizing that a certain level of dead/down wood is essential in a healthy forest ecosystem; and

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[2] "Adaptive management" is a process that: (1) defines management goals; (2) identifies areas of biological and management uncertainty; (3) constructs management models that bracket the range of uncertainty; and (4) experiments to eliminate the worst models and thereby reduce uncertainty. In practice, managers take action based on the best available information, assess the results, and use the resulting information to constantly refine their management decisions.

[3] Principles include: multiple use, sustainability, wilderness preservation, and integrated resource planning and management.

d. ensure the economic health and vigor of local communities, which are, in turn, necessary to sustain the ecosystem.

5. Ecosystem managers should understand the elements of forest structure which existed during pre-European settlement times, to the extent that those conditions have been studied and described in research notes, publications, or other literature. Understanding past changes in forest structure will enable forest managers to better predict opportunities to achieve the selected Desired Forest Condition for a national forest or BLM planning area. However, understanding of pre-European settlement conditions does *not* imply that restoration of certain conditions should be an objective.

6. On-the-ground management should focus on practices designed to achieve and maintain the Desired Forest Condition. Some of these practices will produce predictable levels of resource outputs. While output "targets" will not drive the management process, forest managers must be accountable for achieving the desired conditions and resulting predicted outputs.

7. Ecosystem management must be applied across the entire national forest and BLM landscape. It must not be limited to those lands designated as "suitable timberlands" in the current forest plans, for example. Management activities must maintain, enhance and, where necessary, restore the health and long-term productivity of the entire federal land ecosystem. Activities must be consistent with the legislative authority for agency lands.

8. Inflexible land allocations and inviolable standards and guidelines are not compatible with the ecosystem management concept. Land managers must have the experience and flexibility to explore all reasonable options and design site-specific management practices that most efficiently achieve the Desired Forest Conditions. Ecosystem management must *not* become another layer of standards and guidelines grafted onto the existing forest plans.

9. The agencies must implement ecosystem management through the forest plans in full compliance with applicable laws. New management direction must be developed with full public involvement, as mandated by NEPA, for plan amendment, revision and implementation.

10. Ecosystem managers must recognize the limitations of scientific knowledge, accept reasonable risk, and provide a mechanism for incorporating new information as it becomes available. Adaptive management will be the key to both dealing with risk and maintaining future management options.

11. Ecosystem management enables managers to provide for the needs of all species, without the need for separate plans to protect individual species within the planning area.

12. Ecosystem management, applied on federal lands, should recognize the positive contributions of and impacts on private land. Private lands that are managed according to the forest management principles adopted by AF&PA contribute to sustainable forests. Ecosystem management on federal lands must not impose federal ecosystem management guidelines on, or result in the reduction of, private landowner management options.

IMPLICATIONS FOR FOREST PLANNING AND MANAGEMENT

The Forest Service can implement ecosystem management within the framework of existing laws and regulations – indeed, it has already begun. However, a number of legislative, regulatory, and administrative changes would, we believe, make implementation more effective.

Process vs. Procedures

Federal land management planning has been driven largely by very specific procedural requirements. For example, the NFMA regulations (drafted by a Committee of Scientists) established detailed procedural requirements based on the assumption that following the procedures would lead to reasonable, scientifically-based resolution of the issues. Unfortunately, many planning problems are not scientific. In practice, this emphasis on detailed procedures focused the public debate on whether or not the agency had fully complied with the required procedures. This approach created numerous opportunities for legal challenges, but did little to resolve the public debate on issues that are primarily social and political rather than scientific. The heavy emphasis on procedures also led to a cumbersome planning process that took years to complete and produced plans that often were out of date by the time they were finally implemented.

Both society and our level of knowledge about ecosystems are undergoing continuous change. These conditions require flexibility to respond to evolving issues and new information on a timely basis. Therefore, forest planning must be viewed as a fluid, ongoing *process* rather than a problem to be "solved," a set of procedures to be complied with, or a task to be "completed" every ten years.

New regulations or policy direction developed to implement ecosystem management should lead to a simplified and flexible planning process. The process should provide improved opportunities for the Forest Service and the public to work together to define concepts, test alternative ecosystem management strategies, monitor the outcome, and make refinements based on the results. Ecosystem management must not become just another set of procedural requirements. Instead, it must provide a process to address the long-term health and productivity of forests across the federal land landscape.

The following elements of forest planning and management processes could be improved: public participation; agency organization and budgeting; regulatory and legislative framework; and research and monitoring. Each of these is addressed below.

Public Participation

Forest planning has proven ineffective in resolving controversies over national forest management, in spite of efforts through forest planning to include the public in the agency's decision-making process. In reality, the process has provided opportunities for the public to identify issues and concerns, "comment" on proposed actions, apply political pressure, and appeal or litigate unacceptable decisions.

The public must have a greater sense of "partnership" in making the decisions that will affect their lives, although agency line officers must continue to make the final decisions and be accountable for the results. More effective use of public participation during forest planning is needed to ensure greater public ownership in agency decisions. This is essential if the agency hopes to get beyond endless conflict and public polarization.

Effective implementation of ecosystem management will require greater emphasis on local ("bottom up") planning and an active partnership between the agencies and interested citizens. Small citizens' groups, often organized by local citizens, increasingly appear to offer promise for resolving complex issues at the landscape scale. Rather than acting as facilitators, line officers and resource managers must also actively participate in the process. They must not delegate the role to resource or interdisciplinary team staff.

The agencies' Washington and Regional offices will continue to play an important role in providing consistent analytical tools and broad guidance on global, national, and regional issues. However, local managers must have maximum flexibility to work with local interest groups to design programs appropriate for the unique ecological, social, and economic needs of each federal land unit. Enduring solutions must be worked out *by the people closest to the land and those most affected by the issues*.

Agency Organization and Budgeting

Effective implementation of ecosystem management may require significant changes in both the agency organization and budgeting processes, which currently are organized along functional lines. This system encourages competition rather than cooperation between resource specialists, and will pose a significant barrier to implementation of ecosystem management. Similarly, the Forest Service's four-level structure (i.e. Washington Office, Regional Offices, Forests, and Ranger Districts) has created a "top-heavy" organization, constantly changing policy direction, escalating costs, reduced productivity, and high frustration levels on the part of field people.

Ecosystem management will require highly-competent field managers with intimate knowledge of their local forests and communities. Changes may be needed to ensure the agencies' organizational structure and budgeting process will support rather than impede effective decision-making at the local level.

Legislative and Regulatory Reform

Implementation of a workable ecosystem management process may require modification of certain existing legislative and regulatory requirements. For example, the Forest Service's regulations requiring viable populations of all native vertebrate species within the planning area has focused management on individual species rather than ecosystems. In many cases, this requirement has created almost insurmountable management problems. Conceptually, an ecosystem-based approach to management would provide for the needs of all species and eliminate the need for separate plans for protecting individual species.

Similarly, the current requirement to identify lands suitable for timber management would be irrelevant under an ecosystem management system where lands are not "allocated" for any single use.[4] Greater emphasis on ecosystem-based goals and objectives rather than resource output targets would also change the process for determining future timber sale levels or other outputs. For example, once the Desired Forest Condition is selected, the vegetation treatments to be used and the predicted resource outputs, based on acres treated, would be determined and documented. Forests would monitor the accomplishment of acres treated to achieve the Desired Forest Condition. The agency would be held accountable for meeting these acreage targets and for ensuring predicted outputs are achieved.

A comprehensive review of the pertinent laws and regulations will be completed. Legislative and regulatory changes may be needed to effectively implement ecosystem management. NFPA's recommendations regarding national forest plan implementation, amendment and revision procedures remain relevant and should be adopted to ensure efficient incorporation of ecosystem management principles into amended or revised land management plans.

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[4] NFMA requires the Forest Service to specify guidelines which "require the identification of the suitability of lands for resource management." 16 U.S.C. 1604, Sec. 6(g)(2). It also requires the Secretary to "identify lands within the management area which are not suited for timber production . . . [and] except for salvage sales or sales necessitated to protect other multiple-use values, no timber harvesting shall occur on such lands for a period of 10 years. Lands once identified as unsuitable for timber production shall continue to be treated for reforestation purposes, particularly with regard to the protection of other multiple-use values." 16 U.S.C. Sec. 6(k).

Research and Monitoring

Ecosystem management will require a strong scientific basis for management decisions and strengthened linkages between forest science and management. However, an enhanced scientific framework alone cannot resolve most resource management and allocation conflicts. Federal agencies must place scientific conclusions, assumptions, parameters and ecosystem needs in context with social, economic and political needs.

Additionally, the agencies must ensure that the science used to support management decisions is clearly examined and presented for blind peer review and to the public. Land management planning, project implementation, and special agency initiatives all demand this thorough examination prior to adoption of a particular line of reasoning and assumptions.

Finally, agency procedures must allow agency land managers full flexibility to develop and consider policy options based on sound science. It is appropriate to obtain scientists' comments on options developed by line officers and policy makers. However, scientists must not have the responsibility for making policy-level decisions. In addition, any scientific panels or committees organized to consider specific issues must include the full range of scientific disciplines and management expertise necessary to consider properly the subject under consideration. Such panels or committees must operate in full compliance with the Federal Advisory Committee Act.

The agencies' immediate priorities should be to: (1) design effective monitoring programs, and (2) synthesize existing research information into practical advice that will help field managers understand the potential consequences of their management decisions and implement adaptive management techniques. New research should focus on the priority information needs for effective ecosystem management. All forest ownership sectors should be involved in identifying priority needs for ecosystem management research.

AGENCY TRAINING

To date, agency land management planning has increasingly focused on the use of special land allocations, "buffer zones" and other management "constraints". This approach has effectively down-played the positive role vegetation management can play in achieving society's ecosystem management objectives and instead focused on mitigating potential negative effects. Land use plans have become "zoning" documents which allow, prescribe, or proscribe certain activities on specific management areas, without sufficient consideration of opportunities to achieve management goals and objectives across the entire federal land ownership.

This reductionist approach is not consistent with the principles of ecosystem management and could lead to adoption of ecosystem management as nothing more than a system of new "standards and guidelines" or a series of unrelated, project-level "ecosystem management" activities.

Effective implementation of an ecosystem-based management approach will require a carefully directed program of agency training to ensure broad understanding, acceptance and application of ecosystem management principles.

PUBLIC EDUCATION

The agencies must undertake efforts to ensure broad public understanding and acceptance of ecosystem management. Improved public understanding should lead to more effective public involvement and, hopefully, earlier resolution of public issues and concerns. In adopting an ecosystem management approach, public education programs must focus on the benefits achieved by management of the entire federal land base to achieved the Desired Forest Condition for the federal lands.

CONCLUSION

The decision to embrace ecosystem management was clearly an attempt by the Forest Service and BLM to minimize judicial and administrative actions that create deadlock in the management of the national forests and BLM lands. More importantly, it recognized the need for a better way to plan and carry out management direction on these federal lands.

To achieve the Desired Forest Condition, forestry practices will be needed in some areas where none would occur under today's "all or nothing" management concepts. More acres will be managed to achieve integrated management objectives and maintain long-term ecosystem health. Such an approach should result in forests that are better able to provide a full range of goods and services demanded by today's society.

An ecosystem management approach will change the nature of the forest management debate and has significant potential to reduce public conflict over the long term. The approach outlined in this paper provides an opportunity for interest groups to work with the federal land management agencies to design an effective planning process for the national forests and other federal lands. It should lead to decisions which may be implemented on the ground and provide greater certainty for communities dependent upon the federal lands for their economic and social well-being.

Testimony for the
Subcommittee on National Parks, Forests, and Public Lands

February 1, 1994

Getting to the Bottom of Below-Cost Timber Sales

by

Don Leal
Senior Research Associate
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My name is Don Leal and I'm a senior research associate at the Political Economy Research Center(PERC) located in Bozeman, Montana. PERC is frequently described as a free market think tank focusing on market solutions to environmental problems.

Today, I would like to discuss a very critical public lands issue: below-cost timber sales. For over a decade, this issue has served as a lightning rod for reforming management of the Forest Service's timber program. It is an issue in which I agree with environmentalists in concluding that there is something definitely wrong with how the Forest Service manages the sale of timber.

I part company, however, with those who say the solution to below-cost timber sales is either to stop selling timber altogether or, alternatively, to raise the price of timber to match the costs of the Forest Service's timber program.

In comparing timber sales on state and national forests in Montana I found evidence that the Forest Service loses money on timber sales because its costs are too high. For three different growing regions in western Montana, the state made money

selling timber on its forests, while the Forest Service routinely lost money selling timber.

In northwest Montana, the state grossed $2.39 for every dollar spent selling and growing timber, while nearby Flathead National forest failed to break even, grossing only $0.75 for every dollar spent. Similarly, in southwest Montana, the state grossed $1.98 for every dollar spent, while nearby Bitterroot National Forest grossed only $0.44 for every dollar spent. Even in the dryer, less productive region of central Montana, the state grossed $1.07 for every dollar spent, while Gallatin National Forest grossed a paltry $0.23.

Overall, from 1988 to 1992, the state's timber sales generated nearly $14 million in income, while the ten national forests in Montana showed a cumulative loss of $42 million. This is a startling result, especially when we consider the fact that the state harvested one-twelveth the volume of timber harvested by the Forest Service during this period.

Different lands, different duties? State forest lands are often located right next to national forests in western Montana. In addition, recent surveys by the Forest Service indicate that state and national forests have similar timber growing potentials. State foresters and the Forest Service also carry out similar duties. Both prepare and administer timber harvests, carry out environmental assessments, conduct competitive auctions, plan and build roads, prepare sites for reforestation, and conduct stand improvements. Importantly, both must integrate timber with other uses such as public recreation, livestock grazing, and wildlife habitat.

But the state carries out its duties at substantially lower cost. For example, in the

northwest region the state spent an average of $66 per thousand board feet of harvest to manage its timber program from 1988 to 1992, while Flathead National Forest, located right next to some of those forests, spent 60% more--$106 per thousand board feet. Elsewhere, the cost picture is similar: In Montana's central region, the state's costs averaged $80 per thousand board feet of harvest versus $133 on nearby Gallatin National Forest.

It appears that the state uses a fraction of the labor used by the Forest Service to carry out its duties. For example, to harvest a given volume of timber, the state used 4.5 hours of labor in central Montana, while the Forest Service used 11.6 hours on Gallatin National Forest.

Given the Forest Service's higher costs, one would expect that environmental quality would be higher. After all, one may attribute the higher cost to greater environmental protection on national forests. But a 1992 statewide audit of recent harvests ranked the state highest in protecting watersheds among all landowners, including the Forest Service. The audit, requested by the Montana legislature, was conducted by interdisciplinary team of experts in hydrology, forestry, soil, and biology and several representatives of environmental groups.

And the state does a substantially better job of sustaining quality timber; that is, trees that are alive and free of disease. Timber surveys by the Forest Service indicate that Montana's state timber lands are closer to their timber-growing potential than nearby national forests. In the national forests, more trees have aged and succumbed to disease.

In sum, the solution to below-cost timber sales isn't weaker environmental standards. Nor is it, as some have recommended, to stop selling timber in money-losing forests like those in Montana. The solution is to identify and eliminate wastes in timber sales programs. As a first step, I recommend that the Forest Service

1. Explore options with state and private foresters in reducing the costs of its timber programs.

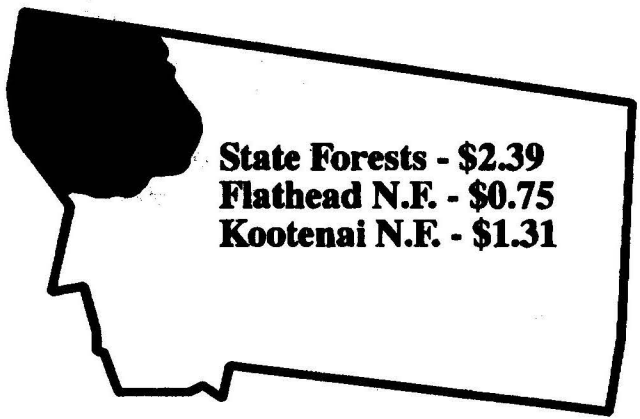
2. Award bonuses to government personnel who carry out innovative and cost effective approaches to timber management and environmental protection.

3. Contract out for program functions whose costs have risen dramatically in recent years.

While these steps are preliminary, I believe they provide a basis for reducing the costs of Forest Service's timber programs. I thank the subcommittee for their time on this crucial issue.

Gross Return Per Dollar Spent On Timber Sales
State Forests vs. National Forests

Northwest Region

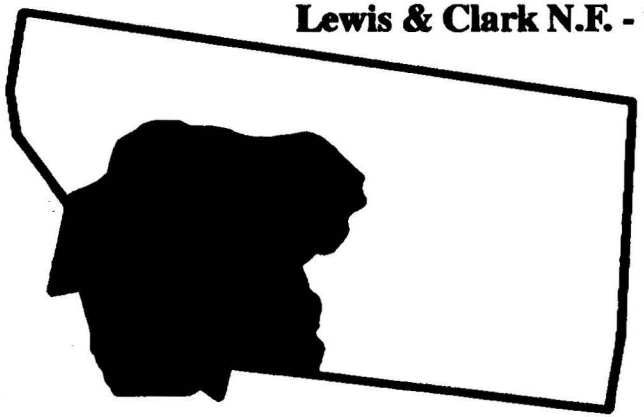


Note: Figures are average for 1988 through 1992 period.
Source: Political Economy Research Center.

Gross Return Per Dollar Spent On Timber Sales
State Forests vs. National Forests

Central Region

State Forests - $1.07
Gallatin N.F. - $0.23
Lewis & Clark N.F. - $0.45



Note: Figures are average for 1988 through 1992 period.
Source: Political Economy Research Center.

Gross Return Per Dollar Spent On Timber Sales
State Forests vs. National Forests

Southwest Region

Note: Figures are average for 1988 through 1992 period.
Source: Political Economy Research Center.

Labor Comparison Between State and Gallatin N.F. Timber Programs - FY 1992

Average Hourly Labor Cost		*Labor Hours Per MBF**
Gallatin N.F.	**$15.63**	**11.6**
Nearby State Forests	**$15.30**	**4.5**

* Thousand board feet of harvest

Source: Political Economy Research Center

U.S. House of Representatives
Natural Resources Committee
National Parks, Forests and Public Lands Subcommittee

Testimony of Clark L. Collins
BlueRibbon Coalition Executive Director

February 1, 1994

OVERSIGHT HEARING ON
US FOREST SERVICE REFORM



WIN WIN SOLUTIONS ARE POSSIBLE

Some Forest Service critics are fond of saying that recreation and tourism will replace the resource industries they seek to eliminate. The BlueRibbon Coalition is a recreation organization that promotes cooperative resource management. Our public lands can accommodate healthy natural resource industries "and" outdoor recreation. We represent nearly 300 member organizations nationwide who share that view.

Many old timber harvest and mining access roads are now being used for recreational purposes. Most of our western single track trails exist today because they have been used for trailing livestock. The fact is that most backcountry roads and trails nationwide were originally built for our natural resource industries.

The push to replace U.S. Forest Service management of vital natural resource industries with a new recreation focus just doesn't make sense, even for recreationists. Recreation shouldn't be expected to replace those industries and attempts to push that concept merely encourage conflict.

Workers in our natural resource industries often recreate in backcountry areas near their job sites. Overly restrictive federal land use policies have a negative effect on both their job and their recreation. Many of our members are being caught in this lose-lose situation.

Recreationists in the BlueRibbon Coalition realize the value of our natural resource industries, not only to our economy but to recreation and tourism as well. We actively promote projects that highlight the recreational benefits provided by industries who also provide local jobs and supply our nation's vital raw materials.

We feel that win-win solutions are possible but are often overlooked by federal agencies catering to the demands of "no-use" special interest groups. Recreationists and our resource industries must work together to "Preserve our natural resources FOR the public instead of FROM the public."

Artificial conflicts between commodity users and recreationists have been stimulated by poor agency coordination. The Forest Service has been negligent when it allows a timber sale, a mine, or other use to disrupt recreation. This has caused conflict among groups that should be allied in the productive use of our forests. Proper inter-departmental coordination can eliminate these problems.

An example of a win-win solution:

Our local forest service district asked for comments on a timber sale that would have wiped out a section of trail. The trail was part of an important loop route that was popular with both motorized and non-motorized trail users. The trail in that area was actually an old logging road from a previous sale. Still, blocking access to that section would have broken the loop, creating a serious access problem for use of the rest of the trail system. This would surely have upset local trail users.

I suggested that the agency construct a new trail around the harvest activity prior to the sale, which they did. The result is a new section of trail that is better than what it replaced. It was engineered specifically for trail recreational use rather than as a road. The timber was then harvested without disturbing local trail users. We have a better trail than before and didn't even realize a timber harvest was taking place nearby.

Sound resource management policies must prevail. Unfortunately the USFS is caught in a cross fire. Certain publics are demanding that managers let nature take it's course. They are persistent in those demands because some managers bend to that pressure even though they know the policy being demanded is unsound. Catering to unreasonable demands has just made the situation worse.

It's our view that reform of the USFS to satisfy the demands of no-use advocates would be a big mistake. Recreational forest users would be the ultimate losers in such a shift of policy. Wise multiple-use management is the original mandate of the Forest Service and should be defended.

US FOREST SERVICE RECREATION FUNDING:

It's true that recreation needs are not currently being met by the U.S. Forest Service. Inadequate funding for trails has resulted in an over $200,000,000 back log of trail maintenance funding. Rather than blame this shortfall on agency bias against recreation we helped secure a user funded program for trails.

The BlueRibbon Coalition worked with our members and other recreation organizations on the passage of the National Recreational Trails Act of 1991 (NRTA). We worked very hard to ensure that a portion of this fund would be available for Forest Service trails to benefit a broad range of trail enthusiasts. Unfortunately, adequate funding for this program has been difficult to secure. Forest Service recreation programs would benefit greatly from increased congressional support for full funding for the NRTA.

(see appendix A for additional information on NRTA)

It was our intention for the NRTA to stimulate increased cooperation between diverse trail users. The current support for this program, through the Coalition for Recreational Trails, by equestrians, mountainbikers, the American Hiking Society and Rails to Trails Conservancy, is indication that we have achieved much of that objective. However, some USFS districts still focus on perceived conflicts between diverse trail users rather than encouraging cooperation.

Unfortunately, recreational bigotry is still a serious problem and some USFS personnel are guilty of it. Bias against certain forms of recreation has no place in an agency who's motto is "Caring for the land and serving people." However, in many cases this apparent bias is driven by pressure from anti-OHV organizations. USFS districts catering to this pressure only prompt even more unreasonable demands.

WHAT DO WE REALLY WANT.

Anti OHV groups misrepresent our intentions. Let me set the record straight on a few of those misrepresentations:

The BlueRibbon Coalition is not an "anti-environmental organization." On the contrary our member organizations nationwide are heavily involved in trail maintenance and improvement, litter clean-up, environmental restoration projects and working with other users and our land managers to build cooperative environmental protection programs.

The Blueribbon Coalition is not "anti-Wilderness." We have supported reasonable additions to our Wilderness preservation system such as is proposed in the BLM's California Desert Conservation Plan and the recently enacted Colorado Wilderness bill. We do, however, actively oppose Wilderness designation of areas presently used by mechanized recreationists because that designation disallows our continued use of those areas. Wilderness designation is not necessary to protect our backcountry areas.

The BlueRibbon Coalition is a major recreation component of the "Wise Use Movement," but that movement is being grossly misrepresented by some special interest groups. Yes we do think that recreationists, and loggers, and private property interests, and other natural resource users should work together to protect each other's interest, but we don't think that our environment should be sacrificed in the process.

CONCLUSION

We feel the US Forest Service's multiple use mandate should be defended. Forest Service District Rangers must be free to make balanced decisions that take local conditions into consideration. They should be encouraged to promote cooperation between diverse natural resource users. We urge our congressional representatives to reaffirm the USFS multiple-use mandate.

APPENDIX A

AMERICA'S RECREATION TRAILS

Trails provide diverse recreational opportunities and are an integral part of the multiple-use management of our natural resources.

Trail recreation encourages environmental responsibility by helping educate the public about natural resources. It also encourages appreciation of wildlife and our natural heritage.

Trail based recreation accounts for over 30 million recreation visitor days each year on our National Forests alone.

Historically, trail maintenance and construction has not been adequately funded. According to a recent study, there is a trail maintenance back-log of over 200 million dollars on our National Forest alone.

Funding for trail maintenance and construction should not come at the expense of other resource programs.

NATIONAL RECREATIONAL TRAILS ACT OF 1991.

The Symms National Recreational Trails Act was signed into law in December of 1991. It is Title I, Part B and Title VIII of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

This act allows for the fuel taxes paid by off-highway recreationists to be used for trail maintenance and improvements to benefit all trail users.

SUPPORT FUNDING FOR TRAILS

* In accordance with the authorizing legislation, a national advisory committee composed of diverse trail interests is working together to foster cooperation between trail users. Increased funding will encourage and enhance this cooperation.

* This fund, supported by users fuel taxes, is a pay-as-you-go program and should be fully funded as authorized at $30 million annually.

* To date only $7.5 million has been appropriated for this program. That meager allocation was stretched to meet just a few of our nation's trail maintenance and development needs. More funding is needed to fully implement this environmentally responsible program.

* Support the full $30 million funding for the National Recreational Trails Fund Act (NRTFA) as authorized in the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA).

STATEMENT OF
R.M. (JIM) NELSON, FOREST SUPERVISOR
TOIYABE NATIONAL FOREST
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the

Subcommittee on National Parks, Forests and Public Lands
and the
Subcommittee on Oversight and Investigations
Committee on Natural Resources
United States House of Representatives

Concerning "New Directions for the Forest Service"

February 1, 1994

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am honored to be here today at the request of the Committee to share with you the results of a study that was prepared by employees of the Intermountain Region, also known as Region 4, of the Forest Service. I should point out that this study has not been approved by the Forest Service nor endorsed by the Administration. My name is Jim Nelson. I am proud to serve as Supervisor of the Toiyabe National Forest which covers nearly 4 million acres in Nevada and California.

In 1986, Dale Robertson, then Chief, authorized the Pilot Program. This program was designed to provide latitude for innovation in management of field units. The program marked the beginning of Forest Service focus on management improvement initiatives, an area of emphasis that has the full support of the current Administration. In 1989, the Intermountain Region adopted a Total Quality Management (TQM) Program as our Region's vehicle for promoting organizational excellence.

In 1991, in response to concerns expressed by the Region's District Rangers, a Quality Improvement Team was chartered under the TQM Program to evaluate strategies which, when implemented, would enhance both internal and external customer service at the Regional, Forest and District levels. I served on the team in the dual capacity of mentor, providing a line-management perspective, and as an active member. As a starting point for our work, the team made a number of observations that reflect our collective experience as Forest Service employees. They were:

1. Public interest in, knowledge of, and demands on Forest Service programs are rapidly increasing;

2. Value conflicts exist over the proper balance between amentities and commodity production on National Forests;

3. Appeals and lawsuits are increasing at a rate that interfers with effective Forest management;

4. The growth of laws, regulations, and budget line items is significantly reducing managerial flexibility; and

5. Ranger Districts, the level where most of the on-the-ground work gets done, are experiencing flat or decreasing budgets--they do not have the resources to implement Forest and Resource Land Management Plans. But the total number of people in the Supervisor

Offices and the Regional Office of Region 4, and the number of people in the Chief's Office have increased.

The Quality Improvement Team spent 15 months in completing its work. In February, we presented our findings and recommendations to the Regional Leadership Team. Our key findings were:

1. Region 4 has spent a great deal of money and time in adopting improved technology with an expectation that this change would reduce total resources devoted to many administrative activities. In practice, the organizational structure has not adjusted to these innovations and no additional resources have been released for on-the-ground work.

2. Functionalism (work oriented along specific program lines such as recreation, timber, wildlife, etc.) and duplication of effort are on the rise, as is reflected in the growth in staff above the District level.

3. External pressures are putting the organization under severe stress. Litigation, changing public demands, and unprecedented media scrutiny, with limited or no increase in funding to respond to the increased work load has produced a "crisis" mentality in management.

4. The employees of the Forest Service are like the public at large. We are internally debating the appropriate balance between

commodity and amenity programs. This is an issue that has polarized parts of our work force as it has polarized the American public.

5. External customers exist at three identifiable levels--the ground, state and National levels. The Forest Service has four organizational levels. This lack of symmetry between public and organizational levels contributes to reduced organizational performance.

Budget information included in our report supported these findings. First, the budget in Region 4 was divided as follows: 12 percent goes to the Regional Office; 43 percent to Supervisor Offices; but only 45 percent to Ranger Districts. Second, nearly two-thirds of our budget is used to support organizational needs leaving too little for on-the-ground activities.

While some of these problems are beyond the control of the Forest Service, opportunities for positive change clearly exist.

The Quality Improvement Team made an overarching recommendation:

> The Forest Service should be positioned based on a philosophy of organizing close to our customers and identifying nonduplicative roles appropriate for customers expectations and land stewardship needs.

The team also developed options to reduce duplication of functions and improve customer service. These options were structured around three variables: the type of work (divided into three generic categories: contacts with customers and the actual doing activities of the Forest Service; support and coordination activities; and, strategic functions and interaction with the Administration, Congress, and National interest groups); the number of organizational levels (two, three and four); and, geographic considerations such as state boundaries and ecoregions. Each option was also designed to improve organizational performance by promoting self-managed teams, rightsizing, integration of operations, and enhancing the attractiveness of Districts as career destinations.

The Regional Leadership Team has agreed to evaluate various options developed by the team. As part of this effort, the Region is evaluating appropriate roles for each organizational level. In addition, each job is being reviewed to determine how it contriubtes to the agency's mission. This information will be used to assign work between various organizational levels.

We hope to finish the evaluation process by the end of this year. Our employees have been supportive of this effort and are eager to begin implementation of the reorganization plan that is ultimately selected by the Regional and National Leadership Teams.

Our report has been given to the Forest Service Reinvention Team for consideration. Although this is only one of many initiatives the

Reinvention Team is reviewing, I believe that our work will be a valuable contribution to the overall reinvention effort.

This concludes my testimony. I would be happy to answer any questions you might have.

Testimony of
Dr. Donald M. Waller

Before the U.S. House of Representatives, Feb. 1, 1994

Natural Resources Committee Joint Subcommittee Hearing:
National Parks, Forests, and Public Lands (Rep. Vento, Chair)
Oversight and Investigations (Rep. Miller, Chair)

Subject: **Forest Service Reform**

Introduction:

Thank you for the opportunity to testify on the important issue of Forest Service reform today. My testimony here is not aimed at any individual employee of the Forest Service. I have a deep personal respect for most agency personnel that I have had the pleasure of knowing and working with over the years. Many of these individuals have gone out of their way to indicate that they share my concerns and that they appreciate the efforts I am taking to sway Forest Service management back to scientifically-based conservation. I feel some responsibility to these personnel to speak plainly and clearly, as their own voices are so often muffled or guarded.

Background:

Over a century ago, at a point when this nation had already cut about half its original forests, Congress made history by holding hearings to consider the state of our forested lands. Congress heard many stories about destructive and wasteful patterns of cutting, the general disregard among private loggers to protect watersheds and wildlife habitat, wildly destructive floods and fires, and the impending timber famine that would follow unsustainably high levels of logging. At the time, private logging concerns were buying up public land at very low cost, cutting the best timber in the cheapest and fastest way possible, and then moving on, often abandoning their cut lands and defaulting on their tax obligations. By then, waves of deforestation had already rolled over the Midwestern forests, leaving in their wake moonscapes of cut-over lands, massive soil erosion, decimated wildlife populations, wildly destructive slash fires, and a succession of economically devastated communities.

These hearings led directly to the Forest Reserve Act of 1891 which sought to protect watersheds and some remaining forests from abusive logging practices. These "Reserves" became our National Forests and the U.S. Forest Service was created in 1905. That agency made a name for itself in its early years as a staunch defender of our national forests against private interests that would see them liquidated. Under strong leadership, the Agency developed a reputation as a progressive institution dedicated to applying the best of contemporary forest science.

Sadly, we face similar problems today, a century later:

- Federal lands are being logged at unsustainably high rates and low cost, often to benefit private corporations.

- Populations of many native species are seriously threatened across the country in our National Forests.

- Once pristine streams and rivers are suffering high rates of siltation due to extensive grazing and logging.

- Low cost forest products from national lands are discouraging careful stewardship of these and other forests and more efficient utilization and recycling in the wood fiber industry.

Ironically, many of these problems can be traced to the Agency entrusted by the public to oversee their National Forests: the U.S. Forest Service. What has gone wrong? Why has this agency lost so much of its original reputation and the trust of the public they serve? Why are agency personnel concerned with protecting watersheds, natural values, wildlife, and economic sustainability often over-ruled by their superiors and made to feel threatened within the agency they have chosen to serve? Why are suggestions to re-direct management away from commodity production and toward management that could more effectively conserve forest and wildlife values so frequently spurned? Many in and outside the Agency are asking these questions.

I will first describe a few significant problems that confront the Forest Service and my own experiences in trying to promote improved conservation of biodiversity on Forest Service lands. Next, I attempt to analyze the bases for these problems and the degree to which recent and current efforts at reform are succeeding. Finally, I present recommendations for reform that I feel go beyond current efforts by addressing the underlying structural and economic incentives that have so consistently and pervasively biased National Forest management.

Problems in Forest Service Management:

The U.S. Forest Service is the premier land management agency in the country, managing 1/3 of our forest lands distributed among 156 National Forests covering 193 million acres. This is more land than that managed by the Fish and Wildlife Service, the National Park Service, the Army Corps of Engineers, and the Bureau of Reclamation combined. Thus, the decisions this agency makes control the fate of a large fraction of our nation's biotic heritage.

The Forest Service is expected to meet goals that often conflict

Since its inception, the U.S. Forest Service has sought to fulfill two distinct, and, at times, conflicting goals: to conserve and protect the National Forests and their natural resources, and to provide a stable and sustainable supply of commodities from

those Forests. Through time, the former has progressively lost out to the latter. In response, the Forest Service has encountered a rising crescendo of protest from both the informed public and, more recently, from its internal ranks. The public rancor that has accompanied the implementation of recent Forest Service policies and forest plans point to widespread concern that this Agency has lost sight of its essential goals. While controversy is not new, current storms of protest extend into the daily papers, prime time television, and even the pages of Sports Illustrated. These conflicts have also precipitated an identity crisis within the agency regarding its goals and how they should be pursued.

In terms of both its original charter and today's standards of environmental protection, we should judge the Forest Service according to two criteria:

1. Does the Agency act so as to protect and enhance the economic and ecological value of the lands it oversees?

2. Does the Agency effectively and efficiently carry out the duties set for it by Congress? In particular, does this Agency embrace the spirit, as well as the letter, of the environmental laws of the land?

While there are a great many cases where the Agency meets either or both of these tests, its performance has been inconsistent and often glaringly deficient. These failures are too common and too pervasive to be excused as occasional oversights. In fact, the frequency with which this Agency has been on the wrong side of efforts to protect the environment demonstrates substantial institutional bias toward logging and commodity extraction that often supersedes concerns for protecting biodiversity, stream quality, and other natural values.

The Agency has failed to meet public and Congressional expectations

The American people, through Congress, have made clear via the Multiple Use Sustained Yield Act of 1960 and, even more explicitly, via the National Forest Management Act of 1976 their will that the National Forests meet multiple uses, including the perpetuation of wildlife, public recreation, and the sustainable harvest of forest commodities. The NFMA goes further to stipulate that management of the National Forests should maintain and enhance the natural biological diversity of those lands (and remains the only federal law with diversity as an explicit goal). Yet despite these plain directives, the Forest Service has stubbornly remained primarily and overwhelmingly biased toward timber cutting. This bias is obvious when one examines budget allocations over past decades (Fig. 1) and appears remarkably insensitive to changes in political party among administrations.

Taxpayers might expect such heavy timber cutting to at least bring federal government substantial revenue. Alas, this is not the case - timber harvesting and associated road construction costs exceed net revenues to the federal government. Ironically, the Agency has even justified high rates of cutting and associated costly road

construction in terms of the very wildlife and recreation values that are being diminished. Virtually every long-term plan developed under the NFMA has been contested or appealed on environmental grounds. And we see an Agency that has stubbornly refused to accept its responsibilities under NFMA and the Endangered Species Act to effectively protect threatened populations of plants, fish, and wildlife. While these failures and the agency's reluctance has often been hidden behind glossy brochures and sanguine public relations announcements, the reality is evident in the string of appeals and court cases it has confronted. At the same time, environmental groups have pointed out that these high rates of cutting, in addition to threatening environmental values, have not even succeeded in raising enough revenue to offset their steep economic costs of administering timber sales and building roads.

The Agency is beset by internal dissent; repression is common.

Within the Agency, these problems have also taken a heavy toll, manifest in the discord and fear many employees feel. This dissatisfaction led to the creation of the "Association of Forest Service Employees for Environmental Ethics" in 1989, an organization whose existence and popularity testifies to the atmosphere of intimidation that exists within the Agency. Loyal employees are forced to choose between pleasing their superiors and protecting natural resources and values. In November, 1989, all the Forest Supervisors from the Western Region signed a pointed letter to the Chief complaining that "the current emphasis of National Forest programs does not reflect the land stewardship values embodied in our forest plans. Congressional emphasis and our traditional methods and practices continue to focus on commodity resources." Regional Forester John Mumma also resisted pressure from the Washington office to maintain excessive and non-sustainable levels of timber harvest. As you know, Mumma was forced to accept early retirement shortly thereafter. By this past August, 9 of these 13 Supervisors had been transferred, reassigned, or took retirement.

The Agency has failed to accept and apply conservation biology

Stories involving the Forest Service all too often bring news of environmental threats or degradation. In the Northwest, a succession of scientific panels reviewing reams of data have repeatedly concluded that continued harvesting of this country's last extensive old-growth forests directly threatens many species of birds and mammals. The American Fisheries Society finds 134 salmonid fish stocks at risk of extinction within the National Forests. Seventy percent of the watersheds on the Clearwater National Forest are degraded below plan standards.

As a conservation biologist, I am particularly upset by the Forest Service's failures to effectively absorb and apply the lessons of conservation biology. By now, hundreds of individual studies have led to two broad conclusions:

1. To sustain natural communities, it is essential to sustain the natural conditions and disturbance regimes (floods, fires, wind-throw, etc.) to which most species are adapted.

2. To sustain viable populations of the most sensitive native species, it is often essential to protect large areas of natural habitat. Smaller areas are often simply incapable of supporting enough individuals, or providing the full range of conditions necessary, to prevent local extirpations which, collectively, spell extinction.

These are not subtle or arcane concepts. We should expect the nation's largest land management agency, with an explicit charge to protect diversity, to have a full understanding of their importance and relevance to particular situations. High levels of timber cutting and associated road construction, especially when dispersed across the landscape as scattered patterns of openings, contribute directly to habitat loss and habitat fragmentation. Species specially dependent on forest interior or old-growth conditions are most threatened in the U.S. today. Nevertheless, Forest Service planning documents often reveal an Agency preoccupied with common species of wildlife, or with outmoded interpretations of ecological science. Both draft and final long-range management plans for the Wisconsin National Forests revealed that biodiversity issues were consistently misunderstood or, worse, misrepresented. In a glaring example, the Forests chose to interpret the diversity provision of the NFMA to mean that the forests should be repeatedly logged so as to maintain "age-class diversity."

We assumed at the time that these errors reflected oversight, gaps in qualified staff, or the commodity orientation of most planners. We therefore attempted to assist the planning team by providing background information on conservation biology and alternative management suggestions. Oddly, while the staff of one Forest sought to verify the legitimacy of our analysis and incorporate elements of our proposals, staff from the other Forest ridiculed our suggestions as a "veiled grab at wilderness" and refused to acknowledge the legitimacy of mainstream ideas from conservation biology. While this stark dichotomy in response itself indicates a need for reform , we were unprepared for what happened next. The progressive elements introduced into the Chequamegon National Forest Plan by the Supervisor were mysteriously removed in May, 1986 by the Regional Forester. This occurred behind closed doors without any scientific or economic review or public discussion. When this decision was appealed to the Chief, we waited over three years for a decision that, while acknowledging the deficiency of biological analysis in the Forest Plans, refused to allow establishment of the Diversity Maintenance Areas we had proposed, even on an experimental basis.

Why are the underlying causes of these problems?

These problems lead us to ask why this Agency has been so wedded to meeting unrealistic and damaging targets for commodity outputs and so resistant to reform. Even well-informed and well-motivated Forest Service staff can not overcome failures in leadership. The causes of many of these problems appear plainly rooted in this Agency's structure and the incentives that pervade it.

With a budget of over $3 billion for 1990, 39,000 employees, and a huge land base, the Forest Service would rank among the largest corporations were it independent. We as a nation should expect such an agency to be administered with efficient dedication to the goals laid down for by Congress. Unfortunately, Congress and the structure of the Forest Service itself present those working within the Agency with conflicting goals and incentives that virtually ensure the problems just outlined. Most conspicuously, those working within the Agency have for years been judged by their ability to meet specific Allowable Sale Quantity (ASQ) targets set for them at the Washington and Regional offices. In contrast, goals for protecting forest health, stream quality, and wildlife populations have been much fuzzier and have rarely contributed to advancement within the Agency. Officers are judged on their ability to get along with various (often commercial) "customers" and are often moved frequently from Forest to Forest and Region to Region, preventing intimate knowledge of local ecological circumstances.

Staffing within the Agency has for decades favored the foresters, silviculturalists, road engineers, economic planners, and managers that could work well together in meeting the timber targets set by Congress. Leadership, in particular, has usually drawn from these professions. These individuals are usually well trained in their specialty, but almost always have a perspective that emphasizes economic outputs. While such professionals are fully qualified to manage forest stands for timber production, they are rather less qualified to understand the consequences of their management on complex ecological relationships among forest saprophytes and pathogens, soil micro-arthropods, keystone herbivores, neo-tropical migrant songbirds, and threatened populations of salmonid fishes and top carnivores. While the Agency employs many well-trained "ologists" that do understand many of these interactions, their voice in planning and management has not consistently been sought out or heeded. This is especially true for the many scientists segregated in the Research arm of the Forest Service. Furthermore, even when they are consulted, their opinions are often dismissed or even disallowed. I recently heard a scientist in the Northwest complain that a decision to base management decisions regarding salmonid fisheries in the Tongass National Forest on the best current information then coming from research in Washington and Oregon was over-ruled on political grounds in Washington DC. Scientists told that obviously pertinent research is irrelevant to their area lose faith in government institutions and their Agency. I have also heard cases where scientists' opinions have been solicited, then ignored. Worse, scientists have been told to rewrite their opinions to better match agency policy or political pressure. These occurrences violate norms of scientific conduct and endanger this Agency's ability to make informed public decisions regarding our valuable national resources.

A set of pernicious economic incentives has also contributed to Agency bias in favor of timber cutting. The Act of May 23, 1908 established that counties would receive 25% of all gross timber sale receipts from timber sales within their boundaries. These Payments to Counties in Lieu of Taxes provide powerful economic incentives for local governments to push for increased timber harvesting in the National Forests ($235.7 million in 1985 and $497.6 million in 1986). Not surprisingly, many communities are

now economically dependent on these payments (as well as a steady supply of low-cost timber). Such constituents guarantee acrimony and bitter local opposition to attempts to more effectively conserve the National Forests, even when total forest outputs remain unchanged.

The Knutson-Vandenberg Act of 1930 allowed the Forest Service to retain that fraction of its timber sale receipts that it believes are necessary for reforestation. The NFMA extended this allowance in 1976 to include thinnings and wildlife management activities associated with timber sales. Expenditures of K-V funds expanded more than 50% between 1975 and 1980 and augmented the Forest Service budget by $186.1 million in 1985. As it is natural for an institution to augment its discretionary budget, this Act provides an internal incentive to increase timber harvests. In addition, it has favored the increased use of clear cuts since these demand the highest costs of reforestation.

A third law passed in 1964 established the right of the Forest Service to grant "purchaser credits" to build roads, a necessary, but expensive, part of the infrastructure needed to support timber harvests. Under this act, the Forest Service lets timber purchasers deduct the cost of the roads they build from the amounts they pay for the trees to the Forest Service. In 1985, the Forest Service obtained $192.3 million worth of roads in this way in addition to the $234.8 million directly appropriated by Congress for this purpose.

Aren't current steps to reform the Forest Service sufficient?

With the many other important issues Congress is facing this term, you are doubtless tempted to assume the Forest Service has already embraced reform under its Ecosystem Management program and the appointment of a new Chief. The Agency itself will also no doubt try to persuade you that their problems are now under control. While these are substantial signs of progress, it would be a grave mistake to assume that the Forest Service is "out of the woods" in terms of the internal and external difficulties it faces. If Congress expects this Agency to live up to its obligations under the laws Congress has laid down for it, and to do so in the future as well as under the current Administration and Chief, it will have to face up to the structural and bureaucratic barriers that still exist.

When the new Chief was appointed last Fall, some complained that his appointment was improperly political. Sadly, this Agency has been blatantly political for many years. So many internal and external incentives favor maintaining timber outputs that its ability to respond to even overwhelming evidence of environmental degradation and public outcry has been slow and limited. Will the appointment of Chief Thomas suffice to bring reform? Possibly, but he will face difficult and perhaps impossible obstacles unless Congress assists him. Congress alone has the power to realign the budgetary and structural incentives that continue to favor timber cuts and grazing over even minimal protection of our wildlife, streams and forests.

Will Ecosystem Management improve Agency performance?

The Forest Service progressed rapidly in recent years from "Multiple Use" to "New Perspectives" to "Ecosystem Management." While this succession of programs may represent a sincere attempt by many within the Agency to come to grips with environmental protection, they also act as camouflage to cloak continued high levels of timber cutting. Ecosystem Management as practiced to date has amounted mostly to a public relations initiative aimed at deflecting public scrutiny and criticism. Small-scale pilot projects are held up as exemplars of Ecosystem Management, then reversed or negated by decisions made later or for other, usually much larger, areas. At times, it seems as though the Agency is desperate to devise techniques to minimize environmental impacts, provided they do not conflict with high timber harvest targets. In separate, unrelated incidents, senior personnel from the Washington office sought to reassure audiences that Ecosystem Management would be limited to demonstration projects and would not affect timber targets or the bulk of on-the-ground management. Such "business as usual" pronouncements belie the public stance of the Forest Service and lead to widespread public cynicism.

The focus of New Perspectives and Ecosystem Management programs thus far has been to establish demonstration projects in each Region to show how conventional silviculture can be modified to simulate natural processes or old growth structure more closely. Drawing on Jerry Franklin's work, there has been the recognition that retaining live and dead trees in a stand and allowing some coarse woody debris to remain in cut stands provides important "biological legacies" that can aid the retention of old-growth and disturbance-sensitive species. While such programs hold some promise, they are too small in scale and number to yet represent any substantial change in overall direction for the Forest Service. In addition, we should admit that these modified silvicultural techniques remain unproved. They should therefore be considered experiments rather than solutions to the problems posed by intensive and extensive timber harvests. Forestry, because it involves making changes that often last centuries, should be a conservative profession. Foresters will need to follow the consequences of many such projects for decades before we can feel confident regarding their impacts on forest ecosystems. In particular, we need to demonstrate via continued monitoring that they can sustain viable populations of forest-interior songbirds and other edge-, area-, and isolation-sensitive species.

An obvious way to maintain forest structure and processes in areas managed for timber production is to replace clear-cuts and associated forms of even-aged management with lower impact selective cutting techniques that involve removal of individual trees or small clumps of trees. Selective cutting varies widely in intensity, but has the potential to minimize the size of forest canopy openings, soil compaction, and associated impacts on the forest and watershed. I have seen forests in the Menominee Indian reservation in Wisconsin and the Collins-Almador private forest in California managed via such selective cutting regimes. These forests look and feel more intact than most National Forests I have visited, suffer fewer problems with erosion, and appear to support a full complement of plant and wildlife diversity. Low-impact

selective harvesting techniques deserve careful study to confirm these superficial impressions and could contribute to the ultimate success of Ecosystem Management. Ironically, the techniques used at Collins Pine are based on research and recommendations made by the Forest Service in the 1930's, then abandoned by this same agency on our western National Forests.

In addition to ameliorating the local effects of timber harvesting, Ecosystem Management must incorporate wider views of how diversity is sustained across forested landscapes. Uses often conflict with one another, limiting the extent to which multiple uses can coexist on the same land at the same time. Jerry Franklin himself has admitted that local approaches alone do not suffice and should be complemented on the landscape scale by allocating at least some large, contiguous areas to uses other than silviculture. This segregation of competing uses formed the center of our proposals to the Forest Service in 1985 and 1986, and has been championed by others as well, both on environmental and on economic grounds. Federal Judge John Dwyer also acknowledged that landscape and biogeographic concerns should play central roles in forest planning under the NFMA in his decision regarding Grider Creek. Agency pronouncements regarding Ecosystem Management should be carefully scrutinized to ensure that they encompass effective concern for these landscape aspects of forest diversity.

Recommendations for reform :

Do these problems imply that we should dismember the Forest Service, turning lands important for conservation over to another steward such as the Department of Interior? There are those who believe the agency can only be reformed via this drastic "New Zealand solution." Alternatively, this agency might join the other federal agencies in embracing not just the rhetoric but the imperatives of environmental protection. To this end, I urge Congress to consider the following recommendations. They are not especially original - many others have converged on similar points of view.

1. Re-align priorities and provide better leadership

The Forest Service needs to erect a command structure that demands respect from its employees, the scientific community, and the public. District and Forest personnel deserve leaders they can respect and a clear and scientifically informed vision of the job to be done and how to do it. Because science and management will continue to co-evolve as we gain deeper insights into ecosystems, these leaders will need flexibility and imagination as well as trust. It is the role of Congress to make our public priorities and overall commitments clear and demand leadership that reflects these priorities.

The appointment of a new Chief is an essential first step. Many in and outside the Agency are impressed and encouraged by the fact that our new Chief is trained as a biologist. We trust that this Agency will now demonstrate its sincerity about protecting biodiversity and other natural values by re-aligning its priorities and embracing a

consistent set of goals which will be clearly communicated to its staff on all levels. Evaluations and advancement within the Agency should depend on how well employees perform relative to these clearly enunciated goals and not on meeting timber quotas or expanding local budgets. While all decision making should not be centralized, conscientious officers attempting to enforce Congressional mandates to protect environmental values should not work in fear of being over-ruled, demoted or transferred. Local expertise and sensitivity to local ecological conditions should be encouraged. The Agency should also consider adjusting staffing levels among job categories and among local versus regional and national offices

2. Eliminate line-item appropriations and specific ASQ targets.

In setting budgets for the Forest Service, Congress has funded particular activities related to intensive forestry such as road building at far higher levels than those related to conservation (Fig. 1). We cannot expect the Forest Service, even under new leadership, to achieve effective reform and a coherent set of internal goals in the presence of such micro-management. After setting overall objectives via legislation and some set of standards to judge how they are being reached, Congress should step back and avoid setting line-item appropriations. In addition, individual members of Congress that attempt to sway policy in individual Forests within their Districts do the American people and their colleagues in Congress a disservice. Their attention is needed for oversight, not intervention. Having set policies collectively via legislation, Congress should limit its activity to ensuring that these policies are carried out.

3. Eliminate perverse economic incentives that skew priorities.

Congress shares responsibility for the agency's failure to effectively protect environmental goals and must move quickly to remove obsolete and perverse economic incentives that contribute to Agency bias. It is hardly surprising that Forest personnel often work to maximize their own budgets rather than returns to the U.S. Treasury or ecosystem sustainability. Through the retention of K-V funds and the construction of purchaser credit roads, one out of every three National Forests managed to retain more than 75% of their timber receipts in 1985. Such actions often contradict the goals of other legislation Congress has passed specifically to curb the excesses brought about by intensive timber management.

4. Ensure that the Agency obeys environmental laws

The MUSY Act of 1960, the NEPA of 1970, the ESA of 1973 and the NFMA of 1976 all provide clear direction on what the Agency should know and do to conserve biodiversity and other natural values. While many of us are optimistic that the Forest Service has turned a corner in accepting and enforcing these laws, its recent history of modest to flagrant violations of these laws points to the need for this hearing and other Congressional oversight. A primary objective in re-defining priorities (1. above) should be to meet all obligations and expectations under NEPA, the Endangered Species Act, and NFMA to protect biological diversity and the natural processes that sustain it.

Congress's Office of Technology Assessment has already completed an evaluation of monitoring on the Forests. I would urge regular such independent assessments, coupled, perhaps, with independent review of Agency performance by some scientific body, such as the National Academy of Sciences. Such reviews might logically be conducted on a regional basis as issues are often specific to each region.

5. Elevate the role of conservation science in forest planning and management.

Ecosystem Management holds the prospect of improving stewardship of our federal lands but its successful implementation will require the careful meshing of economic, forestry, and ecological science. The Forest Service will need the skills of all its professionals in these fields to effectively re-design forestry practices, including those now in the Research branch. Science and management will also need to be more closely integrated. Conservation science should be used more explicitly in planning while management should be used more extensively as a research tool to improve that science. Conservation biology and landscape ecology are also needed to integrate management decisions more effectively across our landscapes.

While additional research and monitoring are clearly a necessary part of 21st century forest management, knowledge is often already extensive enough to dictate important changes in management without waiting for further definitive results. We know that scattered clear-cuts fragment forests. We know that cutting old-growth eliminates critically needed habitat. And we know that extensive road networks, extensive logging (especially on slopes), and high levels of grazing all directly degrade stream quality. Given the long-term nature of forest management decisions, we can not demand incontrovertible proof regarding substantial environmental impacts before taking action. Rather, we must begin to reshape forestry in light of what we already know, modifying our management techniques as we learn more.

In some cases, the need for further research and study has itself been used to delay reform while allowing destructive grazing or logging to continue. We were told by Regional Forester Floyd Marita and Chief Robertson that insufficient evidence existed regarding threats to biodiversity to justify changes in planning or forest management, but that they supported further research into the issues. Such words ring false to conservation scientists aware of the extensive information already available from decades of study on the many damaging effects of habitat fragmentation on edge-area-, and isolation-sensitive wildlife species.

6. Promote research into conservation science.

The Forest Service and the USDA should also recognize the need to encourage competition and widen the spectrum of research being done within their research programs. Currently, rather little of the research done for the Agency occurs via the competitive bidding or open competition process common in other areas of science. This handicaps the overall research effort by sometimes insulating the Agency from

diverse and innovative research approaches or alternative topics of study. Conservation biology and landscape ecology have grown quickly in recent years, providing skilled pools of researchers eager to investigate consequences questions of direct relevance to forest managers. The active field of forest economics is similarly widening its domain of concern to ask how interacting outputs depend on patterns of forest management.

Restrictions on research occur even within the Agency. I recently heard that although considerable research dollars were being committed to Ecosystem Management overall, proposals from scientists within the premier research institution of the Forest Service, the Forest Products Laboratory, were apparently not being seriously considered. If this is true, it is a disappointment as they have particular expertise in diseases of forest trees that may be exacerbated by intensive management and the design and manufacture of more efficient forest products that could help stretch wood supplies. I also join AFSEEE in asking Congress to support further Agency research into aspects of recycling and demand management that hold great promise for conserving this nation's forest resources.

7. Plan Forest activities at the appropriate scale

The Forest Service has too often managed our National Forests piecemeal, propagating similar patterns of timber harvest over broad areas instead of recognizing distinctive values and acknowledging the conflicts that exist among some alternative uses. Planning generally centers on individual Forests, Districts, and even Opportunity Areas rather than the broader landscapes and biogeographical regions that should properly be their focus. This has had the effect of promoting extensive timber harvests, even in lands ill-suited to them or poor in their economic return. At the same time, threats to biotic communities have been dealt with on a species-by-species basis, ensuring an ever-growing list of threatened and endangered species. As Ecosystem Management develops, it must attempt to resolve these conflicts by recognizing the clear advantages to be gained by aggregating compatible uses together onto lands best suited for these purposes. Similarly, conflicting uses must be effectively segregated and such allocations must occur at the broad scales necessary to sustain natural ecological processes.

Closing statement:

You have an historic opportunity here, similar to that faced by Congress a century ago, to stem abuses of our national lands and redirect an Agency back to its original purpose. Committed professionals within the Agency, conservation scientists like myself, and the informed public all support the need for such reform. Please accept your responsibility here to help return this Agency to its original mission and pride of purpose.

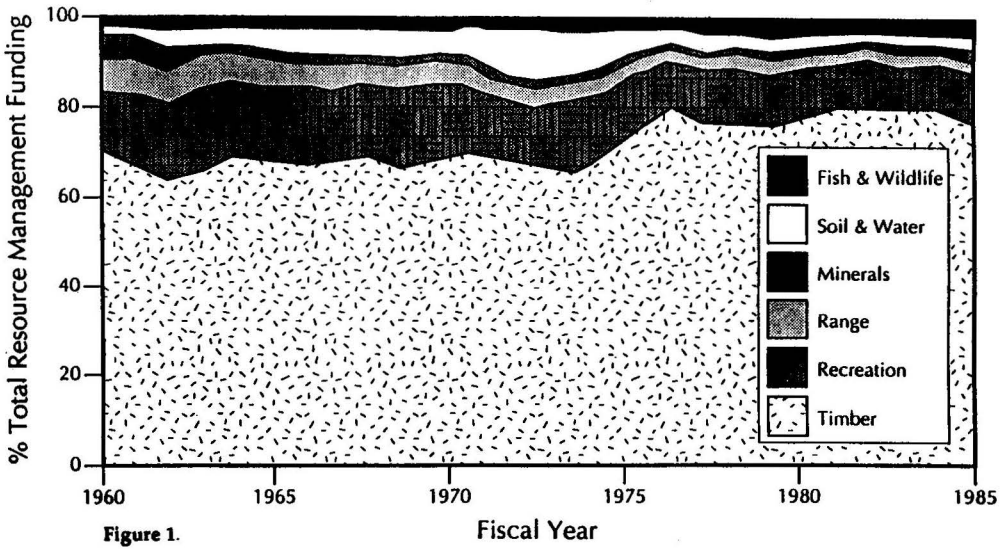


Figure 1.

Heavily biased budget priorities set by Congress for the U.S. Forest Service from 1960 to 1985. Figure from:

Sample, V.A. 1990. The impact of the federal budget process on National Forest planning. New York: Greenwood Press.

Biographical Statement for Donald M. Waller:

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Positions:

1989-present Professor of Botany and Environmental Studies
University of Wisconsin - Madison
1978-89 Assistant and Associate Professor of Botany
1977-1978. Bussey Post-doctoral Fellow, Gray Herbarium, Harvard University

Education: Ph.D. 1978. Princeton University
Biology - Population Biology
A.B. 1973. Amherst College - Independent Scholar in Biology

Fields of Scientific Interest:

Evolution: Life history theory, breeding systems, and the genetic structure of populations.
Ecology: Plant demography, reproductive biology, and forest dynamics.
Conservation Biology: Demography and genetics of rare plants; plant-animal interactions; Effects of habitat fragmentation and ungulate browsingon plant communities.

Other Professional Positions:

Co-chair, Wisconsin Scientific Roundtable on Biological Diversity (for the US Forest Service)
Executive Vice-President, **Society for the Study of Evolution** (1991-94)
Associate Editor, **Evolution** (1994-)
Editorial Board, **Oecologia** (1990-1992)
Board of Directors, **Natural Areas Association** (1989-91)
Population Biology & Physiological Ecology Review Panel,
National Science Foundation (1991)

Students:

Among 9 Ph.D. students, several have worked on the demography, genetics, and population biology of rare and threatened plant species.

Publications:

Dr. Waller has co-authored a book with W.Kuhlmann and W. Alverson regarding biodiversity and forest management entitled:

Wild Forests: Conservation Biology and Public Policy
(Island Press, Spring 1994).

He has also authored or co-authored 45 scientific articles and book chapters and several technical reports, including one for the OTA on biological monitoring in National Forests.

Teaching Experience:

Dr. Waller teaches courses in ecology, evolution, and conservation biology, and chairs the undergraduate major in Biological Aspects of Conservation. He also helped initiate the Univ. of Wisconsin's M.S. program in Conservation Biology and Sustainable Development.

TESTIMONY SUBMITTED TO
THE HOUSE NATIONAL PARKS, FORESTS
AND PUBLIC LANDS SUBCOMMITTEE
COMMITTEE ON NATURAL RESOURCES
ON CHANGES IN U.S. FOREST SERVICE PRACTICES
by R. Max Peterson, Executive Vice President
International Association of Fish and Wildlife Agencies
February 1, 1994

Thank you, Mr. Chairman, for the opportunity to share with you our perspectives of the U.S. Forest Service, particularly as it relates to advancing objectives for fish and wildlife resources, and the habitats that they depend on. As you are aware, Mr. Chairman, even on Federal lands, such as National Forests, the States, through their respective fish and wildlife agency, retain jurisdiction for the conservation of fish and wildlife resources. Since the Federal agencies, as the USFS, manage the land, and thus the habitat, a working, effective partnership between the State fish and wildlife agencies and the Federal agencies is absolutely vital to meeting overall conservation objectives. We appreciate the opportunity to reflect on where and how these partnerships with the USFS can be improved to benefit both the natural resources and the citizens of this country.

As you are aware, the International Association of Fish and Wildlife Agencies, founded in 1902, is a quasi-governmental organization of public agencies charged with the protection and management of North America's fish and wildlife resources. The Association's governmental members include the fish and wildlife agencies of the states, provinces, and federal governments of the U.S., Canada, and Mexico. All 50 states are members. The Association has been a key organization in promoting sound resource management and strengthening federal, state, and private cooperation in protecting and managing fish and wildlife and their habitats in the public interest.

The USFS has a significant role to play in the conservation of forests and rangelands, and not just on lands of the National Forest System. The many other programs under their administration such as research, State and Private Forestry, and International Forestry provide opportunities, in working with other partners, to enhance forest conservation both nationally and globally.

As you are aware, Mr. Chairman, approximately ⅔ of the land in the United States is privately owned, by either industry or individuals. It is clear that in order to meet our objectives for the conservation of fish, wildlife and other natural resources, we need to encourage and involve the interest and support of the non-public landowners in this country. The State and Private Forestry program of the USFS provides an excellent opportunity to do this. Working in cooperation with the State Forestry and State Fish and Wildlife agencies, this program can coordinate local, regional and national assessments of forest health and provide information, technical assistance and incentives to private forest owners. The Forest Stewardship program is a good step in this direction. By providing the landowner a comprehensive land management plan which integrates the conservation of natural resources with landowner objectives, the

program endorses sound forest stewardship to meet holistic objectives. While enrollment in the program is voluntary, once the landowner enrolls, they agree that all activities conducted on the land will be consistent with a stewardship plan.

Once a landowner is enrolled in the program, they become eligible for financial incentives to implement the plan under the Stewardship Incentive Program.

We encourage the development and expansion of this and similar programs as a focus of the State and Private Forestry Program of the USFS. We certainly recognize that we cannot pay incentives to every landowner for good stewardship, but on the other hand, not all landowners are looking for out-of-pocket payments. In many instances technical assistance may be enough to get significant results. Many landowners are just sincerely interested in enhancing their property for fish and wildlife because they enjoy them for observation, hunting, etc. And, as you are aware, there are multitudes of incentive programs at the Federal, State and local levels which, once a conservation plan is written, could be available to fund its implementation, at least in part.

The other thing a stewardship or conservation plan brings to landowners is some certainty to future management. A comprehensive plan which integrates their land management intentions with natural resources conservation gives them a firm idea of what measures may be necessary to protect important and sensitive habitats on their property, as wetlands, threatened and endangered species habitat, etc. I think the next step we need to look at is giving the landowner some legal assurance that if they, in good faith, implement a plan drafted or approved by the responsible State or Federal natural resource agencies, that they would be given some protection against citation or prosecution. That is way outside the scope of this hearing, but is an issue that we think needs some attention.

The USFS Research program has a real opportunity to address resource questions that have implications, both on and beyond National Forest management. As an example, one area of increasing concern to wildlife professionals is the conservation of neotropical migratory birds, that is, those species (many passerines, some wading and shore birds) which nest in the United States, but winter in Central and South America. We are just beginning to understand their forest habitat requirements, but need much additional information on the effects of different forest management regimes on these species, the quantity and quality of habitat (both public and private) necessary to support viable populations of these species, and other basic biological and ecological information about these species. This is an area where, working in coordination with the biologists on USFS staff and the respective State fish and wildlife agencies, the USFS research program can and should be contributing more to our knowledge of these species and what we should be doing to conserve the ecological communities they depend on.

The International Forestry program can and should be taking the lead in coordinating the assessment of global forest health and the conservation measures which will be necessary to ensure sustainable use of those forest ecosystems. Over the years rather modest international assistance programs have paid real dividends.

The President's establishment of the National Service Corps provides substantial opportunity to help address longstanding maintenance and other needs on National Forests and other public lands. But just as importantly, it also gives the public both a chance to contribute to the stewardship of their public lands, and, in doing so, enhance their sense of pride and "ownership" in these lands. The USFS should not pass up the opportunity to be a leader in this program.

Turning now to the National Forests, Mr. Chairman, as you are obviously aware, the public use of and values they ascribe to the National Forests have been evolving over time. There is a shift which has been going on since shortly after World War II towards placing more importance on fish and wildlife values, watershed and habitat conservation, recreational uses, and wilderness, even though there are also increasing demands for traditional uses such as timber, rangeland, oil and minerals. This is not to denigrate or diminish the, so called, commodity focused uses, but reflects a change in society's values as it relates to public lands. It does mean that as stewards of public lands and resources, the management agencies, such as the USFS, will have to ensure that there is integrated use of public lands, and that extractive use is done in a manner that ensures the integrity of the ecological communities, and is sustainable.

As this Committee is well aware, the last 20 years have been a time of substantial controversy and polarization between different user groups, with the Forest Service much of the time squarely in the middle. Let me first mention some areas where we see progress, as well as highlighting some areas of concern. We are pleased at the progress in the last decade or so of both increased budgets and staffing for fish and wildlife. We can cite many examples of successful partnerships, between the Forest Service and fish and wildlife groups such as Trout Unlimited, the Wild Turkey Federation and Ducks Unlimited. In many instances the state fish and wildlife agency has been an effective partner in such efforts. Forest Service cooperation in developing and implementing statewide habitat management plans has in many cases been very good.

Let me next turn to some specific areas of concern. First, despite reference in numerous laws (National Forest Management Act; Federal Land Policy and Management Act; Wild and Scenic Rivers Act; Wilderness Act, etc.), Departmental regulations, and Departmental and agency policies, to the responsibility and role of the State fish and wildlife agencies on Federal lands, the States' involvement is being increasingly stymied by real or imagined barriers of the Federal Advisory Committee Act. This is not just a problem with the USFS as it relates to the State role on Interdisciplinary Teams, Wild and Scenic Rivers, etc., but has been used to thwart State fish and wildlife agency involvement in other USDA programs and USDI programs where the State fish and wildlife agency clearly has statutory primacy. There is no statement in either the FACA law or report which relates to state-federal cooperation. We do not think that the FACA was meant, or should be used, to impede government to government cooperation, consultations, communications or other relationships, especially where the States have primary jurisdiction (as resident fish and wildlife) or concurrent jurisdiction (Threatened and Endangered Species, migratory birds, anadromous fish). It appears, however, that a Congressional resolution of this problem may be the only remedy, and, while not the subject of this hearing,

we may need your support of such a legislative fix.

We also have some concerns about the proposed budget restructuring in both the USFS and BLM, apparently designed to support a move towards ecosystem management and give more flexibility to field managers. I append a copy of our letter to Dr. Thomas articulating these concerns, for your information. In short, we wish to work with the USFS and other agencies as they develop this budget transition, but are concerned that the existing proposal sacrifices both an understanding of what is planned as well as accountability for performance evaluation, and could exacerbate the disconnect between the budget and Forest Plans. We simply ask that the agencies slow down the process, originally intended to meet FY 95 budget submission deadlines, to allow greater involvement of their partners.

We also have concerns that, in the face of existing fiscal constraints, staff downsizing in the absence of buy-out authority (now pending before Congress) will significantly affect the fish and wildlife and threatened and endangered species staff of the USFS. As you are aware, it has only been in the last decade or so that a significant hiring increase of these professional staff has occurred. Thus, in the face of Reductions-in-Force, without buyout authority, and using the tests of seniority and minimum qualifications, more senior professionals in other disciplines or those who have special status but who meet minimum qualifications for jobs now held by fish and wildlife biologists will displace those more recently hired biologists, even though the more senior people may not have functioned in fish and wildlife jobs for years. We encourage your support of early out, buy-out or other incentives to preclude this from happening as agencies downsize.

We have also been made aware of several agency reorganization ideas, which are of concern to us. Although we have seen no firm proposals, and thus cannot comment on specifics, one proposal we have heard something about would group living resource professionals under a conceptual "ecosystem resource management director". This position, under that scenario, would answer to the Forest Supervisor. This may result in depressing the grades of the technical staff professionals, since personnel rules generally discourage or prohibit grade stacking. In addition, such a reorganization could insulate line managers from the advice and counsel of fish and wildlife professionals. If this happens, the USFS could lose competent people to other agencies such as USDI, EPA, etc. which give them more visible jobs and compensate them at the higher, more competitive rate. We would encourage the USFS to recognize and be sensitive to the impacts of reorganization on the retention of its professional living resource staff, and take steps to maintain their ability to compete with the other Federal agencies for these classifications. We need to safeguard the advances that have been achieved in the last decade in this area.

Finally, I have appended to my testimony the remarks which I shared with your subcommittee almost four years ago on professionalism in natural resource agencies. I believe those are still very germane. As I said then, people entering natural resource careers today are better educated than they were 40 years ago when I began work. Natural resource professions today are more complicated, there is more controversy and there is less respect for the professional who is dedicated to the long-term resource situation. The degree to which we

attract, retain and utilize the skills of high quality people in natural resources will, to a large degree, determine our resource future.

On a personal note, Mr. Chairman, permit me to note that it will be seven years tomorrow since I retired as Chief of the Forest Service. For more than five of those years, it has been my privilege to serve as Executive Vice President of the International Association of Fish and Wildlife Agencies, and therefore representing the interest and concerns of the state fish and wildlife agencies on a variety of subjects. This has given me a somewhat unique opportunity to be involved in important natural resource policy as well as gain a somewhat broader perspective of the Forest Service.

I am going to resist the temptation to use that vantage point to provide a detailed critique of the Forest Service. Anyone who knows me recognizes that this is not easy for me to do, because even when I was Chief of the Forest Service, I was, at times, somewhat dissatisfied with our ability to anticipate and lead future events.

I am sure that several who have testified before you today will insist that they have the answer much better than the men and women of the Forest Service or the state fish and wildlife agencies who have dedicated their time and talents to natural resources management. Even though I am sure you received many good ideas, let me suggest you be somewhat skeptical of those who are quite sure that their claim on the national forest is so superior to others and in the public interest that they castigate both agency personnel and other users. This tearing down other users and uses, whether it comes from commodity or non-commodity groups, in an attempt to get Congress to enact legislation or budgets favoring their particular interest, has been a significant contribution to the problems facing the Forest Service and other natural resource agencies today. In my view, one of the best things Congress could do would be to provide some policy direction and then back off. You could and should remove some of the impediments to cooperation between federal and state agencies such as amending the Federal Advisory Committee Act and providing funding to prevent species from becoming threatened or endangered rather than calling out the emergency forces when a species requires extraordinary measures upon becoming threatened or endangered. As you know, one of the major initiatives of the state fish and wildlife agencies is to secure permanent and reliable funding to begin to address the 95 percent of species that are neither threatened, endangered, fished or hunted. Intellectually, many have seemed to reach that conclusion in a critique of the Pacific northwest which Secretary Babbitt has frequently called a trainwreck, but that intellectual agreement has not, to date, been reflected in funding at either the federal or state level. In a takeoff on the theme that we need men (and women) to match our mountains, we need action to match our rhetoric.

I am going to make a few specific suggestions that I think will be helpful:

1. Provide a two year budget and some increase in flexibility so that people in the field can proceed with more assurance that important work gets done. Require increased cooperation, both between federal agencies and with state agencies

charged with important natural resource responsibilities.

2. Establish technical teams at the state level composed of federal and state professional employees to address specific areas of improved cooperation. Encourage participation in those technical team deliberations by non-governmental organizations who have significant information, expertise or interest in the subject matter. Exclude the operations of the technical teams from the operation of the Advisory Committee Act to promote openness and effective involvement.

3. Make a detailed review of process legislation including the National Environmental Policy Act and the National Forest Management Act to see what can be done to streamline and simplify the required processes without changing the substance of either act. In other words, try to make those important landmark pieces of legislation serve managers and users. Unfortunately, the processes have become so complicated that they tend to serve primarily lawyers and courts.

4. Significantly streamline and reduce staffing at levels above the national forests or project research level. The advent of new technology including improved communications as well as additional expertise at the local level, means that former roles of the regional office or the national office are somewhat obsolete. Rather than trying to abolish a level, I believe it would be possible to substantially re-assign people from higher levels who have years of experience and knowledge to lower levels in the organization. At the same time, it would be necessary to re-design the district ranger job to make it a job to go to rather than to go through. A deliberate important effort to significantly increase the tenure of professional staff assigned to forests and districts would pay significant dividends. There simply are too many people at those levels today who literally are strangers to the land they are charged with managing.

5. Create on a state-by-state basis a coordinated resource information system which is GIS based and which allows the free interchange of information between state, private and federal agencies. Available technology allows the responsible agency to acquire and update such information and still allow it to be available to others without great difficulty.

6. At the risk of really meddling, let me suggest that this committee look at the superstructure that has been built in the various departments above the natural resource agencies. The worst of those, of course, are at the Department of Commerce with NOAA but both the Departments of Interior and Agriculture have tended to build large organizations in the Secretary's office which ostensibly supports the agencies. That is clearly contrary to Vice President Gore's theory of reinventing government, but it continues apace. You might even look at such a dramatic idea as eliminating Assistant Secretaries in the various departments as line officers over agencies. Before you consider that impossible, let me point out

that such layers did not exist until after the Eisenhower administration. Prior to that time, agencies generally reported to the Cabinet officer or his deputy. You might review again the report of former Federal Reserve Chairman Paul Volcker which called for substantial reform including fewer political appointees in key slots within an administration. The average Assistant Secretary is young and inexperienced and will be in the job on the average less than two years, yet they are the effective managers of the Federal Governments largest and most complex programs. No wonder the public is disenchanted with its government!

Let me close by sharing with you what I have already shared with Dr. Thomas. I have told him that he has the support of our Association and we and our member State agencies are looking forward to working and cooperating with the USFS as we collectively seek to ensure the future of our valuable and vital natural resources of this great Nation. By working together, we can improve and enhance our abilities to do so, and capture opportunities to excel at this endeavor.

Thank you for the opportunity to share our perspectives with you, and I would be happy to address any questions from the subcommittee.

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International Association of Fish and Wildlife Agencies

(Organized July 20, 1902)

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December 22, 1993

Dr. Jack Ward Thomas
Chief
U.S. Forest Service
P.O. Box 96090
Washington DC 20090-6090

Dear Dr. Thomas:

I have had a chance to preliminarily review the USFS budget restructuring proposal seeking to comport the budget structure with an ecosystem-management philosophy. We understand that one of the intentions of this budget consolidation is to provide greater spending discretion to the forest supervisors. We also understand that the Service may try to prepare and present the FY 95 budget in the revised format.

We have not had sufficient time to review the proposal in detail but believe that a change of this magnitude should receive detailed review by not only the Service, but by your partners, before becoming operational. We support making changes in the budget structure since there is room for improvement in everything, but we would like to be a contributing partner in the revisions. We therefore suggest that any major changes in budget structure be focused on the FY 96, and not the FY 95, budget.

As you are aware, the current budget structure has developed over a long period of time. There is no question it should be revised to make it simpler and more flexible so that professionals in the field can make sound resource decisions. The current budget, even though large and complex, is reasonably well understood by Congress, the Service's partners, constituencies, and the public. The present well-known system allows easy identification of what is proposed by the Service, and just as importantly, provides an acceptable level of accountability from the Service for its spending. This accountability has facilitated significant appropriations increases for fish, wildlife, and threatened and endangered species conservation on National Forests by partners and constituencies, including our Association. It would seem only prudent to look closely at proposed changes and be sure they have reasonable agreement and support before making major changes.

In all frankness, while spending flexibility at the National Forest level is a desirable goal, we are concerned that it could be a license for management by the particular inclination of the manager without some accountability procedures. From what we have seen of the proposed restructuring, the existing accountability

may be lost. While we recognize that most managers in the Service will professionally and appropriately administer their budgets, in an organization as large and as field-oriented as the USFS, there will be those who may not wisely use this spending flexibility.

One suggestion for budget simplification/restructuring that we have superficially examined would be to have a series of three sets of major budget line items under each of three programs (National Forests; State and Private; and Research). There would be one natural resources major line item (soil and water, range, fish and wildlife, etc.) under each program; one forest protection and health (fire, disease, insect, etc.) under each; and a capital investment/land acquisition activity under each program. We think that this may provide additional spending discretion, but also maintain accountability if a few well chosen reporting items were included under each major line item both in the budget presentation and accountability reports. Accomplishment reporting should ideally include a measure of tangible accomplishments as well as a measure of the quality of work. Some quality indicators might only be measurable over several years. Some type of tie to Forest plans also is required if plans are to be taken seriously over time.

The Association appreciates the opportunity to comment on the proposal and would like to continue to work with the USFS as it develops the new budget structure. We ask that you delay implementation until FY 96 in order to achieve a product that both meets your objectives and would have the support of your conservation partners, including the State fish and wildlife agencies.

Sincerely,

Gary J. Taylor
Legislative Counsel

cc: Mr. James Lyons, USDA Assistant Secretary
Mr. R. Max Peterson
Mr. Al Sample
Mr. Dave Unger

International Association of Fish and Wildlife Agencies

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R. Max Peterson, Executive Vice President

TESTIMONY BEFORE THE
HOUSE NATIONAL PARKS AND PUBLIC LANDS SUBCOMMITTEE OF THE HOUSE
INTERIOR AND INSULAR AFFAIRS COMMITTEE AND THE SUBCOMMITTEE
ON THE CIVIL SERVICE OF THE HOUSE POST OFFICE
AND CIVIL SERVICE COMMITTEE
by R. Max Peterson, Executive Vice President
International Association of Fish and Wildlife Agencies
April 5, 1990

Mr. Chairman, I appreciate the opportunity to be here today to contribute to the dialogue about personnel problems and opportunities in natural resource agencies. In doing so, I look back over 37 1/2 years in the federal civil service. Since my retirement three years ago, I have gained some perspective about personnel practices in the state and private sector.

Mr. Chairman, as you know, the International Association of Fish and Wildlife Agencies, which I represent, was founded in 1902 and is a quasi-governmental organization of public agencies charged with the protection and management of North America's fish and wildlife resources. The Association's governmental members include the fish and wildlife agencies of the states, provinces, and federal governments of the U.S., Canada, and Mexico. All 50 states are members. The Association has been a key organization in promoting sound resource management and strengthening federal, state, and private cooperation in protecting and managing fish and wildlife and their habitats in the public interest.

First, let me state emphatically that, in my view, people working in natural resources today in the Federal, state and private sector are better educated and most are equally as dedicated to their task as they were when I began work in natural resources more than 40 years ago. In saying that, though, I do not mean to imply that all is well. There are a number of problems, as well as opportunities to improve the performance of natural resource agencies through improved personnel policies and practices. I firmly believe that the quality of people who work in natural resources and their dedication to that work has a strong bearing on the quality of natural resources management and therefore our long-term well being as a nation and as a world. Let me now turn to some specific problems and opportunities as I see them.

Natural resource management has become increasingly complex.

There are many reasons for this increased complexity. Some complexity results from increased recognition of the interrelationship between soil, water, air, vegetation, animals, fish, wildlife and people. Another factor is the rapidly increasing uses of our natural resources because of both increased populations and increased rates of

per capita consumption. At the same time we have experienced increased use of our natural resources, there is a strong demand to keep sizeable segments of our natural resources just as they are, preserved for enjoyment of this and future generations. Both sustained use and preservation are legitimate goals of society. The professional frequently is caught in the middle when highly organized groups clash over how to manage resources in a particular area.

This complex natural resources situation requires the interaction of many different disciplines because no one discipline can hope to encompass the entire natural resources field. Interdisciplinary analysis and interdisciplinary teams are the norm for natural resource management of today and the future.

Unfortunately, into this more complex, interdisciplinary world we launch a new college graduate. Academic training, usually in a single discipline, is likely to be very technical and research oriented. It may not provide any real training or understanding of interdisciplinary processes or the fact that people as well as the physical and biological sciences will influence resource management decisions. If you couple this with the fact that many natural resource graduates grow up in urban areas where there is limited opportunity to interact with natural resources and therefore gain firsthand experience, it is no wonder that the transition from academic life to a field assignment in natural resources can be rather traumatic.

Rather than lament the situation, it is obvious that agencies simply must realize the reality and plan accordingly. This does not mean it is not possible to improve academic training but doing so is not easy given the different and sometimes contradictory goals for training. Specific orientation and apprentice programs for employees which provide appropriate on-the-job training, coaching and mentoring are essential. Early experience in the interdisciplinary process is a necessity for successful performance. Doing this in the first few months of employment can mean the difference between productive, high performing, long-term employees or many disillusioned and resentful people who will leave the organization.

Natural resource assignments have become increasingly controversial in recent years which deters many from seeking important assignments.

It is not news to this committee that natural resource management has become increasingly controversial, particularly during the last 20 years. There are many reasons for this increase in controversy, including the increased public awareness of natural resource issues. This has caused increased political involvement into decisions which at one time were considered the domain of the professional natural resource manager. This increased political and public interest in natural resources can be constructive and beneficial. Unfortunately, the rise of single interest groups dedicated to promoting a particular resource or interest, and who use the press, the courts, the Congress and the Executive Branch to press their case, can raise what used to be a local

professional natural resource decision to a national level controversy. Sometimes the opposing sides attack the objectivity, credibility or even the motives of those professionals responsible for the decision.

The net result of this level of controversy is that many well qualified natural resource professionals do not aspire to key natural resource jobs. A purely technical or research oriented job may seem more appealing!

I do not have many suggestions as to what to do to reduce controversy. First, I think we simply need to recognize that controversy in natural resource decision making will apparently be a fact of life for the foreseeable future. Second, I think it is important for all of us, including those at the political level in the Congress as well as the Executive Branch, to seek to find common ground for solutions to difficult natural resource problems. I believe you need to challenge those who appear before you to suggest solutions that serve all the people and not just their particular clientele. We also may have to look for ways to shield some natural resource decisions from the political level, including the Congress and maybe even from the courts, in order to be sure that scientifically appropriate decisions are made. This would mean some type of a scientific panel or a professional review board rather than a court or the Congress would be a more appropriate forum for at least making findings and recommendations on highly controversial natural resource problems.

The interface between career professionals at the top levels of a federal or state resource agency and political executives has been less than satisfactory.

Let me quickly make two points. First, I am not pointing the finger in just one direction. Both the career professional and the political executive share the responsibility for making that interface constructive and effective. A democracy by definition requires an interface between elected leaders and the career force. Second, I recognize there are many reasons for the career/political interface problem, which are spelled out in the recent Volker Commission report, so I will only touch on a few.

There is an inevitable difference in time perspective of a career professional in a natural resources agency who sees the importance of long-term trends and the need for continuity in natural resources management. The political executive likely will want to see some specific results attributable to his or her time in office. That type of tension can be constructive because it can lead to some positive things being accomplished. The reverse unfortunately happens also. The rapid turnover of political executives at the Federal level, now averaging less than two years, means that the political-career interface can be in a state of constant turmoil.

A second problem area is that a typical political executive is in his or her middle to late thirties with little or no experience or training in natural resources. Typically such political executives provide line

supervision over programs headed by career people with 20, 30 or more years of experience plus substantial academic background in natural resources. To put it mildly, this is not a recipe for obvious success!

In my view, the Assistant Secretary level is the critical level in federal agencies. People in those jobs are the key representatives of the new administration. From my observation during several federal administrations, little apparent thought is given to the education, training and experience of many people at the Assistant Secretary level supervising Federal natural resource programs. They share one common trait -- very few have had either education or training in natural resources.

Adequate funds have not been available to fund natural resource programs and funding for salaries and training of people has been a serious problem.

Unfortunately, the proportion of the Federal budget devoted to natural resources has been cut in half in the last decade. Many state budgets have followed that trend. We certainly cannot expect to enjoy the benefits of a resource secure future if we are not willing to provide the necessary funding.

Most people I know embarked on natural resource careers, not because they expected to become rich, but because they were attracted to the type of work involved and were dedicated to the future of natural resources. There is certainly continuing evidence that those reasons still prevail for people now entering natural resource careers. In spite of that general motivation, there are some substantial problem areas. First, there are some extremely high cost areas around the country such as some metropolitan areas and resorts where the cost of living is simply not within reason, particularly for lower level professional, technician and clerical employees. Some type of locality pay seems like the only reasonable solution to that problem. Unless this is done, we will continue to see high and costly turnover as well as inability to recruit qualified people for such locations.

The second part of this problem area is the tendency in recent years at both the Federal and state level to retroactively rewrite salary or benefit rules to the disadvantage of long-term employees. This apparent breach of faith has adverse consequences, not only for those directly affected, but spills over to younger employees and even to those who are considering a Federal or state natural resource career. Let me mention just a couple. In the 1986 Federal Tax Reform Act, the only retroactive provision was one that changed the tax treatment for federal employees' contribution to their retirement plan. The second change was the decision to unilaterally make federal employees medicare eligible and therefore subject to a large medicare tax, even though the coverage was not needed by retirees. Third, in recent years the principle of comparability between public and private sector jobs has simply been abandoned and less than cost of living allowances have been the rule.

Successful performance at upper levels requires broad experience and training while opportunities to provide that background are more difficult.

Agency and personal costs of transfers has dramatically increased. A typical transfer costs $40,000. The typical two-career family has increased the personal cost of moves and makes the move more difficult for all concerned. It is therefore obvious that agencies will have to meet future training needs with fewer transfers. In some cases temporary assignments, details or cross training at the same location can be used to reduce transfers. There is no substitute for a variety of job assignments. The reality of the two-career family simply must be addressed. I believe this means assistance in job placement for the spouse, as well as some relaxation of nepotism and other personnel rules to help rather than hinder transfer of two-career families.

High quality performance during one administration can become a liability when the administration changes.

High performing people may actually be suspect with a new administration. Career professionals are expected to be responsive to the current administration. Presidents going back to Eisenhower have been critical of the lack of responsiveness by the career bureaucracy. Ironically, responsiveness to the policies of one administration may be a substantial liability in a succeeding administration. There are, of course, some practical realities. An incoming administration might be uncomfortable with a person in a key position who, in a previous administration, actively supported a position that is different from the one desired by this administration. Certainly the career professional, as well as the incoming administration, should recognize those situations and look for constructive solutions that do not simply assign the career executive to the "turkey farm" or to early retirement.

The creation of the Senior Executive Service by the Civil Service Reform Act of 1979 must, at this point, be viewed with some skepticism. As a charter member of the Senior Executive Service, I witnessed, firsthand, both the promise and the reality. To me personally, the Senior Executive Service was beneficial. I regularly received bonuses and did not experience the negatives reported by others. Even though I personally benefited from the Senior Executive Service, I reluctantly concluded that there are several things that should be examined. For example, the fixed limits on the percentage of SES members who can receive bonuses, I believe, are unduly restrictive and at times detract from the teamwork the agency must have in its top levels to perform effectively. The predominant practice of the private sector is to reward a much higher percentage at the upper level with bonuses, even though the amount of the bonus might vary considerably by individuals. In fact, the current practice in private industry appears to be that if a manager or executive does not get a bonus, he or she should be looking for another job.

A second problem in the Senior Executive Service is the creation of a rankless system where all senior executive jobs are seen as equal. Although theoretically patterned after the military with the rank-in-person concept, in practice the Senior Executive Service works just the opposite. There is no differentiation. To be similar to the military would require jobs to be classified at a particular grade with the ability to assign a person one level above or one level below that grade to the position.

A cardinal theory when the Senior Executive Service was created was the concept that the senior executive would be better rewarded and in return would have somewhat less job security. In practice the compression in upper level salaries has meant that the senior executive receives less job security but not really increased pay. The recent approved increase in SES salaries, although deserved, has created another significant problem. Most senior executives simply cannot afford to retire short of the three years service at the higher level salary. This is already affecting retirements and will likely create a significant hiatus in the upward movement of people within the federal system. A way to address this problem at reasonable cost might be to base retirement salaries on the salary that would have been received without the salary compression. This would apply to all of those who had an asterisk beside their salary level in salary tables. I recognize that to do so would take a change in the law but would be a way to deal with the situation at reasonable cost. It might, in fact, save money if the cost of stagnation could be computed.

There is a clear need to simplify, streamline and make more understandable the personnel policies and practices that apply to personnel management.

Since the bulk of my experience has been in the federal sector, let me direct my comments to that level. I believe the principles will apply to others.

Unfortunately, during my career I saw the personnel laws, regulations and manuals expand to the point where only personnel specialists could even keep up with them, let alone understand the ramifications. At one point the Forest Service had one personnelist for each 60 employees. Enormous amounts of time were spent in such non-productive tasks as writing, rewriting, classifying and reclassifying temporary employees. Professional personnel people were as frustrated as anyone else by the need to determine the rule that applied rather than what made sense.

It might be a real challenge if there was a real life project to throw out all of the personnel direction except a few basic laws which include principles that a manager or executive is expected to follow. We might be generous and say that up to 100 pages can be used to provide this direction if necessary! The net result would certainly be personnel policies that would be read by employees, managers and executives and it would do much to "demystify" present practices.

Major improvements in the functions of natural resource agencies would result from a major reduction in paperwork and procedural requirements, including a reduction in control functions by higher levels of management including the Congress.

There seems to be an insatiable appetite by higher levels of management to continue to manage the details of subordinate parts of the organization. The proliferation of single purpose organizations which I mentioned earlier and the information explosion has increased the tendency and opportunity for higher levels to tighten the "control noose" to the point where on-the-ground resource people spent an inordinate amount of their time reporting, justifying and completing various process requirements.

In 1985 the Forest Service undertook a "pilot program" to deliberately give additional responsibility and authority to selected field units, including more control over how funds were spent. One of the reasons we did this on a pilot basis was that we simply could not secure broader approval. Lest you think I am pointing the finger upward only, let me point out that our experience indicated that many of the constraints had been placed by the Forest Service itself and sometimes by local and regional offices. Others were in rules of higher levels such as the Department, OMB, OPM, GSA or by the Congress. Those pilot efforts proved conclusively that if you give subordinate units more freedom, they will find many innovative ways to improve productivity and resulting public service. To make this work, though, Congress will have to be a partner and will have to be willing to exercise less control and micromanagement over agency activities. This does not necessarily mean less oversight. It might mean increased oversight including field visitations by the committee.

The increasing tendency to make political appointments within natural resource agencies has not served the American people well.

I expect the committee would be surprised if I did not address the subject of political appointees within natural resource agencies. Let me make it clear, though, that I am not talking about a particular administration or a particular political party. The trend to appoint political agency heads and even other executives and managers below the agency head has been in my view an unfortunate trend over the last 20 years. When I began work for the Forest Service, all of the major Federal and state natural resource agencies were headed by career professionals. At the Federal level that included the Forest Service, Soil Conservation Service, National Park Service, Bureau of Land Management, Fish and Wildlife Service, U.S. Geological Survey and Agricultural Research Service. Today only the Forest Service has been consistently headed by a career professional. At the state level, the situation is mixed but career professional positions such as the director of fish and game or the state forester may or may not be a professional today.

I cannot, of course, claim complete objectivity on this subject! Let me at least make a few points I consider significant in any rational examination of the question.

There is obviously a need for a career professional/political executive interface in public agencies. At the Federal level, I believe it can be demonstrated that the most constructive interface has been built over time if the agency has unquestioned professional orientation and expertise but responsive to the electorate through politically appointed executives. The agency then is a dependable servant of all the people and not an advocate for a particular political party or administration.

Political appointments of agency heads and immediate subordinate levels inevitably leads to political appointments throughout the organization. This can be demonstrated as being the net result over time. The net result is confusion, personnel reluctant to make tough decisions because of potential political repercussions, and an opening of the agency policies and procedures to political manipulation.

We are increasingly recognizing the importance of agency culture to its long-term performance. The culture or accepted norm in natural resource organizations for many years was that those who performed well could aspire to any job in the organization including the top ones. Even though few people will reach that level, the possibility remains a positive force.

It is tough to make difficult natural resource decisions if you are unsure of whether you will receive backing. As stated earlier in my testimony, numerous natural resource decisions are complex and controversial. The person making the decision needs to have a commitment to the best decision in the public interest, not the decision that will be politically popular or will be sustained by someone whose primary concern is the political ramifications.

The long-term credibility of decisions made in a natural resource agency is important to all those concerned with sustainable long-term natural resource management. Experiences indicate that the public's acceptance of decisions can be significantly undermined if those making the decision are unqualified or demonstrate primary allegiance to politics rather than resource management.

I have deliberately tried to address this question without reference to examples or to a particular administration. In my view this is a generic question and does not relate to a particular administration.

To make the record complete, I should indicate that I do not favor such arrangements as making agency heads directly responsible to the President or some other exotic arrangement which, in the long pull, may be counterproductive. It should be obvious to all that no President can supervise all the people and organizations that currently report to him.

In the real world making an agency head report direct to the President would mean some staffer in the White House would draw the supervisory responsibility. I think it is far preferable to keep that responsibility with a cabinet officer.

As a positive step, I would suggest consideration be given to (1) establishing stronger qualifications for top executives in natural resource agencies and (2) providing for single term appointments of, say 7 years, for agency heads. As you will recall, the head of the FBI has a 10 year term appointment.

Natural resource agencies must in the future deal with a much diversified workforce in terms of disciplines, races, sex and national origin.

I have seen a considerable amount of handwringing and apprehension about projections which show a dramatic change in the future workforce. There are, without doubt, some significant problems and opportunities ahead.

Let me first talk about some of the opportunities. I believe a diversified workforce much more representative of our society by race, culture, sex and national origin is something we should welcome. I have suggested early retirement to some who had great problems with this pending change. It will, in fact, happen. The real question is how do we get from here to there in a way that is constructive and reasonably equitable to all concerned.

There is a long list of real life reasons why natural resource agencies have been slow in attracting, recruiting and retaining women and minorities, for example, in adequate numbers to make more rapid changes in statistics. Reduction in the total workforce of natural resource agencies during the last decade has substantially aggravated the problem.

Let me further state that I firmly believe in progress, not excuses. The real question is how much progress and at what price? I would favor an honest commitment to setting 5 or 10 year goals for sustained progress and I would even favor providing some additional tools to managers to make such progress. The first opportunity for progress would be existing employees who, with some training and some relaxation of qualifications, standards and entry levels, could move up. In many organizations minorities and women may be present in adequate numbers but concentrated at lower grades. An aggressive program to identify and train those educationally disadvantageous but capable employees would be an excellent investment. In the market for college trained people and for promotions, almost every agency is looking for qualified women and minorities but theoretically are pursuing equality of employment. The obvious tilt towards women and minorities has made many people resentful and disillusioned. It has made highly capable women and minorities feel that their employment or well deserved promotion has been discounted or diluted by a perception that it was gained because of favoritism rather than merit.

I am always in favor of being above board and honest in such situations. Let us search for solutions recognizing that a diversified workforce is a desirable goal but it will take some time to get there. If necessary, maybe assign preference points just like we did for veterans? At least people would understand the rules of the game.

Let me end my presentation by listing a few things which I believe are important if natural resource agencies are to attract, develop and retain top quality people.

1. Provide an organizational culture where professionalism, confidence, public service, integrity and mutual respect are nurtured and recognized.

2. Give people an opportunity to meaningfully participate in natural resource decisions. Ideally this should extend from the top to the bottom of the organization.

3. Encourage innovation, new ideas and new approaches to old problems. Encourage delegation of resource decisions to the lowest practical level where the realities of the on-the-ground resource situation can be envisioned. Avoid second guessing those decisions or higher levels.

4. Recognize contributions of both individuals and teams who perform well. Both monetary and non-monetary award systems need to be kept simple and delegated so that recognition can be readily related in a timely way to performance.

5. Seek out, encourage and counsel those who demonstrate leadership capability to prepare to move up to higher levels of responsibility. Ironically it is not necessarily those who have the greatest capability who seek to move up. In fact, it may be the person who is fully challenged and occupied by the present job and who is doing outstanding work who will be reluctant to move on.

6. Interchange people between headquarters and field levels to improve teamwork and current understanding of resource issues. Quite candidly, if it is possible to move directly to highly sought-after jobs in the field without going through upper level regional or headquarters assignments, many will adopt that strategy. The net result is that upper levels are deprived of the service of some of its best people and headquarters will become more and more insulated from the reality of the field resource situation.

7. Expect and demand integrity, responsiveness and high quality performance. Poor performance that is not dealt with becomes corrosive to the agency and sets a new norm of mediocrity. I include in this category the need to deal with unethical, illegal or other performance that is not up to reasonable standards. Unfortunately, the safeguards that have been put in place over the last 20 years to protect employees have been used by both managers and employees as an excuse not to deal

with poor performance. I believe the case can be made for much simpler procedures to withhold within grade increases, and to suspend or reassign people who have clearly not performed and to remove those who do not respond to counseling.

3. Rethink procedures for selecting managers and executives to include peer and possibly subordinate ratings. Such systems have been used for a long time in research evaluation. Herbert Kaufman in his classic book on the forest ranger pointed out that peer and subordinate review can reflect quite accurately the performance of a manager. The current system of evaluation of managers and executives relies heavily on the perception of higher level supervisors who may be separated geographically. I am aware of at least some situations where a person managed to look good to a higher level supervisor while violating most of the basic principles for management of the group that he or she was responsible for.

9. The current reward systems for natural resource people is in need of updating to reflect the current workforce and management situation. I believe there is increasing recognition that a manager or executive should be evaluated based on the performance of the entire group rather than the individual perceived performance by the manager or executive. The manager or executive establishes the culture of the part of the organization for which he or she is responsible. The ability to establish and maintain a productive culture that utilizes the best talents of the entire team in most cases is more important than how smart or talented the manager may be. There is increasing recognition in medicine and science and even in manufacturing that rewarding group performance tends to build an esprit de corps and teamwork which increases the productivity of a group.

Let me, in closing, reemphasize my opening comment. People entering natural resource careers today are better educated than they were 40 years ago when I began work. Natural resource professions today are more complicated, there is more controversy and there is less respect for the professional who is dedicated to the long-term resource situation. The degree to which we attract, retain and utilize the skills of high quality people in natural resources will, to a large degree, determine our own resource future.

Thank you, Mr. Chairman for this opportunity to share ideas with the committee. I will be happy to respond to questions you may have.

PUBLIC FORESTRY FOUNDATION

FOREST SERVICE REFORM OVERSIGHT MEETING, FEBRUARY 1, 1994

TO: SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLICATIONS
SUBCOMMITTEE ON GENERAL OVERSIGHT AND INVESTIGATIONS

FROM: ROY KEENE, EXECUTIVE DIRECTOR, PUBLIC FORESTRY FOUNDATION

REVIVING THE FOREST SERVICE

The Public Forestry Foundation and the Forest Service

For five years the Public Forestry Foundation (PFF) has worked with the Forest Service at the Forest and Ranger District level to promote and help implement more socially responsive, excellent forestry. We helped to form partnerships such as the Mt. Hood Clackamas Focus Group during the Bush era, before partnershipping and "consensus" were politically correct. We took Forest Service line officers and scientists on tours of excellent private forestry operations like Collins Pine in Northern California. We worked on the original New Perspectives projects, including Shasta Costa in the Siskiyou National Forest. We helped catalyze what is now being called "ecosystem management" with Forest Service line officers and silviculturists in the Carson and Santa Fe National Forests of New Mexico; the Baker-Snoqualmie and Colville National Forests of Northern Washington; the Tahoe and Lassen National Forests of California; the Nez Perce and Pan Handle National Forests of Idaho; the Flathead National Forest of Montana; and, closer to our home base in Oregon, the Mt. Hood, Siskiyou, Rogue River, Winema, Ochoco, Umatilla, Siuslaw, Umpqua, Deschutes, and Willamette National Forests.

PFF Foresters are Private Forestry Consultants

PFF routinely collaborates with conservation and legal groups to review wasteful or exploitive public forestry practices. We documented reforestation failures and salvage abuses in the Sequoia and Sierra National Forests and violations of forest trust management in Idaho and Washington State Forests. PFF has helped dozens of grassroots environmental groups to make contact with good managers and good forestry on both public and private lands. As private forestry consultants we recently worked with Scientific Certification Systems to establish the first western sustainable forestry

certification project. We consult with Native American forest owners such as the Confederated Tribes of the Umatilla to work toward sustainable forestry on tribal lands. We routinely work with progressive elements of private industry, and are currently cooperating with Springfield Forest Products in Oregon and Louisiana-Pacific in Northern Idaho and Northeastern Oregon to conceptualize and implement sustainable forestry and forest products. We are embarking on a project this spring to help the US Army at Fort Lewis, Washington, create a long-range sustainable forest management plan that maintains spotted owl habitat.

My Personal Viewpoint

As PFF's executive director, my own views of public forestry, its present strengths and weaknesses, have been aired on national television networks including Bill Moyer's **Listening to America**, ABC's **Day One** and on regular news programs including CNN. My forestry opinions are routinely scattered through the newspapers, a noteworthy accomplishment considering that I am on the road or in the field a great deal and not easily reached for timely comments. My opinions of the Forest Service's institutional problems and possible solutions are based on professional observations gleaned from working with Forest Service officers across a broad region on the ground, where, as our foresters say, the "rubber meets the road." My reflections are also shaped by my experience as a practicing forester who has managed private forestland, and as a volunteer conservationist who hears and is affected by the concerns of local citizens throughout many forests in the West.

Improving a Good Bureaucracy

I would like to offer some simple, realistic criticisms and practical suggestions toward helping the Forest Service (and those who control their purse strings) do a better job for their public clients and our nation's heritage forestlands. I want to preface my comments with the assertion that **the US Forest Service is, in my opinion, one of the best governmental bureaucracies.** They are comparatively accessible, sensitive to their clients' inputs, and, as such, reasonably accountable. With the exception of the Sequoia National Forest, Forest Service personnel on Districts and Forests have always been willing to cooperate with us as forestry peers (or just as concerned citizens) to conceptualize and implement better forestry on the ground. As fellow foresters, we are most concerned about the institutional conflicts within the Forest Service that inhibit them from carrying out their mission of "caring for the land and serving people."

Shifting Budget Emphasis

In working for forest owners as consulting foresters, we carefully match the forest owner's goals to both our duties and our compensation. The Forest Service is a "can do it" agency. Like private foresters and good public servants they do what they are paid to do. Consequently, like all corporate entities, their budget dictates both their thoughts and actions. If we ask the Forest Service to manage ecosystems, but budget them according to the amount of timber cut or miles of road built, we can expect them to continue to focus on harvesting timber and building roads, regardless of what name they call it.

If we are going to commission the Forest Service to **manage ecosystems, we must match agency budgets with outcomes** rather than **outputs**. Funds should be allocated on the basis of acres managed rather than board feet of timber cut. There is no reason to hold the agency accountable for managing ecosystem integrity and health unless responsible congressional representatives are willing to match appropriations to the desired outcomes and acres affected. The Forest Service mission-budget dichotomy is a major frustration to every District Ranger I know who is conscientiously trying to take better care of our national forests.

Reducing Top-Heaviness

Recent Forest Service lay-offs have drastically reduced the technical workforce at District levels that is vital to implementing ecosystem management. Activities such as watershed surveys and selective timber harvesting will require more ground level labor, not less. The forest needs a strong, skilled, technical workforce now more than ever. PFF would rather see the agency thin its overstocking of "little chiefs" at the Forest, Region, National and International levels. One lesson we've learned as practicing foresters: **forests are most efficiently managed from the bottom up, not the top down.** In some of the best managed forests we've seen (like Collins Pine), the senior foresters are still in charge of marking the trees to be cut. It is my opinion that personnel cutbacks should begin in the higher echelons. Many deskbound upper level folks should either return to the woods or take early retirement. I suggest the agency go so far as to consider disbanding the Regional offices and dispersing vital personnel out to the Districts.

Getting Back to the Woods

It is almost impossible for a single person to intelligently comprehend and supervise what goes on in an area much larger than 50,000 acres. We suggest the agency take a closer look at the stewardship concept being implemented in Districts like the Clackamas (Mt. Hood Forest, Oregon) where technical "generalists" are put in charge of sub-basin

level areas with the commission to get familiar with the land and help oversee and coordinate all activities. These "mini-rangers" should work directly with local citizen focus groups comprised of people from the entire spectrum of forest values.

It is somewhat disconcerting for me when I visit a Forest Supervisor's office and almost the entire professional staff is typing away at computer terminals. Although useful for juggling inventories and evaluating mapped-out landscapes, computers cannot replace ground intelligent managers and foresters. The Forest Service should make an effort to **get foresters away from the computer screens and back out in the woods!** We view the Forest Service's tendency toward more computerization, centralization, and specialization as a potentially counter-productive move away from doing a good job on the ground.

Building Good Models

Forestry is highly visual, which is why clearcutting often equals conflict. The Forest Service has a tendency (the Blue Mountains salvage effort in Eastern Oregon is a classic example) to jump from research right into big projects. A visual model of a forestry concept allows all the parties to see what the Forest Service is talking about. The agency should **encourage and facilitate modeling forestry operations on the ground simultaneously with research.** Forestry operations are where scientists typically fail to connect with reality. Model building is a good way to integrate researchers with highly experienced agency technicians, private foresters and loggers with high-tech operational expertise. The simultaneous building of on-the-ground forestry models will also help to draw in the concerned public while educating researchers.

Taking Charge of Timber Sales

If we are going to continue a subsidized investment in selling public timber, let's at least do it right. It is difficult for us as practicing foresters to imagine selling a client's timber and allowing the purchaser to come in and take control of the unit. The present move to lump sum sales is, in our opinion, a step back from efficiency, accountability and good stewardship. We would like the Forest Service to reconsider the present system of timber sales that essentially puts the purchaser's logger (often the lowest bidder) in control over the most biologically sensitive and economically important part of timber management. Public foresters need to be able to effectively direct and control ground level logging operations from layout, felling, bucking, yarding and hauling . . . all the way to log delivery. This is a vital part of the job every private forester maintains control of. In similar fashion we think **the Forest Service should take charge and**

responsibility to directly hire and supervise logging, sort logs to maximize MBF returns, and deliver logs directly to purchasers in order to increase accountability. This change would also discourage purchasers from holding long-term public timber contracts like a free commodity option. We also think the agency should quit using outside contractors to reforest, slash or prune in forest stands, and, instead, **hire people from local rural communities.**

Reviving the Mission, Forestry, and Public Esteem

The Forest Service logo of "caring for the land and serving people" is often in direct opposition to getting out the cut. The new mission of **managing forest ecosystems will be truthful as long as it is beneficial for the forest, and, consequently, for all the people . . . particularly future forest heirs.** Forestry, in a classic Webster's definition, is "the art and science of keeping and developing the forest". Forestry is not (and should have never become) simply the business of removing the public's forest. We suggest that if the Forest Service, their congressional funders, and their powerful timber clients will begin to "walk their talk," public esteem and respect for the Forest Service will follow.

Respectfully submitted,

Roy Keene
Executive Director
Public Forestry Foundation
February 1, 1994



THE WILDERNESS SOCIETY

NEW DIRECTIONS FOR THE FOREST SERVICE
TESTIMONY OF R. JON ROUSH, PRESIDENT, THE WILDERNESS SOCIETY
BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS, COMMITTEE ON NATURAL RESOURCES
OF THE U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 1, 1994

The nation's 191 million-acre national forest system has been subjected to intense and conflicting pressures. Providing habitat for fish and wildlife species -- many of which occur nowhere else -- water resources, clean air, recreation, and commodities such as timber, the national forests are like no other system of public lands in the world. Unfortunately, the emphasis placed on commodity production has placed in doubt the capacity of the national forests to sustain other uses. By pushing resource production to the limit, we scrape away the diversity and resilience built into natural systems.

This recent legacy of Forest Service activity points to a fundamental problem with forest management -- the existing laws have failed to adequately live up to their mandate and the stewards of our public forests have failed to listen to the changing attitudes and desires of the public owners of these forests. The multiple-use principles of the laws of 1897, 1960 and 1976 that govern management of our national forests need to be reexamined and revised to meet the challenges of the 21st Century.

We must eliminate the conflicts and the impoverishment of our natural heritage that are a result of out of date policy. In short, the National Forest System and the U.S. Forest Service need a new mandate that reflects the importance of our national forests to the United States and the world community in the next century. The new guiding principle for our national forests should be the preservation of biological diversity and the undeveloped forest landscape needed to support the diversity of life in this country. The Wilderness Society and many other groups and individuals accross the nation have come to the conclusion that the current laws governing national forest management have failed. We recommend that Congress enact legislation to reinstruct the Forest Service that protection of biological diversity and maintenance of natural ecosystem function are the fundamental goals for national forest management.

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In November 1992, Dr. Arnold Bolle, Dean Emeritus of the College of Forestry at the University of Montana, opened the debate about changing the management of our national forests with recommendations on the status and future management of the national forests. Dr. Bolle enlisted Jeffrey Olson, Director of The Wilderness Society's Bolle Center for Ecosystem Management, as co-author. They enlisted a panel of nationally renowned experts on forest management and forestry to prepare background papers and recommendations in their areas of specialization. The panel's analysis served as the foundation for the report NEW DIRECTIONS FOR THE FOREST SERVICE.

Mr. Chairman, I ask that a copy of the report be printed in the record of this hearing at the end of my statement. Also, Mr. Chairman, copies of the report have been provided to the subcommittee staff for the use of members.

The National Forest Management Act of 1976 (NFMA) reaffirmed multiple-use as the guiding management philosophy for the national forests. In part, Congress formulated the NFMA as a means to restore trust in an agency that had lost that trust through management policies that were in conflict with public expectations. In so doing, the NFMA sought to refocus the USDA Forest Service (USFS) on the non-timber and non-market resources that the national forests provide. In hearings prior to passage of the bill one of the NFMA's principal architects, Senator Hubert Humphrey, stated:

> The days have ended when the forest may be viewed only as trees and trees only as timber. The soil and the water, the grasses and the shrubs, the fish and the wildlife, and the beauty that is the forest must become integral parts of the resource manager's thinking and actions.

Senator Humphrey went on to observe that the Forest Service's record had brought into question the extent to which the agency could be trusted to protect and administer the public resources. He proposed that the NFMA be shaped to prevent the Forest Service from turning the national forests into tree farms.

Today, some 18 years after the passage of the NFMA, Forest Service management policies are still biased towards timber production. Throughout the 1980s, national forest timber sales averaged nearly 11 billion board feet, the same level they were when the NFMA was passed. Senator Humphrey's vision that the national forests be managed for more than timber, that they conserve wildlife habitat, and provide clean water and recreation still seems distant.

Two rules must guide the agency if it is to meet the intent of the NFMA. First, irreplaceable resources on national forests should be preserved for the future. Places of great scenic beauty, once spoiled, can never be restored; species that are eliminated can never be retrieved; unique ecosystems cannot be reconstructed. Second, renewable resources on the national forests should be managed on a sustainable basis. Both

present and future generations must be considered in this equation. Government incentives that encourage the unsustainable exploitation of natural resources must be eliminated.

A great deal must be done to fulfill the Forest Service's stewardship mission. While existing laws are sufficient to shift the agency's management emphasis from timber to the full complement of resources that comprise the forest, they have not been implemented in the spirit with which they were passed. In addition, amendments to NFMA should be adopted to set a new management direction for our national forest lands for the 21st Century.

The Wilderness Society's recommendations for Forest Service reform can be organized in three major categories: (1) sustainable land and resource management; (2) fiscal accountability; and (3) ecosystem management.

SUSTAINABLE LAND AND RESOURCE MANAGEMENT

The Multiple Use-Sustained Yield Act of 1960 and the NFMA of 1976 sought to ensure that the national forests would be managed to provide the full range of forest resources in perpetuity. Unfortunately, the emphasis that the Forest Service has placed on timber production implies that the agency views timber as the most important resource in the national forests even to the detriment of other forest resources. Indeed, some 67 percent of the national forest system's annual budget is spent on timber management.

The sustainable management of national forest resources called for by the Congress and expected of the Forest Service by the public has been frustrated by policies that emphasize timber extraction over all other natural resources. Recent announcements from the Forest Service regarding a move towards ecosystem management are certainly welcome, but the guidelines unveiled to date do not show convincing evidence of a fundamental shift in direction. To that end, The Wilderness Society offers a series of recommendations covering topics related to timber sale policies, ecosystem management, and protection of biological diversity. If implemented, these recommendations would usher in a new era of sustainable land and resource management.

A. Timber

A significant majority of the national forests lose money selling timber year after year. Losses in Fiscal Year 1992 totalled more than $350 million. Actual losses are even greater because the Forest Service does not report the results of individual timber sales.

Aside from the obvious impact on the ever-growing federal budget deficit, below-cost timber sales result in logging on lands that are physically and economically unsuited to timber production. Far more roads are built than good economic sense and ecological

wisdom would dictate. These practices destroy valuable wildlife habitat, scar the visual landscape, and squander irreplaceable resources.

Below-cost timber sales artificially reduce log prices for the majority of the timber producers and discourage more efficient timber processing techniques for private industry. New products such as oriented strandboard and engineered lumber, which are more efficient in their use of wood fiber than traditional lumber products, are placed at a competitive disadvantage relative to products manufactured from subsidized national forest timber. Recycled fiber is also placed at a disadvantage by such subsidies.

Finally, these subsidies retard the evolution of rural, forest-dependent communities toward a more sustainable economic base. By masking market forces that would induce workers and businesses to adapt to changing conditions, these subsidies often create greater economic instability in the very communities that they are intended to stabilize.

Therefore, The Wilderness Society recommends the following to ensure sustainable forest ecosystems and timber management on the national forests.

1.) **Phase out below-cost timber sales.** Congress has said that, with rare exceptions, each timber sale should assure that it will either break even or produce a positive net return to the U.S. Treasury. The Forest Service has frustrated this policy by claiming that timber sales benefit other resources such as wildlife and recreation. In Fiscal Year 1993, over two-thirds of the timber harvested was for commercial use. While there are cases in which timber sales do achieve other resource management objectives, often the detrimental impacts that logging may have on soils, streams, viewsheds, and watersheds are not considered. Studies have demonstrated that below-cost timber sales occur most often where productivity is low -- particularly in the inland West, on steep slopes, and at high elevations. Clear direction, not new laws, will put timber sales on a sound footing. The Congress should direct the Forest Service to:

- Stop construction of new logging roads to enter roadless areas and require the Forest Service to conduct a system-wide evaluation of the adequacy of the existing road network to meet current and anticipated future transportation needs.

- Begin a system-wide program to remove existing roads from critical watersheds and areas important to wildlife, especially T&E species. The goal should be to reduce road densities 50 percent on the national forest system by the turn of the century.

- Establish that the minimum acceptable bid for national forest commercial timber be set equal to the government's costs of managing and offering the timber for sale and for regenerating the pre-existing forest condition.

Personal use and wildlife enhancement sales should be exempted from this directive.

- o Revise the timber sales accounting system to provide an honest reporting of the cost and revenues of each commercial timber sale.

2.) **Promote economic diversification and sustainable community development for forest-dependent cities and towns.** Community stability, a long-standing concern of the Forest Service, has been cited as a reason to continue selling timber at subsidized prices. Its emphasis on timber production locks communities into an intolerable dilemma: federal government policies promote the cutting of forests that would otherwise provide greater long-term benefits to more people through ecosystem products, and contribution to quality of life if they were left standing. Federally subsidized commodity production anchors communities in the past. Technological and market changes have become far more important determinants of community employment, revenue, and stability than logging levels. The Congress should take the following steps:

- o Full funding and coordination of the community assistance provisions of the enacted 1991 Farm Bill should be actively promoted in rural communities by the Forest Service.

- o Direct the Forest Service to work with the Commerce Department and other agencies to help communities that are seeking to develop new industry to diversify their economies and to retain existing businesses. This includes increasing investment in infrastructure and education, reducing foreign barriers to trade in finished wood products and increasing value-added wood products manufacturing.

3.) **Avoid forest simplification and fragmentation.** Management for highly productive stands of commercial timber species generally diminishes diversity. It does this by the very methods employed to maximize timber yields. To minimize losses of biological diversity to forest fragmentation and simplification the Forest Service should be directed to:

- o Adopt timber management practices that emulate natural disturbance patterns as closely as possible rather than continued reliance on traditional even-aged and uneven-aged management systems.

- o Emphasize natural regeneration over artificial methods. Planting, when done, should include the mix of species characteristic of natural stands. Dead and down woody material should be retained to the extent possible.

4.) **Ensure reforestation to meet the requirements of NFMA.** NFMA prohibits timber harvesting on national forests except where reforestation is assured within

five years. It requires that the national forests be maintained in forest cover and that regular monitoring certify that reforestation was in fact achieved.

Achieving adequate regeneration within five years of logging is difficult in many areas. In Forest Service Region 1, for example, there is good evidence that on the Missoula Ranger District of the Lolo National Forest, regeneration takes about twice the maximum time allowable under NFMA. Yet the USFS has not acknowledged this, nor has it analyzed data on past regeneration failure. In addition, there is virtually no information on how well regenerated trees actually grow once they have become established. Several studies of Forest Service regeneration success, most notably a 1992 report from the House Committee on Interior and Insular Affairs, reported similar problems on national forests in other regions.

To insure that the renewable timber resource is indeed renewed and to meet NFMA requirements, the following steps must be taken:

- The Congress should conduct an independent review of USFS regeneration success.

- Define "on the ground" reforestation within five years to mean that regeneration using economically and technically feasible methods is achieved.

- Monitor regenerated-stand growth rates to insure that those growth rates are consistent with forest plan assumptions.

- Classify national forest lands as unsuitable for logging if "on the ground" reforestation cannot be assured before logging is allowed.

5.) **Reassess the land area that is designated as suitable for timber production.** Considering the extent and magnitude of the below-cost timber sale problem, reforestation difficulties, and inadequate site-specificity of forest planning, it is inevitable that the USFS has over-estimated the area that is *suitable* for timber management. The Forest Service should be directed to:

- Remove immediately, on a site-specific basis, forest lands allocated to the suitable timber base that are economically and physically unsuited for timber production. The NFMA Section 6(k) requires such a removal as part of the planning process, but the Forest Service has ignored the provisions of the law.

- All lands planted under the reforestation program three or more times should be automatically withdrawn from the suitable timber base and the

timber ASQs reduced commensurately. To paraphrase President Clinton's State of the Union speech: Three strikes and the Forest Service is out.

6.) **Improve inventory and monitoring of biological resources in the national forests.** The Forest Service needs a much better inventory of the biological wealth of the National Forest System, including timber. Knowledge of the location, status, and condition of the elements of biological diversity is essential for proper, ecosystem-based management of the national forests. Populations of rare and sensitive species must be carefully monitored to assess the impacts of logging, grazing, and other activities. Current monitoring programs are inadequate. The Congress should direct:

- o The Forest Service to allocate adequate funds to monitoring on each national forest before timber sale and other extractive activities may proceed. Without funding for monitoring in place, the Forest Service should not undertake any management activities on the land or in the water of the national forest system.

- o The Forest Service to submit to an independent review of inventory procedures and implement the recommendations of the 1992 Blue Ribbon Panel on Forest Inventory and Analysis, particularly as they relate to ecological and biological resources.

- o The Forest Service to implement an All Resources Accounting System.

B. Biological Diversity

Biological diversity represents the full array of the structural and functional complexity of life at four levels of organization: genetic, species, communities, and ecosystem/landscapes. A crude analogy is that bio-diversity represents the living infra-structure of our environment. Increasingly, scientists are concerned that the pace of development, especially the conversion and fragmentation of remaining natural habitats, is eroding this living infrastructure at a rate that is likely to be harmful to human society. In fact, the Environmental Protection Agency considers erosion of biological diversity as big a threat to our society as global climate change and thinning of the ozone layer.

Because biological diversity is being lost principally to the modification of natural ecosystems and landscapes, its conservation requires protection at the ecosystem and landscape scale. Because biological diversity is a common property resource that is not traded in formal markets, the public sector has a unique responsibility to assure that these resources are maintained for the benefit of all. Thus, our nation's public lands are central to conserving biological diversity. At minimum, the national forests should maintain an abundant number of sites for their indigenous biological diversity. This can be accomplished through a focus on ecosystem management that mimics natural ecosystem

dynamics as well as selected special measures on behalf of species already considered threatened or endangered, or that have specialized habitat requirements.

The recommendations that follow will further enhance protection for biological diversity.

1.) **Protect major ecosystem types occurring on the national forests.** By protecting major ecosystem types, the Forest Service is protecting natural communities and groups of species. This reduces the number of potential endangered-species crises, and it creates a baseline for research and monitoring. Biologists have advocated planning future additions to the National Wilderness Preservation System around natural ecosystems, with a goal of having at least three to five examples of each of the major ecosystem types in the United States protected as wilderness. The Forest Service should be directed to:

- Conduct a system-wide inventory to identify gaps in protected ecosystem types that can be filled by inclusion in the National Wilderness Preservation System, and protect these areas pending passage of wilderness legislation or inclusion in other appropriate land protection systems.

2.) **Establish a system-wide ancient forest reserve network on the national forests.** The importance of old-growth forest ecosystems to maintaining biological diversity is only now becoming fully appreciated. Eradication of old-growth and ancient forests, once considered biological deserts, is virtually complete throughout the national forest system. The largest contiguous blocks of old-growth and ancient forest occur on the national forests of the Pacific Northwest and Alaska. Elsewhere in the National Forest System only pockets of ancient forest remain and many forest stands would now be approaching the species mix and structural complexity characteristics of old-growth forests. The importance of these forests for biological diversity conservation, research, and monitoring makes their protection imperative. Therefore, the Forest Service should be directed to:

- Implement a policy that protects the remaining ancient forests of the Pacific Northwest to insure that there will be a high probability of retaining a functioning old-growth ecosystem, recover endangered species and prevent other species from becoming endangered, and protect fisheries.

- Implement a comprehensive, system-wide inventory of the remaining old-growth and ancient forests on national forests outside the Pacific Northwest. The inventory should be completed within five years, with site-specific management plans developed as ancient forest remnants are identified. Areas identified should be protected from logging and road building.

- Where old-growth examples of forest types no longer exist, identify suitable areas on which to attempt to restore old-growth conditions. The goal should be to protect multiple examples of all of the different types of old-growth forests in the U.S.

3.) **Initiate a system-wide program to protect aquatic ecosystems, including fish stocks.** According to the American Fisheries Society, more than 100 major salmon and steelhead stocks in the Pacific Northwest have been lost and another 214 are at serious risk of extinction. Many of these threatened stocks depend on spawning and rearing habitat in national forests. To prevent further losses in the Pacific Northwest and elsewhere, the Forest Service should be directed to:

- Designate large buffer zones around riparian areas and prohibit logging and road building within them. Watersheds harboring high concentrations of sensitive fish and other aquatic organisms should be designated as aquatic reserves and all road building, logging, and grazing activities eliminated to ensure the protection of aquatic bio-diversity.

- Restore damaged riparian areas by increasing staffing for riparian restoration work and establishing yearly goals for miles of riparian areas restored.

4.) **Emphasize protection of rare, imperiled, and declining species.** The Forest Service is promoting management practices that increase populations of widespread species at the expense of rarer or more sensitive ones. To prevent further endangerment of species, the Forest Service should be directed to:

- Amend its planning regulations and manual to require planners and managers to devote special attention to protection of the habitats and populations of native species whose populations are diminishing in the state, commonwealth, or Forest Service administrative region where the national forest is located.

FISCAL ACCOUNTABILITY

The recommendations presented will help enable the Forest Service to meet its stewardship mandate for management of the national forests under the NFMA. Unfortunately, these recommendations are vulnerable to the conflicting goals and priorities that arise through the annual appropriations process.

Powerful incentives exist to maintain the agency's emphasis on commodity production. Special accounts and trust funds drawn from gross receipts comprise about a third of the Forest Service budget and receive little or no annual scrutiny from Congress. The largest is the Forest Service revenue sharing account that distributes 25 percent of all forest receipts to county payments for roads and schools. For Fiscal Year

1992, these payments totaled $324 million. In addition, several other trust funds and special accounts collectively generate about $500 million annually for national forest management activities. These include the Knutson-Vandenberg (K-V) Fund, the Timber Salvage Fund, brush disposal, and other special accounts and trust funds. These funds result mostly from timber harvests, but the expenditures can be directed and controlled at the forest level and are not limited to timber sales or investments. Thus, the counties (through revenue sharing) and the forest managers (through permanent appropriations) have a direct interest in increasing timber sales, again contributing to the emphasis on timber outputs in Forest Service decision-making.

The Forest Service spends an average of $2.6 billion annually, 92 percent for management of the national forests and the remaining 8 percent for research and technical assistance to states and private forest landowners. More than 74 percent of the national forest system budget is spent on timber and payments to counties.

Special accounts and trust funds -- one-third of national forest annual spending -- are derived from gross receipts and receive little congressional scrutiny. Congress should:

- Repeal the authority for these special accounts and trust funds and require that all proceeds received from timber sales be returned to the U.S. Treasury.
- Subject all these prior authorities to direct appropriations.
- Require the Forest Service to present more information to Congress on the need for appropriation for these activities and allow Congress to exercise greater oversight and control over these programs.
- Replace the current program of returning 25 percent of the gross Forest Service receipts with a system that will fairly compensate counties for the loss of revenues caused by the tax-exempt status of federal lands and activities.

ECOSYSTEM MANAGEMENT

Change is a continuing feature of a public agency responsive to shifting public attitudes and values. The agency's ecosystem management policy, for example, commits it "to using an ecological approach in the future management of the national forests and grasslands." The implications are far-reaching if the policy is to be implemented. Instead of treating a forest as a set of discrete resources, it will be treated as a whole. Social and economic criteria will be placed on equal footing with biological criteria.

1.) **Convene an independent panel of experts to review the ecological, economic, and social issues associated with ecosystem management for federal forest lands.** The Forest Service and Bureau of Land Management will need continuing advice from experts and representatives from the ecological, economic, and social science communities, as well as leaders from key interest groups to further develop and implement the concept of ecosystem management consistent with the NFMA and Resources Planning Act. The political boundaries separating individual national forests do not reflect ecosystem boundaries. Animals such as elk, grizzly bears, salmon, and migratory birds freely move across them, and rivers run through them. The current forest planning process, with its emphasis on finely divided management areas within individual national forests, is ill-suited to the management of ecosystems. To provide the appropriate level of review, the President and the Congress should:

- Appoint an independent panel consisting of ecologists and other biological scientists, economists, social scientists, and key interest groups, to develop a blueprint for national and regional ecosystem management for the major ecosystems on federal forest lands. That blueprint will be revised regularly to reflect new understanding regarding the ecological, economic, and cultural values associated with managing ecosystems. The first report should be delivered to the Secretary of Agriculture and the Secretary of the Interior within twelve months.

- Prohibit the use of "FORPLAN" computer modeling for all new and revised national forest land management plans.

- Direct the Forest Service to establish "Federal Ecosystem Management Assessment Teams" (FEMAT) for the major forested ecosystems in North America.

2.) **Create an effective public involvement process for national forest planning.** The forest planning process has left many local communities feeling alienated from decision-making. As the Forest Service turned to more formalized processes for public participation, it emphasized written comments on forest plans. People living next to national forests who had long and personal relationships with national forest managers became disenfranchised because they communicated their concerns verbally. They have felt betrayed because their verbal comments are not included in the plan documentation. Likewise, residents of more distant communities have had access to the planning process only through membership in advocacy organizations. To improve the public participation process the Forest Service should:

- Revise regulatory direction regarding public participation to provide for public deliberation about significant commitments of public resources.

Conclusion

In the 1980s and early 1990s, the federal government ran the highest budget deficits ever recorded. Relative to the size of the economy, they were the largest since World War II. High and rising deficits are objectionable for reasons of economics, budget policy, and equity. In this environment, federal agencies must reexamine themselves and their mission in terms of their performance and the cost effectiveness of the services they provide.

The national forests belong to all the citizens of the United States. Money-losing timber sales, subsidized mineral extraction and grazing are objectionable on financial grounds. But they are also objectionable because they foster environmental degradation. To smother a salmon spawning ground or drive an endangered species to extinction is tragic; to do so in the guise of public policy at the taxpayer's expense is nothing less than appalling.

The positive aspect of reforming the Forest Service is that one can simultaneously protect the environment for future generations and contribute to the national effort to restore fiscal sanity to our government. Along the way, we can recreate a Forest Service whose mission serves the long-term interests of the American people and whose accomplishments will stand as a lasting example to future generations.

NEW DIRECTIONS FOR THE FOREST SERVICE

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PREFACE

During the past twelve years the nation's 191 million-acre national forest system has been subjected to intense pressures. Providing habitat for game and wildlife species -- many of which occur nowhere else -- water resources, clean air, recreation, and commodities such as timber, the national forests are like no other system of public lands in the world. Unfortunately, the emphasis placed on commodity production during the past twelve years has placed in doubt the capacity of the national forests to sustain other uses. By pushing resource production to the limit, we scrape away the diversity and resilience built into natural systems.

With the arrival of a new administration it is an appropriate time to review the policies and revise the emphasis of national forest management to better meet the needs of the American People. The report that follows provides that review. It was prepared by Dr. Arnold Bolle, Dean Emeritus of the School of Forestry at the University of Montana, and Jeffrey T. Olson, Director of The Wilderness Society's Bolle Center for Forest Ecosystem Management. They assembled a panel of nationally renowned experts on forest management and forests to prepare background papers and recommendations in their areas of specialization. The panel's analysis served as the foundation for the paper that follows. The authors emphasize, however, that although the panel provided their thoughts and reviewed the resulting recommendations, the responsibility for all statements and recommendations contained in this report rests with Dr. Bolle and Mr. Olson and not with the panel members.

The authors wish to express their thanks to the following individuals who participated as members of the advisory panel: Dr. Hanna Cortner, Director, Water Resources Research Center, The University of Arizona; Dr. Dennis LeMaster, Chairman, Department of Forestry, Purdue University; Dr. Alan McQuillan, Professor, College of Forest Resources, The University of Montana; Mr. Walter Minnick, President, TJ International Corporation; Mr. Steve Richardson, Professional Staff Member, House Environment and Energy Committee; Dr. Margaret Shannon, Associate Professor, College of Forest Resources, The University of Washington; Dr. David Wilcove, Senior Ecologist, The Environmental Defense Fund; Mr. Robert Wolf, Retired, Congressional Research Service. The authors also wish to express their thanks to Ross Gorte of the Congressional Research Service for his diligent review of this report.

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INTRODUCTION

The National Forest Management Act of 1976 (NFMA) reaffirmed multiple use as the guiding management philosophy for the national forests. In part, Congress formulated the NFMA as a means to restore trust in an agency that had lost that trust through management policies that were in conflict with public expectations[1]. In so doing, the NFMA sought to refocus the USDA Forest Service (USFS) on the nontimber and nonmarket resources that the national forests provide. In hearings prior to passage of the bill one of the NFMA's principal architects, Senator Hubert Humphrey, declared:

> The days have ended when the forest may be viewed only as trees and trees only as timber. The soil and the water, the grasses and the shrubs, the fish and the wildlife, and the beauty that is the forest must become integral parts of the resource manager's thinking and actions.

Senator Humphrey went on to observe that the Forest Service's record had brought into question the extent to which the agency could be trusted to protect and administer the public resources. He proposed that the NFMA be shaped to prevent the Forest Service from turning the national forests into tree farms.

Today, some 16 years after the passage of the NFMA, Forest Service management policies are still biased towards timber production. Throughout the 1980s, national forest timber sales averaged nearly 11 billion board feet, the same level they were when the NFMA was passed. Senator Humphrey's vision that the national forests be managed for more than timber, that they conserve wildlife habitat, and provide clean water and recreation still seems distant.

Two rules must guide the agency if it is to meet the intent of the NFMA. First, irreplaceable resources on national forests should be preserved for the future. Places of great scenic beauty, once spoiled, can never be restored; species that are eliminated can never be retrieved; unique ecosystems cannot be reconstructed. Second, renewable resources on the national forests should be managed on a sustainable basis. Both present and future generations must be considered in this calculus. Government incentives that encourage the unsustainable exploitation of natural resources must be eliminated.

A great deal must be done to fulfill the Forest Service's stewardship mission. While existing laws are sufficient to shift the agency's management emphasis from timber to the full complement of resources that comprise the forest, they have not been implemented in the spirit with which they were passed. The annual budget and appropriations process frustrates the goals and objectives set by long-range management plans for each of the individual national forests, effectively revising those plans each year. Finally, the agency needs to reorganize itself to provide appropriate

incentives for its personnel and to facilitate multiple resource-oriented management. Many of the agency's own employees recognize the need for change. The formation of the Association of Forest Service Employees for Environmental Ethics is a clear illustration of the depth of concern.

This report presents our recommendations for change in the policies that govern the national forests and the Forest Service. These recommendations are organized in three major sections: (1) sustainable land and resource management; (2) forest planning, budgeting and fiscal accountability; and (3) institutional change to facilitate ecosystem management. Each section contains recommendations and directives designed to provide a new sense of purpose for the Forest Service and to move the agency further towards the vision and intent expressed in the NFMA.

The Multiple Use-Sustained Yield Act of 1960 and the NFMA of 1976 sought to ensure that the national forests would be managed to provide the full range of forest resources in perpetuity. Unfortunately, the emphasis that the Forest Service has placed on timber production implies that the agency views timber as the most important resource in the national forests even to the detriment of other forest resources. Indeed, some 67 percent of the national forest system's annual budget is spent on timber management. Employee reward systems are based in large part on the degree to which timber sale quotas are achieved. The national forests are, on average, less productive for timber growing than the nation's privately held forestlands, the source of 80 percent of the nation's timber supply. In fact, less than 15 percent of the timber cut each year in the United States comes from the national forests.

Numerous other resources on the national forests are of equal or greater importance. Three-quarters of the West's scarce water resources flow from the national forests, providing some of the nation's most productive fisheries, as well as vital supplies for agricultural and domestic use. Scenic beauty, outdoor recreation, and wildlife habitat are among the many unmarketed resources provided by the national forests. Oil and gas, "hard rock" minerals, and rangelands comprise other marketable assets of the national forests.

In fact, the most important resource in the national forests is not timber and forage, but rather the one resource that makes them all possible: biological diversity. The diversity of life is the basis of sustainable forestry. The myriad organisms within the forest maintain the fertility of the soil, recycle nutrients, and produce oxygen and maintain clean water. Biological diversity enables forests to adapt to changes in the environment, and is the source of new products for medicine, agriculture, and industry. The goal of national forest management should be to maintain the structure and function of natural forest ecosystems, and in so doing, maintain the full set of valuable resources that national forests can provide. That, in fact, is the essence of sustainable forest management and the Forest Service's stewardship role.

"Healthy forests" should not be defined solely on the basis of rapidly growing, disease-free trees. From an ecological perspective, a healthy forest is a place where natural ecosystem disturbances such as fire, insect outbreaks, and predation, continue to occur, where disturbance regimes reflect those in which resident species evolved, where species are not threatened with extinction, and where humans can continue to meet their biological, aesthetic, cultural and spiritual needs.

Beginning with the Organic Act of 1897 and extending through the NFMA of 1976, Congress has consistently affirmed that national forest commodity programs must be economically and environmentally

sound. Unfortunately, the Forest Service has a mixed record in its pursuit of this essential goal. Irreplaceable resources such as anadromous fisheries, rare plants and animals, clean rivers, and old-growth forests are being destroyed. Renewable resources are not being renewed; rather, they are often liquidated at great cost to the taxpayer with no assurance of future productivity.

In short, the sustainable management of national forest resources called for by the Congress and expected of the Forest Service by the public has been frustrated by policies that emphasize timber extraction over all other natural resources. Recent announcements from the Forest Service regarding a move towards ecosystem management are certainly welcome, but the guidelines unveiled to date do not show convincing evidence of a fundamental shift in direction. To that end, we offer a series of recommendations covering topics related to timber sale policies, timber management and protection of biological diversity. If implemented, these recommendations would usher in a new era of sustainable land and resource management. Timber sale programs would be shaped by a greater regard for their economic consequences and the long term renewability of timber resources would be assured. Biological diversity -- a resource in its own right -- would be afforded greater protection, and as a result, the many other nontimber resources present on national forests would be maintained.

Timber

More than two-thirds (81 of 120) of the national forests lose money selling timber year after year. Losses in 1991 totalled more than $245 million. Actual losses are even greater because the Forest Service does not report the results of individual timber sales. Only the verdant coastal forests of the West consistently generate financial profits and even those come at the expense of other marketable commodities such as salmon and such non-market resources as aesthetics, biological diversity, and recreation. Throughout the arid, Rocky Mountain west, the desert southwest, the east, and in Alaska, the national forests are unable to cover the costs associated with selling timber.

Aside from the obvious impact on the ever-growing federal budget deficit, below-cost timber sales result in logging on lands that are physically and economically unsuited to timber production. Far more roads are built than good economic sense and ecological wisdom would dictate. These practices destroy valuable wildlife habitat, scar the visual landscape, squander irreplaceable resources, and compete unfairly with private timber owners who must earn a profit from their lands.

Below-cost timber sales artificially reduce log prices and discourage more efficient timber processing techniques. New products such as oriented strandboard and engineered lumber, which are

more efficient in their use of wood fiber than traditional lumber products, are placed at a competitive disadvantage relative to products manufactured from subsidized national forest timber. Recycled fiber is also placed at a disadvantage by such subsidies. As was the case with government-protected steel and auto industries of a generation ago, these artificial barriers to new and more efficient manufacturing technologies will render the U.S. forest products industry less competitive in an emerging global marketplace.

Finally, these subsidies retard the evolution of rural, forest-dependent communities toward a more sustainable economic base. By masking market forces that would induce workers and businesses to adapt to changing conditions, these subsidies often create greater economic instability in the very communities that they are intended to stabilize.

Therefore, the Congress and the Executive Branch should consider the following recommendations to ensure sustainable timber management on the national forests:

Phase out below-cost timber sales. Congress has said that, with rare exceptions, each timber sale should assure that it will either break even or produce a positive net return to the U.S. Treasury. The Forest Service has frustrated this policy by claiming that timber sales benefit other resources such as wildlife and recreation. While there are cases in which timber sales do achieve other resource management objectives, often the detrimental impacts that logging may have on soils, streams, aesthetic quality, viewsheds, and watersheds are not considered. Studies have demonstrated that below-cost timber sales occur most often where productivity is low -- particularly in the inland West, on steep slopes, and at high elevations. Clear direction, not new laws, will put timber sales on a sound footing. Consequently, the Forest Service should be directed to:

- Impose a moratorium on construction of new logging roads to enter roadless areas and require the Forest Service to conduct a system-wide evaluation of the adequacy of the existing road network to meet current and anticipated future transportation needs. That evaluation should give explicit consideration to new logging technologies that minimize road requirements. The 360,000 miles of roads on the national forests are enough to reach around the earth 14 times. With this grid in place, further road construction risks further wasting of taxpayer dollars and environmental degradation.

- Establish that the minimum acceptable bid for national forest timber be set equal to the government's costs of managing and offering the timber for sale and for regenerating the pre-existing forest condition. Personal use sales should be exempted from this directive.

- Revise the timber sales accounting system to provide an honest reporting of the cost and revenues of each commercial timber sale. The current system reports timber sale results by national forest, masking the number of individual timber sales that are not economic.

Promote economic diversification and sustainable community development for forest-dependent cities and towns. Community stability, a long-standing concern of the Forest Service, has been cited as a reason to continue selling timber at subsidized prices. There are two problems with the agency's position regarding community stability. First, there is no specific legal authority for the Forest Service to adjust its management policies to meet community stability concerns. Second, while the Forest Service has a legitimate role in the economies of forest-dependent local communities, its emphasis on timber production locks communities into an intolerable dilemma: federal government policies promote the cutting of forests that would otherwise provide greater economic opportunity through recreation, tourism, and contribution to quality of life if they were left standing. Technological and market changes have become far more important determinants of community employment, revenue, and stability than logging levels. Many communities that were dependent on timber are increasingly dependent on other forest resources including recreation and the quality of life associated with diverse and beautiful natural surroundings.

- Direct the Forest Service to work with the Commerce Department and other agencies to help communities that are seeking to develop new industry to diversify their economies and to retain existing businesses. This includes increasing investment in infrastructure and education, reducing foreign barriers to trade in finished wood products and increasing value-added wood products manufacturing.

Avoid forest simplification and fragmentation. Management for highly productive stands of commercial timber species generally diminishes diversity. It does this by the very methods employed to maximize timber yields. Planting and/or intensive site preparation and subsequent treatment reduce the richness and variety of species present in the forest. The maintenance of the forest in young and mature stands also reduces structural diversity both at the site and at the landscape scale. To minimize losses of biological diversity to forest fragmentation and simplification the Forest Service should be directed to:

- Adopt timber management practices that emulate natural disturbance patterns as closely as possible rather than continued reliance on traditional even-aged and uneven-aged management systems.

- Emphasize natural regeneration over artificial methods. Planting, when done, should include the mix of species characteristic of natural

stands. Dead and down woody material should be retained to the extent possible.

Ensure reforestation to meet the requirements of NFMA. NFMA prohibits timber harvesting on national forests except where reforestation is assured within five years. It requires that the national forests be maintained in forest cover and that regular monitoring certify that reforestation was in fact achieved.

Achieving adequate regeneration within five years of logging is difficult in many areas. In Forest Service Region 1, for example, there is good evidence that on the Missoula Ranger District of the Lolo National Forest, regeneration takes about twice the maximum time allowable under NFMA. Yet the USFS has not acknowledged this, nor has it analyzed data on past regeneration failure. In addition, there is virtually no information on how well regenerated trees actually grow once they have become established. Several studies of Forest Service regeneration success, most notably a 1992 report from the House Committee on Interior and Insular Affairs[2], reported similar problems on national forests in other regions. Hence, it is not clear that regeneration growth rates assumed in forest plans are correct or that related allowable sale quantities (ASQs) are in fact sustainable.

To insure that the renewable timber resource is indeed renewed and to meet NFMA requirements, the following steps must be taken:

- Through the Congress, conduct an independent review of USFS regeneration success.
- Define "assured" reforestation within five years to mean assurance based on the probability of regeneration using economically and technically feasible methods.
- Monitor regenerated-stand growth rates to insure that those growth rates are consistent with forest plan assumptions.
- Classify national forest lands as unsuitable for logging if reforestation cannot be assured.

Reassess the land area that is designated as suitable for timber production. Considering the extent and magnitude of the below-cost timber sale problem, reforestation difficulties, and inadequate site-specificity of forest planning, it is inevitable that the USFS has over-estimated the area that is *suitable* for timber management. The Forest Service should immediately:

- Review, on a site-specific basis, its land allocations to the suitable timber base to exclude those lands that are economically and physically unsuited for timber production. The NFMA requires such a review as part of the planning process, but the Forest Service has ignored the provisions of the law and adopted regulations that make those provisions irrelevant.

- Adjust timber sale targets to conform with the real biological and economic potential of these forests and temporarily reduce ASQs to levels already judged achievable by forest supervisors, pending forest plan revisions.

Improve inventory and monitoring of biological resources in the national forests. The Forest Service needs a much better inventory of the biological wealth of the National Forest System, including timber. The well-reported problems of "phantom trees" on the Yaak Ranger District of the Kootenai Forest may be just the tip of an iceberg. There is no assurance that steps currently underway to alleviate inventory problems have statistical integrity or sampling intensity sufficient to provide reliable information for forest planning. Knowledge of the location, status, and condition of the elements of biological diversity is essential for proper, ecosystem-based management of the national forests. Populations of rare and sensitive species must be carefully monitored to assess the impacts of logging, grazing and other activities. Current monitoring programs are inadequate.

- The Forest Service should submit to an independent review of inventory procedures and implement the recommendations of the 1992 Blue Ribbon Panel on Forest Inventory and Analysis[3], particularly as they relate to ecological and biological resources.

Biological Diversity

Biological diversity represents the full array of the structural and functional complexity of life at four levels of organization: genetic, species, communities, and ecosystem/landscapes. A crude analogy is that biodiversity represents the living infrastructure of our environment. Increasingly, scientists are concerned that the pace of development, especially the conversion and fragmentation of remaining natural habitats, is eroding this living infrastructure at a rate that is likely to be harmful to human society. In fact, the Environmental Protection Agency[4] considers erosion of biological diversity as big a threat to our society as global climate change and thinning of the ozone layer.

Because biological diversity is being lost principally to the modification of natural ecosystems and landscapes, its conservation requires protection at the ecosystem and landscape scale. Because biological diversity is a common property resource that is not traded in formal markets, the public sector has a unique responsibility to assure that these resources are maintained for the benefit of all. Thus, our nation's public lands are central to conserving biological diversity. At minimum, the national forests should maintain their indigenous biological diversity. This can be accomplished through a focus on ecosystem management that mimics natural ecosystem dynamics as well as selected special measures on behalf of species already considered threatened or endangered, or that have specialized habitat requirements.

Redirecting national forest timber management programs to employ harvesting techniques that mimic the natural disturbance regime, and emphasizing natural regeneration will go a long way towards protection of the natural diversity of our national forests and are the essence of ecosystem management. The recommendations that follow will further enhance protection for biological diversity.

Protect major ecosystem types occurring on the national forests. By protecting major ecosystem types, the Forest Service is protecting natural communities and groups of species. This reduces the number of potential endangered-species crises, and it creates a baseline for research and monitoring. Biologists have advocated planning future additions to the National Wilderness Preservation System around natural ecosystems, with a goal of having at least three to five examples of each of the major ecosystem types in the United States protected as wilderness. However, of the 261 ecosystem types identified in the most widely used classification scheme (the Kuchler-Bailey classification), over 100 are not represented in the National Wilderness Preservation System. The Forest Service should:

- Conduct a system-wide inventory to identify gaps in protected ecosystem types that can be filled by inclusion in the National Wilderness Preservation System, and protect these areas pending passage of wilderness legislation.

Establish a system-wide ancient forest reserve network on the national forests. The importance of old-growth forest ecosystems to maintaining biological diversity is only now becoming fully appreciated. Eradication of old-growth and ancient forests, once considered biological deserts, is virtually complete throughout the national forest system. The largest contiguous blocks of old-growth and ancient forest occur on the national forests of the Pacific Northwest and Alaska. Elsewhere in the National Forest System only pockets of ancient forest remain and many forest stands would now be approaching the species mix and structural complexity characteristics of old-growth forests. The importance of these forests for biological diversity conservation, research, and monitoring make their protection imperative. Had the Forest Service taken an ecosystem management approach during the course of the past century, more old-growth forests would remain and many forest stands would now be approaching the species mix and structural complexity characteristics of old-growth forests. But the agency's focus on timber production has resulted in a truncated distribution of age classes across much of the national forest landscape and special management protection is now required. Therefore, the Forest Service should be directed to:

- Implement a policy that protects enough of the remaining ancient forests of the Pacific Northwest to insure that there will be a high probability of retaining a functioning old-growth ecosystem, recover endangered species and prevent

other species from becoming endangered, and protect fisheries.

- Implement a comprehensive, system-wide inventory of the remaining old-growth and ancient forests on national forests outside the Pacific Northwest. The inventory should be completed within five years, with site-specific management plans developed as ancient forest remnants are identified. Until site-specific management plans are complete, areas identified should be protected from logging and road building.

- Where old-growth examples of forest types no longer exist, identify suitable areas on which to attempt to restore old-growth conditions. The goal should be to protect multiple examples of all of the different types of old-growth forests in the U.S. All of this work should be done under the joint supervision of the Forest Service and National Academy of Sciences.

Initiate a system-wide program to protect aquatic ecosystems, including fish stocks. According to the American Fisheries Society, more than 100 major salmon and steelhead stocks in the Pacific Northwest have been lost and another 214 are at serious risk of extinction. Many of these threatened stocks depend on spawning and rearing habitat in national forests. To prevent further losses in the Pacific Northwest and elsewhere, the Forest Service should:

- Designate large buffer zones around riparian areas and restrict logging and roadbuilding within them. Watersheds harboring high concentrations of sensitive fish and other aquatic organisms should be designated as aquatic reserves and all road building, logging, and grazing activities reviewed to ensure that levels are compatible with the protection of aquatic biodiversity.

- Restore damaged riparian areas by increasing staffing for riparian restoration work and establishing yearly goals for miles of riparian areas restored.

Emphasize protection of rare, imperiled, and declining species. The Forest Service is promoting management practices that increase populations of widespread species at the expense of rarer or more sensitive ones. To prevent further endangerment of species the Forest Service should:

- Amend its planning regulations and manual to require planners and managers to devote special attention to protection of the habitats and populations of native species whose populations are diminishing in the state, commonwealth, or Forest Service administrative region where the national forest is located.

The initiatives presented in the preceding section will help enable the Forest Service to meet its stewardship mandate for management of the national forests under the NFMA. Unfortunately, these initiatives are vulnerable to the conflicting goals and priorities that arise through the annual appropriations process. The annual budget decisions quite often overwhelm and scramble the priorities produced by the forest plans. Congress and the Executive Branch must cooperate to change the Forest Service budget process.

Since its inception, the Forest Service has prepared land use plans. Early efforts generally focused on individual resources. This system has been modified by the Multiple Use-Sustained Yield Act (MUSYA), the Forest and Rangeland Renewable Resources Planning Act (RPA) and the NFMA to require assessments of all renewable resources on National Forest System lands every 5 and 10 years and detailed, land management plans to guide the overall direction for management of each national forest for a period of 10 to 15 years.

Forest plans are the most detailed statement of Forest Service policy developed and implemented on the forest level. However, there is no assurance that annual Forest Service budgets will be consistent with the forest plans. In fact, the annual congressional appropriations for Forest Service programs bear little resemblance to the coordinated budgets needed to implement the integrated land and resource management plans. Forest Service employees are legally responsible for ensuring that the agency's spending meets congressional intent, whether or not that direction is consistent with forest plans. As a result, the annual budget process effectively revises each forest plan each year.

The Forest Service has tried to justify the poor resolution between forest level information and the results of the budgeting process by maintaining that the forest level budgets are only the starting point. Other factors are taken into account such as national priorities, dollar constraints, and congressional direction[5].

The notion of managing a forest only for its outputs is anachronistic. This is true even if we consider those outputs to include clean water and recreational visitor days, catchable fish and huntable elk. Stocks must also be maintained. This includes biological diversity, old-growth forests, gene pools, carbon storage. It extends to the existence of things which have inherent worth and beauty from which people derive spiritual or aesthetic value. Yet the annual budget request is expressed in dollars appropriated for physical outputs such as billions of board feet of timber prepared, supplied, or sold; thousands of miles of roads engineered, bartered or reconstructed; and hundreds of acres treated, thinned or planted. As a consequence, annual budgets do not reflect any meaningful performance standards drawn from the forests plans.

The difference between forest plan budgets and annual appropriations also results from the differing budget assumptions that the Forest Service uses to prepare forest plans. For example, some Forest Service regional offices have restricted forest plan budget assumptions to funding levels that they assume to be reasonably achievable. But other forests have permitted forest planners to develop plans that rely on unrestricted and often unrealistic budgets to achieve the goals of a forest plan. As a result, it is impossible for the agency to develop annual budget requests directly from forest plans.

Beyond the budget process, powerful incentives exist to maintain the agency's emphasis on commodity production. Special accounts and trust funds drawn from gross receipts comprise about a third of the Forest Service budget and receive little or no annual scrutiny from Congress. The largest is the Forest Service revenue sharing account that distributes 25 percent of all forest receipts to county payments for roads and schools. For Fiscal Year 1992, these payments totaled $324 million. In addition, several other trust funds and special accounts collectively generate about $500 million annually for national forest management activities. These include the Knutson-Vandenberg (K-V) Fund, the Timber Salvage Fund, brush disposal, and other special accounts and trust funds. These funds result mostly from timber harvests, but the expenditures can be directed and controlled at the forest level and are not limited to timber sales or investments. Thus, the counties (through revenue sharing) and the forest managers (through permanent appropriations) have a direct interest in increasing timber sales, again contributing to the emphasis on timber outputs in Forest Service decision-making.

The Forest Service spends an average of $2.6 billion annually, 92 percent for management of the national forests and the remaining 8 percent is spent on research and technical assistance to states and private forest landowners. More than 74 percent of the national forest system budget is spent on timber and payments to counties. Cost effectiveness of programs, and their cost per unit of production, is difficult to discern from standard reports.

The timber sale program and the timber road construction program illustrate the consequences of failing to consider cost effectiveness. Timber management expenses in 1992-equivalent dollars averaged $105.63 per thousand board feet prepared for sale between 1979 and 1992. Falling timber sale levels between 1989 and 1992, without corresponding adjustments in spending, pushed timber program costs to $216 per thousand board feet, an increase of $111.44 per thousand board feet sold during the last four years. Reducing per unit timber management expenses to their average levels of the past decade could have saved the federal treasury $500 million dollars on the 1992 timber sale program of 4.5 billion board feet.

Reorganizing the Forest Service to achieve basic objectives of the forest plans and to improve the performance of the

Forest Service will require the cooperation of Congress and the Executive Branch. If the forest plans are to be implemented, the planning process must be reconciled with the budget and appropriations process. The budget-making process of the Executive Branch must be coordinated with the budget assumptions, resource constraints, and the goals and objectives of forest plans. The budget process must provide balanced consideration of all the resources, conditions, and goals of the forest plans.

Congress and the public need better information to evaluate the impact of budget assumptions on achieving forest plan goals and objectives. For example, Congress and the public need to know whether the forest plans are cost-effective and realistic, or something less. As written, recent annual budget requests fail this test. Future budget requests must describe and report how spending will produce results necessary to fulfill the goals and objectives of the forest plans. Future appropriations must give the Forest Service the flexibility necessary to implement forest plans while maintaining congressional control of cost-effectiveness and national spending priorities. The following discussion describes three suggestions for improving the Forest Service budget reconciliation process to implement the forest plans.

Eliminate appropriations by resource. Forest Service budget requests and congressional appropriations have been arranged in some 60 line items, specifying expenditures for resource activities such as timber sale preparation, road construction, wildlife habitat improvement and land line location. The principal casualty of this process is integrated, multiple-use land management. The beneficiaries are measurable, physical outputs per line item, such as board feet of timber supplied or miles of roads, which are easily described and controlled but seldom, if ever, deliver the mix of uses prescribed in the forest plans. On the other hand, the impact of underfunding such activities as planning and monitoring, which are essential undertakings that do not readily conform to the resource activities budget model, are uncounted and are simply lost in the system. To resolve this problem Congress should adopt the following recommendations intended to shift the focus away from achieving hard timber targets towards measurement of the cost-effectiveness of management and the success of management in producing those conditions identified as goals and objectives of the forest plans:

- Appropriate funds by management activity, rather than by resource line item, and direct the Forest Service to develop its budget accordingly, based on activities needed to implement the forest plans.

- Replace resource-oriented appropriations with appropriations for managing all the resources of the national forest system -- planning, implementing and monitoring forest plans.

- Require the Forest Service to consider the cost effectiveness of its programs on a cost-per-unit basis. Such costs should not be allowed to exceed historic averages, adjusted for inflation, unless specifically authorized by Congress and justified by forest plans. Forest Service managers should be rewarded for controlling unit costs and meeting forest plan goals and production targets.

Require the Forest Service to use realistic budget assumptions in forest plans. At present, the Washington, D.C. office of the Forest Service does not provide forest planners with any direction on either budget assumptions or cost-effectiveness criteria for use in preparing forest plans. As a result, it has been impossible for the agency to develop annual budget requests directly from forest plans. Because of the increasing pressure on the Executive Branch and Congress to reduce the federal budget deficit, unrestricted forest plan budgets are unrealistic. The Congress and the public need to know how the forests can be managed within limited budgets, including the impact of cost-effectiveness criteria on the goals and objectives of forest plans. The Congress should direct the Forest Service to:

- Include consistent and realistic budget assumptions in the final version of all forest plans.

Control special accounts and trust funds. Special accounts and trust funds -- one-third of national forest annual spending -- are derived from gross receipts and receive little congressional scrutiny. As such, those trust funds present a significant incentive to maintain high levels of timber production at the expense of the goals and objectives of both forest plans and the original intent of the special accounts and trust funds. Congress should:

- Require the Forest Service to present more information on these funds and exercise greater oversight and control over their use.

- Conduct an independent review of their use and whether such special accounts and trust funds should be continued, reorganized or eliminated.

- Replace the current program of returning 25 percent of the gross Forest Service receipts with a system that will fairly compensate counties for the loss of revenues caused by the tax-exempt status of federal lands and activities.

INSTITUTIONAL CHANGE TO FACILITATE ECOSYSTEM MANAGEMENT

Change is a continuing feature of a public agency responsive to changing public attitudes and values. The recommendations discussed in the preceding sections together with the ecosystem management policy which was announced on June 4, 1992 represent major changes in Forest Service policies. The agency's ecosystem management policy, for example, commits it "to using an ecological approach in the future management of the national forests and grasslands." The implications are far-reaching if the policy is to be implemented. Instead of treating a forest as a set of discrete resources, it will be treated as a whole. Social and economic criteria will be placed on equal footing with biological criteria. Integration of management strategies will be necessary, and this will work against the effectiveness of staffing organized in terms of specific resources as it is today in the Washington office and most regional and national forest offices.

In addition to new attitudes concerning its administrative responsibilities, planning, and spending priorities, the Forest Service should reconsider its organizational structure and personnel needs in the context of a new emphasis on managing forest ecosystems. The following directives will facilitate implementation of this new set of professional obligations necessary to meet challenges of the coming decade:

Review and revise the existing employee reward system to provide incentives for sustainable management of forest ecosystems. The Forest Service currently bases employee performance evaluations and promotions on success in meeting resource output targets. Because the agency has provided professional recognition and the most attractive career opportunities for personnel engaged in timber management, even congressional efforts to broaden the capabilities and mission of the Forest Service have been thwarted. To resolve this problem the Forest Service should be directed to:

- Revise employee incentive systems to provide greater incentives for meeting forest plan output and condition targets, unit cost targets, and effective public participation in the forest planning process.

- Establish a professional job series and career ladder in wilderness management to ensure that each national forest containing wilderness has the necessary complement of trained and qualified management professionals.

Review and revise the organizational structure of the Forest Service to better facilitate a policy of ecosystem management. The Forest Service commitment to ecosystem management requires that it review its organizational structure in the Washington, D.C. office and its regional offices. Instead of treating a forest as a discrete set of resources, ecosystem management implies that management will treat the forest as a whole. The agency's current management structure consisting of staff

groups organized in terms of resources (e.g. timber) is contrary to the integration needed. Such an organizational structure tends to make each group an advocate for its own resource in planning, budgeting, and management. Resources are treated in isolation, apart from the integration and synergistic function of ecosystems.

- o Convene a working group consisting of Forest Service and Office of Personnel Management staff to review the compatibility of the current Forest Service organization and suggest revisions appropriate to implementing ecosystem management principles on the national forests.

Convene an independent panel of experts to review the ecological, economic, and social issues associated with ecosystem management for federal forest lands. The Forest Service and Bureau of Land Management will need continuing advice from experts and representatives from the ecological, economic, and social science communities, as well as leaders from key interest groups to further develop and implement the concept of ecosystem management consistent with the NFMA and Resources Planning Act. The political boundaries separating individual national forests do not reflect ecosystem boundaries. Animals such as elk, grizzly bears, salmon, and migratory birds freely move across them, and rivers run through them. The current forest planning process, with its emphasis on finely divided management areas within individual national forests, is ill-suited to the management of ecosystems. To provide the appropriate level of review, the President and the Congress should:

- o Appoint an independent panel consisting of ecologists and other biological scientists, economists, social scientists, and key interest groups, to meet on a periodic basis to develop a blueprint for ecosystem management on federal forest lands. That blueprint will be revised regularly to reflect new understanding regarding the ecological, economic, and cultural values associated with managing ecosystems. The first report should be delivered to the Secretary of Agriculture and the Secretary of the Interior within twelve months.

Create an effective public involvement process for national forest planning. The forest planning process has left many local communities feeling alienated from decision-making. As the Forest Service turned to more formalized processes for public participation, it emphasized written comments on forest plans. People living next to national forests who had long and personal relationships with national forest managers became disenfranchised because they communicated their concerns verbally. They have felt betrayed because their verbal comments are not included in the plan documentation. Likewise, residents of more distant communities have had access to the planning process only through membership in advocacy organizations. To improve the public participation process the Forest Service should:

- Revise regulatory direction regarding public participation to provide for the kind of democratic process envisioned by the ideals of public deliberation about significant commitments of public resources.

CONCLUSION

In the 1980s and early 1990s, the federal government ran the highest budget deficits ever recorded. Relative to the size of the economy, they were the largest since World War II. High and rising deficits are objectionable for reasons of economics, budget policy, and equity. In this environment, federal agencies must reexamine themselves and their mission in terms of their performance and the cost effectiveness of the services they provide.

The recommendations for the Forest Service presented here talk of a new direction. They were developed in part to offer ideas that would reaffirm the Forest Service's basic mission in a way that reduces its demand on the Federal Treasury. In fact, the new direction presented here is a return to Pinchot's guiding philosophy of providing the "greatest good for the greatest number in the long run."

The national forests belong to all the citizens of the United States. Money-losing timber sales, subsidized mineral extraction and grazing are objectionable on financial grounds. But they are also objectionable because they foster environmental degradation. To smother a salmon spawning ground or drive an endangered species to extinction is tragic; to do so in the guise of public policy at the taxpayer's expense is nothing less than appalling.

The positive aspect of reforming the Forest Service is that one can simultaneously protect the environment for future generations and contribute to the national effort to restore fiscal sanity to our government. Along the way, we can recreate a Forest Service whose mission serves the long-term interests of the American people and whose accomplishments will stand as a lasting example to future generations.

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STATEMENT OF FRANCES A. HUNT ON BEHALF OF THE NATIONAL WILDLIFE FEDERATION, BEFORE THE HOUSE COMMITTEE ON NATURAL RESOURCES -- SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS AND SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS REGARDING NATIONAL FOREST REFORM

February 1, 1994

Mr. Chairmen and members of the Committee, my name is Frances A. Hunt. I am the Forestry Resource Specialist for the National Wildlife Federation (NWF). I thank the combined Subcommittees for this opportunity to present our views on reforming the USDA-Forest Service and its management of the National Forest System.

The National Wildlife Federation (NWF) is the nation's largest conservation education organization. Founded in 1936, NWF works to educate, inspire, and assist individuals and organizations of diverse cultures to conserve wildlife and other natural resources, and to protect the Earth's environment. Our members and supporters have a longstanding interest and involvement in management issues on our National Forests.

My complete testimony submitted for the record elaborates on each of the areas I will briefly describe here.

NWF supports National Forest management that is, in President Clinton's words, "scientifically sound, ecologically credible, and legally responsible." In that regard, the National Wildlife Federation's vision for the Forest Service and the National Forest System for the decades to come is to redirect the agency towards a long-term vision of promoting both healthy forest ecosystems and sustainable human communities. To accomplish this, the needed reforms include:

1. Revising both the agency's mission and the purposes of the National Forest System to promote the health of terrestrial and aquatic ecosystems and the conservation of biological diversity. The agency must abandon its focus on commodity production targets, develop measurable guidelines for the implementation of ecosystem management and use these guidelines to insure that its management activities are consistent with its new mission. In the course of this reform, the agency must learn, in the words of its new Chief, to "Obey the law." Reformation of the agency's approach to both timber and range management will be fundamental outgrowths of these changes.

2. Redirecting Forest Service budgets towards resource stewardship and protection to provide ecosystem based management of our National Forests. Incentives for mismanagement must be eliminated and replaced with appropriate incentives and budget policies including expanded use of recreation user fees.

3. Improving agency personnel policies to correct the longstanding hiring and promotion bias within the agency, which has been overly focused on commodity production, and favored foresters and engineers over biologists, archaeologists and other ecological/cultural scientists. "Early-out" legislation —such as that offered by Rep. Bill Clay and Del. Norton (H.R. 3345)— is also suggested as a means of handling agency downsizing while facilitating increased employee diversity.

4. Reorganizing the agency to facilitate ecosystem management by placing lead responsibility for this effort with the agency's ecological experts currently in its wildlife and fish program.

5. Re-orienting the agency's planning and research functions to address ecosystem management through increased attention to the aquatic and terrestrial ecological sciences, ecosystem analysis, bioregional planning with a watershed focus, and interagency cooperation.

THE IMPERATIVE FOR A NEW VISION FOR THE NATIONAL FORESTS

The National Forests contain unique ecological, cultural, and economic resources. They endow all Americans with a natural heritage that comprises many of our last remaining wild areas, including wild and scenic rivers, wilderness areas, and native grasslands. National Forests also provide a variety of resources: they provide wood for our homes and water for drinking; they provide invaluable wildlife habitat and are among the richest remaining reserves for native plants and wildlife; they also provide unparalleled opportunities to hunt, fish, and recreate. In short, the National Forests are an integral component of the quality of life in this country that will become increasingly valuable in the years to come.

Since the passage of the Multiple-Use Sustained-Yield Act in 1960, the National Forests have been managed under the banner of "multiple-use" while the emphasis on timber management, road-building and other resource intensive and ecologically harmful practices has increased. Over 360,000 miles of roads have been constructed on National Forests —a vast road network some nine times larger than the nation's interstate highway system. Timber sales levels on National Forests grew from 1.5 billion board feet in 1941 to 11.5 in 1981. Through legislation, appropriations, and policy shifts, Congress and the Executive Branch have placed unbearable pressure on the commodity outputs of the National Forests.

As a result, our National Forests suffer from an over-emphasis on commodity production. Extensive clearcuts, road-building and grazing have shattered landscapes, degraded water quality, and left forest ecosystems in a state of crisis. Too little attention has been paid to the long-term social and economic costs of unfettered resource development: polluted and diminished public water supplies, social dislocation, boom and bust economic cycles, biological and ecological impoverishment, and resource scarcity and depletion. Federal Judges in

the Pacific Northwest and Texas, for example, halted Forest Service logging plans found to illegally jeopardize wildlife populations —as scientists elsewhere warned that agency management practices threatened grizzly bear and bull trout in Montana, black bear in Arizona and New Mexico, and gray wolf in the upper Great Lakes, to name a few.

Resource extraction and utilization have traditionally been justified in the name of economic growth, community development, and job creation. The truth is that the commodity resource industries (timber, mining, oil) have a long and checkered history of cut-and-run resource development which has served to generate short-term profits for far-away shareholders while leaving local communities to suffer the long-term costs of technological change (automation) and unsustainable resource development. In the Pacific Northwest, for example, rural communities suffered as industry employment declined by some 14,000 jobs between 1980 and 1988 —while lumber production actually increased by nearly 20 percent.

Because rural, resource-based economies tend to lack diverse economic structures, they become the victims of changing economic trends. Federal forest management policies and practices have severely exacerbated this problem by promoting undiversified, timber-dependent communities focused on maximizing short-term timber harvests. Conversely, ecosystem-oriented National Forest management which provides sustainable levels of a diverse range of forest products (recreation, water, timber, etc.) is necessary for diverse and stable local economies.

The short and long-term effects of excess resource development on the National Forests affect not only local communities, but also have profound impacts on urban communities which often rely on many of the benefits of the forests. For example, Portland, Oregon's municipal drinking water comes from the Bull Run watershed on the Mt. Hood National Forest. While Bull Run water currently comes to the city pure and unfiltered, Portland may have to spend in excess of $200 million to build a water treatment plant if water quality is impaired by logging in the Bull Run watershed. Similarly, across the Pacific Northwest, sedimentation from road construction has severely impaired salmon spawning habitat and, consequently, the long-term health and viability of the region's billion dollar fishing industry. The irony is striking; while justified on the basis of economic gain, short-sighted, commodity-focused National Forest planning has created sizable environmental and economic costs.

Two recently released —and one about to be released— reports of the National Wildlife Federation exemplify the problems within the Forest Service and point us in the direction of necessary reforms:

1. An Agency in Defiance: The United States Forest Service Compliance with Federal Environmental Laws. (September, 1993). To gain a better understanding of the agency's record of compliance with NEPA, the National Forest Management Act, and the Endangered Species Act, the National Wildlife Federation reviewed a number of court cases filed against the agency over the last 20 years. Our analysis demonstrated that the courts have found time and again that the Forest Service has routinely

violated the law, disregarded its own regulations, and exhibited remarkable contempt and disregard for anyone who has questioned the benevolent wisdom of its management decisions.

2. Where Are the New Forests? NWF examined the agency's record —based on Forest Service generated information— with respect to the reforestation of National Forests following logging. The result was a report demonstrating the agency's inadequate attention to the future condition of the nation's forest resources.

3. The Forgotten Rangelands: A Call for Reform of U.S. Forest Service Grazing Policy. (To be released on 2/3/94.) The report contains the findings of new research showing that the agency has allowed the widespread environmental damage of National Forests through livestock overgrazing. For example, more than 11 million acres of forested uplands are in unsatisfactory condition and likely to be deteriorating. The report also details a blueprint for reforming the management of grazing lands in keeping with a focus on ecosystem-management of national forest lands.

For these and other reasons, reform of National Forest management goals, policies, and practices is essential. As we look to the future, for example we realize that the U.S. population, currently 249 million people, is expected to increase to 371 million in the next 50 years and could double to as many as 553 million people by the end of the next century. This population explosion will place increased pressure on this country's natural resource base: water, air, land, and food. Our national forests affect the quality or availability of all of these resources. In light of this impending global crisis, it is crucial that we prepare to face new imperatives for National Forest management in the 21st century.

National Forest management must ensure environmental health and ecosystem integrity through healthy, productive ecosystems which promote opportunities for people to live, work, and recreate both now and in the future. Sustainable forest management must ensure ecosystem health by retaining all of the biotic (native plants, animals, insects, and fungi) and abiotic (water yield and natural disturbances such as fire and wind throw) components of healthy ecosystems; it must foster economic security through a predictable and sustainable flow of local forest resources (water, wildlife, recreation, forage, wood products); and it must promote social stability through employment and economic opportunities, free of the social dislocation caused by resource development practices which encourage depletion and abandonment.

To prepare for forest management in the next century, we must anticipate the future challenges presented by increasing demand for all of the resources —clean water, wildlife, recreation, wood products— harbored in our National Forests and develop management strategies for sustainable ecosystems and sustainable human communities and economies.

NWF RECOMMENDATIONS FOR A NATIONAL FOREST REFORM AGENDA

FOREST SERVICE MISSION:

For too long, forest ecosystem management and healthy human economies have been treated as if they were somehow mutually incompatible, when in reality, healthy and productive forest ecosystems are a necessity for the creation of healthy human communities and economies.

A new mission for the agency and new purposes for the nation's federal forests are essential to put the Agency on track.

The agency's mission and the purposes of the National Forest System must be to promote the health of terrestrial and aquatic ecosystems and the conservation of biological diversity.

This, in turn will provide ecosystem-based forest management policies that further healthy and sustainable relationships between federal forests and local human communities and economies.

This new mission could be created legislatively. An alternative approach would be an Executive Order which recognizes the authority and direction that existing law provides for balanced, ecosystem-oriented forest management and provides specific direction to the agency to change its longstanding commodity emphasis.

However initiated, attainment of ecosystem management must include a greater commitment to a significant role for science in guiding land management decisions. Our best scientific understanding of ecosystems, their capacities and limitations will be required. Instead of recent policies emphasizing commodity production at any cost —economic or environmental— logging, grazing, and other forest uses must be set at levels compatible to the protection of fundamental ecological processes, wildlife habitat relationships, the overall productivity of the ecosystem. This will ensure the development of sustainable and diverse human economies.

With respect to a new mission, we were encouraged recently by the December 9, 1993 memo which newly-installed Forest Service Chief Jack Ward Thomas sent to deputy chiefs, regional foresters and others, noting that he intends to prepare the agency for new challenges in the 21st century when entire forest ecosystems will receive more attention.

Thomas said, "We will:

- "Obey the law
- "Tell the truth
- "Implement ecosystem management
- "Develop new knowledge, synthesize research and apply it to management of natural resources

- "Build a Forest Service organization for the 21st century
- "Trust and make use of our hard-working, expert work-force."

It is unfortunate that Chief Thomas and the Forest Service are in a position necessitating the seemingly simple admonition to "Obey the law." Nevertheless, as our previously mentioned report An Agency in Defiance: The United States Forest Service Compliance with Federal Environmental Laws demonstrates, this is perhaps the most fundamental reform which the agency must accomplish. We look forward to working with Chief Thomas to redirect the agency to accomplish our mutual objectives of legally-sufficient, ecosystem-based forest management.

In the process of re-orienting the agency's fundamental mission, I would like to highlight two specific changes which need to occur if the agency is to truly provide ecosystem-based management on our National Forests:

A. Shifting the burden of proof. National Forest management has been characterized by a cherished presumption that logging, grazing, fire suppression and other management techniques are appropriate and beneficial to forest ecosystems. Agency personnel, non-agency scientists, citizen activists, and others concerned about the negative ecological impacts of excessive logging, road construction or other management activities have been forced to prove that the agency's management techniques are unsound, a difficult burden of proof in court for example, as a result of the judicial deference to agency expertise.

Given the damage that has already occurred to our forest ecosystems and the increasing demands that our society will place on these ecosystems in the future, we must shift the burden of proof within the agency. Legislative and policy changes are needed to create an agency in which forest managers must demonstrate that the activities they propose (mining, grazing, recreation, etc.) are consistent with the fundamental mission of providing healthy and productive forest ecosystems.

B. Demonstrable standards/Elimination of "timber targets." Appropriate guidelines must be developed by which forest and range management practices can be judged as consistent or inconsistent with the agency's reformed priorities. For example, true application of ecosystem management will require that attention first be given to understanding the productive capacities and limitations of the ecosystem in question. Forest and range managers must first look at protecting or restoring critical ecosystem characteristics including, but not limited to: 1) overall species viability, with particular attention to threatened, sensitive and endangered species, 2) water quality, and 3) soils.

Traditionally, resource use levels have been set at or above the maximum that we feel the forest can provide. In the future, we must practice the art of forestry with enough

humility to leave a margin of safety to protect the ecosystem (and ourselves) if we err in our judgements and management prescriptions.

As part of protecting forest ecosystems and their critical -and vulnerable- components the agency must develop and implement new criteria to identify lands which are unsuitable for livestock grazing and logging. For example, as our soon to be released report, The Forgotten Rangelands: A Call for Reform of U.S. Forest Service Grazing Policy demonstrates, the Forest Service rarely exercises its existing authority to ban grazing on damaged lands.

Once adequate guidelines for the protection of these and other critical characteristics of the forest ecosystem are developed, then resource use allocations for logging, grazing, recreation and other activities can be made so as not to damage the ecosystem's integrity, functioning and future productivity. As demonstrated in our report, Where Are the New Forests?, an important, and overdue, component of protecting the future productivity of forest resources will be reformed and adequate attention to the reforestation of National Forests following logging.

REFORMING THE FOREST SERVICE BUDGET

The Forest Service budget -and those of individual National Forests- increase as more timber sales, road construction, and logging operations are conducted, even in areas where logging is ecologically destructive or does not produce a profitable return for the U.S. Treasury. Such budget distortions, which have rippled through the agency for decades, have fundamentally affected staffing, policy, and on-the-ground management decisions. If the Forest Service is to provide ecosystem based management of our National Forests, Forest Service budgets must be redirected towards resource stewardship and protection.

For too-long, agency managers have been in a position of being seduced by the money-making potential of logging and grazing. Inappropriate incentives for these management activities -including timber salvage funds and other mechanisms- must be reviewed and reformed. In addition, new incentives for appropriate management -including expanded use of recreation user fees- must be developed.

Currently, in an effort to "institutionalize ecosystem management and also minimize the number of budget line items," the Forest Service is in the process of evaluating changes to its budget structure. The current budget structure includes a budget line item (BLI) for Wildlife and Fisheries, and four expanded budget line times (EBLIs) for management of 1) wildlife, 2) inland fish, 3) anadromous fish, 4) and threatened, endangered and sensitive (TES) species habitats. Budgets and accomplishments are formulated, allocated, and accounted for by EBLI.

The proposed budget structure would eliminate the current BLIs and replace them with two new items: "operations and maintenance" and "capital improvement." For each of these BLIs, there would be a single EBLI for all "wildlife, fish and TES" management.

While agreeing with the goal of facilitating ecosystem management, NWF and numerous other conservation, wildlife, and environmental organizations have expressed strong reservations about the proposed budget changes for the Forest Service. While supporting the concept of separating "capital improvement" and "operations and maintenance" functions, the National Wildlife Federation is nonetheless concerned that the proposed changes would likely diminish accountability of agency wildlife, fish and ecological expenditures. For example, given the new budget structure, it is not clear how the Forest Service would meet its annual obligation to the USDI-Fish and Wildlife Service to report endangered species-related expenditures.

Worse still, these changes could actually facilitate the misuse and diversion of wildlife, fish and TES funds within the agency as budget accountability requirements are reduced. The Forest Service has traditionally had a terrestrial vegetation management bias (logging and grazing). Many of the staff officers with responsibility for fish and wildlife management on National Forests are actually foresters or range conservationists —not biologists. Other institutional biases exist against fish and threatened and endangered species efforts as, for example, wildlife management biologists outnumber fisheries biologists by 2 to 1 in the agency —even after several years of aggressive work by the Congress to fund additional fisheries personnel. Given this institutional bias combined with the lack of specific guidelines currently in place on ecosystem management and the overall reduced opportunity the new budget proposal affords for accounting for wildlife and fish expenditures, we oppose changing the current budget structure at this time.

FOREST SERVICE PERSONNEL POLICIES

The Administration must do all that it can through Office of Management and Budget personnel policies and Congressional cooperation to maintain and strengthen the diversity of disciplines represented at all levels of the Forest Service. Historically, there has been a hiring and promotion bias within the agency, favoring foresters and engineers over biologists, archaeologists and other ecological/cultural scientists. As changing budgets and timber sale levels are already reducing employment levels within the Forest Service, there is now real concern that the more recently hired ecological scientists (biologists, etc.) will be lost disproportionately. In reality, no overall staff reductions of ecological scientists should be tolerated.

Early-out legislation, as suggested during the last Session by Rep. Bill Clay and Del. Norton (H.R. 3345) offers one potential solution to this issue. This government-wide bill, which offers incentives to federal employees who retire or resign early from government service, would reduce the cost of federal agency downsizing and encourage the diverse

employee-base necessary for the improved management of National Forests. A number of environmental groups in eastern Oregon recently asked for GAO to examine whether the Forest Service may be laying off some of the very employees who are most qualified to help it restore the ailing National Forests east of the Cascades.

In addition, employee advancement is also currently linked to timber production. Individual Forest Service employees should instead be evaluated and promoted based on their ability to understand, protect, and promote healthy forest ecosystems. Specifically, Forest Service line officers should be evaluated based on their performance with regard to the protection of critical ecosystem characteristics including 1) overall species viability, with particular attention to threatened, sensitive and endangered species, 2) water quality, and 3) sensitive soils. Important ecosystem management activities —including the adequate monitoring of the post-management effects of logging and other management actions— should also be an essential element in the employee performance evaluations.

FOREST SERVICE STRUCTURE AND ORGANIZATION

The Forest Service must be reorganized to facilitate ecosystem management. The agency must place lead responsibility for this effort with it's ecological experts: those scientists in the wildlife and fish program.

Unfortunately, the agency's current restructuring efforts appear to be intended to actually downplay the role of Forest Service fisheries and wildlife biologists and ecologists. The Forest Service has actually ignored the clear and repeated direction from the Appropriations Committees to place the agency's wildlife and fish program in charge of ecosystem management. Instead, a reorganization of the agency is proceeding at the regional (Region's 5,6,9, and 10) and National Forest levels which once again is placing wildlife professionals under the supervision of the agency's timber leaders and is even actually removing biologists from individual National Forest management teams at the Forest Supervisor's office level.

Incredibly, in the Pacific Northwest (Region 6), the regional director and deputy director for wildlife, fish, and endangered species programs have been placed on the agency's "surplus employees" list - and their staff have been buried deep within the region's newly created renewable resources management group.

Other examples of these changes can be found nationwide, including on the Shawnee National Forest in Illinois, where the forest biologist is in the process of being removed and downgraded from the Supervisor's office to the District level. On the Mt. Hood National Forest in Oregon, the forest's GS-13 Biologist is also in the process of being given a directed re-assignment to another National Forest, once again leaving the timber director in charge of wildlife management on that important and often controversial forest.

The agency's wildlife and fisheries biologists and ecologists are uniquely suited to leading the agency into the new vision of providing

balanced long-term ecosystem management that protects both forests and healthy human economies. We urge the Committee to work closely with the agency to insure that its reorganization efforts appropriately support ecosystem management.

ECOSYSTEM PLANNING AND RESEARCH

National Forests and National Grasslands across the country are experiencing an alarming increase in the number of aquatic and terrestrial plant and animal species that are at risk of extinction. The agency's planning and research functions must be revised in order to address ecosystem management through increased attention to the aquatic and terrestrial ecological sciences, ecosystem analysis, bioregional planning with a watershed focus, and interagency cooperation.

After years of controversy, the Pacific Northwest is providing important new approaches to forest ecosystem management which can be applied in other parts of the country. In the Pacific Northwest, ecosystem analysis and management efforts —including the Report of the Forest Ecosystem Management Assessment Team, or FEMAT— represents a unique attempt to address broad ecosystem values in a regional and interagency context. Likewise the Pacific Anadromous Fish initiative —or PACfish— which is to be applied on federal lands throughout the range of anadromous fish in the region, addresses important resource conditions and management considerations on a scale which is appropriate to the geographic and biological scope of the ecosystem —the essence of bioregional planning.

These efforts are also noteworthy for their recognition and treatment of the fundamental relationship between terrestrial and aquatic ecosystems. For the first time in such a comprehensive fashion, watersheds are being used as a primary planning unit. The watershed as a unit of planning of federal lands makes sense: watersheds have a fundamental ecological significance, they can be nested hierarchically, and they have definite boundaries. The concept of watershed and aquatic habitat protection and restoration on federal lands has broad implications for all our forests and the species which depend on them. This type of comprehensive analysis can and should also be applied to other unique, vulnerable, or controversial terrestrial and aquatic ecosystem management issues throughout the National Forest System.

CONCLUSION

The National Wildlife Federation has offered the proceeding forest policy, legislative, administrative, and budget reform items with the goal of redirecting National Forest management towards a direction that is, in President Clinton's words, "scientifically sound, ecologically credible, and legally responsible." We believe that National Forest management must ensure environmental health and ecosystem integrity through healthy, productive ecosystems which promote opportunities for people to live, work, and recreate both now and in the future. Thank you for the opportunity to testify before you on these important issues.

Statement of Robert E. Wolf

Before the House Committee on Natural Resources, Feb. 1, 1994

"Uncritical Lovers - Unloving Critics"

Mr. Chairman:

I testify at your request, not on behalf of any organization. I am a forester, and a Fellow in the Society of American Foresters, but I am not speaking for it. My interest in sound effective forest and rangeland resource management is deep and long standing. I have selected 8 areas for your consideration. Some have subsections.

1. Strengthen Forest Research. (p-3)

2. Communication. (p-3)

3. There Are Better Reasons to Obey The Law Than The Formality Of Doing So. (p-3)

4. Adopt Real Monitoring, Sec. 6(g)(3)(C) of NFMA, (16 USC 1604). (p-5)

5. Budget Issues. (p-5)

6. Watersheds as Management and Planning Units and Authority To Make Operating Boundary Changes. (p-11)

7. Weighing Land Management Costs in Resource Disposal. (p-12)

8. The Tongass National Forest And Its Long Term Contracts. (p-15)

I shall not discuss the 8 points. However, I do want to frame the situation as I see it. During my career I had a chance to work on the enactment of a number of forest laws. The main ones were the 1960 Multiple Use Act, the 1964 Wilderness Act, the 1964 Forest Road and Trails Act, the Resources Planning Act of 1974 and the National Forest Management Act of 1976, and the Payment In-Lieu of Tax Act of 1976. With the benefit of hindsight, I can see that not all of these Acts were perfect. But also, there are parts of some of these laws which the Forest Service has misapplied. Major changes in law are not needed to assure effective land management.

In 1968 Dr. John Gardner citing confrontations in another public arena illustrated the dilemma with the term "Uncritical Lovers - Unloving Critics". He spoke of the conflict "between people who demand change and institutions who resist". He said, "In the resulting conflict we find our institutions caught in a savage crossfire." The "uncritical lovers" smother the institutions in an embrace of death, loving their rigidities more than their promise, shielding them from life-giving criticism. The "unloving critics". ..."are skilled in demolition and untutored by the arts by which human institutions are nurtured..." Gardner pointed out that "...love without

criticism brings stagnation, and criticism without love brings destruction.[1]"

Gardener's description of another public arena fits the Forest Service as it has appeared to many in recent times, and to its contituencies.

Jack Ward Thomas, as the new Chief of the Forest Service, has my warm, wholehearted support. Ass't Sec. Jim Lyons, then working for the Agriculture Committee, urged its Members and this Committee to pick Jack, Dean Gordon, Norm Johnson and Jerry Franklin to analyze the Northwest forest resource situation. In my view the work they did then, and the work they have done since, is a vital part of formulas needed to break out of the frozen posture that has gripped this issue, and other issues, for too long. These people did more than lay out the best science they could gather. They have shown how to constructively addresse issues. Their vital contribution has been illuminating the need for resource managers to have humility about our ability to harness the forces of nature.

It would serve no useful purpose to discuss why and how the Forest Service has lost so much credibility. Dr. Thomas has laid out 5 excellent guides that can restore its credibility and reputation [2].

Three decades ago Sen. Clinton P. Anderson said, "We must be willing wisely to nurture and use our resources if we are going to keep viable the inner strength's of democracy. [3]"

The 8 issues outlined build on the themes of Clinton Anderson and Jack Ward Thomas. I would appreciate having my entire statement and attachments in the record. Should there be questions, now or later, I will answer them.

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[1] John W. Gardner, "Uncritical Lovers, Unloving Critics", Commencement Address, Cornell University, Ithaca, N.Y. June 1, 1968.

[2] [1] Obey the law, [2] Tell the truth, [3] Implement ecosystem management, [4] Develop new knowledge, synthesize research and apply it to management of natural resources, [5] Build a Forest Service for the 21st century.

[3] American Forests, July 1963

1. Strengthen Forest Research.

The 1990 implementations of the recommendations by the National Research Council, chaired by Dr. Gordon [4], should have an Forest Service led annual review. This should analyze accomplishments, work in progress, emerging issues and plans to address them. The Service's annual report should update the picture. Issues resolved and issues needing attention should be sharply defined. Applications of research should be cited. The budget should focus on why selected issues are receiving priority attention.

2. Communication.

The Advisory Board provisions of NFMA [5] haven't been used. Whether boards are set up under the Advisory Committee Act, or informally, this important "listening" system should be widely used. The Forest Service meets with numerous groups. It meets twice annually in a closed door meeting with the Federal Timber Purchasers Committee, discussing topics of wide public concern [6], and it should not.

It should use regular, local, public meetings of diverse groups designed to listen to concerns, promote an interchange of ideas, and build bridges to head off conflict. These need not be formal "Advisory Committees".

A recent article by Ms. Sarah Bates provides an interesting analysis of how some in the Forest Service, and elsewhere, are seeking to change the focus from the overworked but unworkable concept of "community stability" to the idea of "a community of values" . Given the diverse expectations from these public lands, securing understanding of what is possible compared to what is desired is challenging. The article's concepts deserve consideration.

3. There Are Better Reasons to Obey The Law Than The Formality Of Doing So.

Obeying the law assures that policies the law prescribes are implemented in good faith. If laws have flaws, the solution is to seek their change, not flout the law. Obeying the law prevents costly lawsuits. The 1975 Court of

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[4] Forestry Research - A Mandate For Change, National Research Council, Chair, Dr. John Gordon. Yale University, 84 pages. 1990.

[5] Sec. 14 (b), 16 U.S.C. 1614, "...the Secretary.... shall establish and consult [advisory] boards..."

[6] Typical topics are: [1] Program Targets, [2] Budgets, [3] Agency Appropriations, [4] Cost-Efficiency Projects, [5] Timber Contract Revision, [6] Timber Pricing-Appraisals, [7] Timber Payment Terms, [8] Timber Measurement, [9] Timber Theft, [10] Skewed Bidding.

[7] Public Land Communities In Search of a Community of Values, Ms. Sarah F. Bates, The Public Land Law Review, Vol. 14, Spring 1993, pages 41-80.

Appeals observations in the Monongahela case should be read regularly [8]. Violating a law for 70 years does not repeal it. Here are examples of workable sections of law ignored by the Forest Service.

a. Annual Reports Sec. 8 (c) Resources Planning Act of 1974, (16 USC 1606)

The law says that Annual Reports shall be publicly available when the budget is submitted to Congress. It seldom is available before June. An improved annual report can be a useful tool in understanding the result of proposed budget choices.

The Forest Service needs to do more than meet the time requirement.

The Office of Technology Assessment's 1990 and 1992 reports, developed with wide public input, provide a road map for improvement reporting as well as improved Forest Plans [9]. The annual reports tables are seldom by Forest. They uniformly fail to reveal essential facts that would enhance public understanding.

Annual reports should more effectively show cause and effect of actions. The acres cut by various systems, the condition of the land, the per acre timber yield, revenue and actual cost, the appraised versus bid prices, the degree of competition, the value and volume of timber held under contract, the costs of various tasks, the unit costs for campgrounds, roads, trails, their maintenance, the rating of range lands in acres per AUM, the range in permit sizes, the miles of rivers, their condition rating, and numerous other program elements deserve better reporting by FOREST.

The Committee may wish to examine how reports can be improved and which the suggestions in these reports have been adopted.

b. Sec. 6(1) of NFMA, Representative Samples of Timber Program Elements, (16 USC 1604).

It doesn't take a law for an agency to provide itself and the public with representative samples of the costs and results of its activities. The Service not only fails to apply Section 6 (1) but also it fails to publish useful data on other work it does, showing results, costs, and whether this is the most environmentally effective way to secure the outcome.

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[8] The Court affirmed that the proper place to amend laws "is not the court but the Congress (@ 955)". Following the instructions in W. VA. Div. of the Izaak Walton L. of AM., Inc. v. Butz, 522 F.2d 945 (1975), and 367 F. Supp 422, in the Dist. Ct. would have helped the Forest Service avoid several subsequent lawsuits it has lost, including the Bighorn N. F. and Spotted Owl cases.

[9] Forest Service Planning OTA-F-144, July 1990, 140 pages GPO: Summary, Forest Service Planning, OTA-F-506 Feb. 1992, 22 pages. GPO: Forest Service Planning, OTA-F-505, Feb, 1992, 206 pages. GPO.

c. The K.V. Act Limits The Use Of Such Funds To:
"national forest land cut over by the purchaser" (16 USC 576b)

It is understood that the Forest Service internal policy permits the expenditure of K.V. Funds up to 1/4 mile, (1,320 ft) outside the cut over area. How can this be authorized given the clear words in the law?

Since the budget contains added funds to do work on any land, there is no need to violate the K.V. Act. At page 6 under "Budget Issues", repeal of the K.V. Act is suggested.

4. Adopt Real Monitoring, Sec. 6(g)(3)(C) of NFMA, (16 USC 1604).

The Act requires "...continuous monitoring and assessment in the field" as well as "...evaluation of the effects of each management system...".

It does not require a law to find ways to measure success and problems. The Forest Service did not institute a Forest-wide monitoring until 1988. Unfortunately, what it has is a "feel good" report. It describes planned outputs and targets reached, not "the effects of each management system...".

The objective of this section of law was to position the Service so that it knew of and began to deal with emerging problems before folks reported them. It would either apply proven procedures or move on diagnostic research.

Dr. Thomas is keenly aware of the need. It is said there are plans to move to effective monitoring. The changed procedures should be given wide dissemination. This is a key element in restoring public credibility.

5. Budget Issues.

The size of the Debt, despite current forecasts of reduced annual deficits, means the National Debt will continue to grow. This impacts setting national priorities. Federal resource management is already feeling this pressure.

Several actions can help improve setting priorities, the use of people and funds. There are, as noted, useful ideas in the OTA studies. Attached to my statement is a 15 year (1979-1993) national overview of timber receipts, earmarked funds and the much of appropriated timber program funds [10].

[10] This analysis does not count appropriated fund costs for insect and disease detection and control, law enforcement, buildings and maintenance, etc., pro rated to timber. It also does not count the reduction in National Forest timber prices for such things as additional brush disposal and logging road maintenance performed by timber buyers, their payments to private scaling bureaus, and possessory interest yield taxes some States levy in a manner that makes them applicable to public timber.

A. Eliminate Special Accounts That Earmark Funds.

The K.V. Fund and the related "Reforestation Trust Fund", the Salvage Fund should be put under the budget, abolishing them as separate accounts. Purchaser Road Credit, which trades timber for roads, is a special case. I recognize the budgetary attractiveness of "back-door" spending. Putting these accounts "on budget" will assure better on-the-ground management and accountability.

a. K.V. Fund and Reforestation Trust Fund. (see Encl. 1)

The Forest Service reports reforestation costs only nationally, not by Forest. It omits the cost of seed, stock and General Administration. It counts acres where the planting fails to meet standards as a new planting. it provides no useful data on costs for artificial regeneration versus natural regeneration. It provides no measures of results, such as number of trees by species that must be planted or naturally secured to provide full stocking and number accepted at various stand ages to assure desired future stocking. Further, emphasis has been on trees for timber, rather than the desired botanical community needed to recreate a healthy forest environment.

Reforestation comes after either a natural disaster or a timber sale. In addition to the KV Funds in 1993, another $92 million was appropriated.

The budget lead time is ample to rely on appropriated funds. The Reforestation Trust Fund is a budget gimmick.

b. The Salvage Fund (Sec 14(h) of NFMA (16 USC 472a). (see Encl. 1)

This Fund was intended to provide money for small salvage sales not covered in a current budget. It was expected use would be so small that excepting the Fund from county payments would assure receipts would cover the costs cited in the law that must be recovered. This was specified to limit the subsidy: sales that wouldn't recover these costs would not be made. However, additional appropriated funds could be spent is these costs were recovered. This was a $12,000.000 program in 1979, a $20,000,000 program in 1984. In 1988 a Senate Appropriations Committee amendment made receipts subject to county payments.

Then the use of the Fund ballooned to a $145,000,000 in 1989 and jumped to $194,000,000 in FY 1992. The 1992 regular appropriation headed "Timber Sales" was $264,000,000 (see Encl. 1).

The Service fails to publish information by Forest on the volume of timber sold and cut under the Fund and whether the Advertised Price covers the costs required by law. The definition of the proportion salvage needed to use the Fund has become minor. Appropriated funds are mixed with the Salvage Fund for large sales. What was intended for limited use is now major backdoor spending. It is illogical that after all of these years of management that dead and dying trees suddenly erupted on such an unprecedented scale in 1989.

Clearly, the need for two "timber" accounts has evaporated. Given sale

planning lead time under the Service "Gate System", this Fund should be abolished. However, timber sales are an activity which make a good case for a two year budget with authority to carry over funds.

c. Road Maintenance, Construction and Purchaser Road Credit.

Oddly, despite a 369,124 mile road system, and with roads a focal point of debate, annual reports don't reveal either the scope of the road system or show it BY FOREST. It shows only the construction and reconstruction of roads and bridges by States (Table 41), purchaser "election" by States (Table 42), and miles maintained by States (Table 43). Only here can one can find the total mileage, but it is only by States. The response to a request for the data by Forest was that the Washington office did not have it.

The national cost data is in total dollars, omits significant costs, and provides no unit costs. Road maintenance is listed by undefined terms that have no meaning to the public. Five (5) levels of maintenance are said to exist, but what do they mean? Roads are also shown as "fully maintained" or "lacking full maintenance", but their meaning is not clear. There are 3 additional undefined categories, [1] Closed, [2] "High Clearance" & [3] "Passenger Car" roads. "Closed" show as both "fully maintained" & "lacking full maintenance", there being 33,000 "closed" miles in each category.

"High Clearance" appears to be a euphemism for "logging road". Passenger vehicles regularly travel to and from logging sites. A more logical system is needed to define the road system.

Purchaser Credit System (PRC) Restricts Good Stewardship. (see also Encl.1)

This long-standing practice has roots in the fact that, even if less efficient and more costly, "off budget" costs are hidden. It has been favored by OMB as well as Industry, but for different reasons. Limiting sales to firms that can handle major road construction limits bidder participation. Well before conservation groups became concerned about the environmental damage from roads, the timber industry maintained a constant pressure on the Forest Service to limit such roads to the minimum needed to log a sale.

In 1964 Industry got a provision in law that purchasers can not be required by the Service to build a road to "...a higher standard than needed in...the particular sale... [11] ". This 30 year old limitation stands good Federal land stewardship on its head. It makes logging road construction a sale-by-sale event, not a planned watershed protection and development action. One fruit of this limitation is that in the last 5 years alone 65% of the timber sale road work has been rebuilding. This also helps explain why logging roads create so much stream deterioration and fisheries damage.

Good land management requires building the right road, in the right place, in the right time, for the right reason. Sale planning lead time makes

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[11] Sec. 4, National Forest Roads and Trails Act of 1964, see 16 USC 535.

it eminently sensible to build needed sale roads before the sale is let. With roads in place purchasers can begin cutting as soon as the sale is awarded, thus reducing risks due to market changes, loss from insects or fire after the sale is let, etc. Firms would not have funds tied up in road building. This would levels the bidding "table" so that firms without large road building equipment can compete equally. The Service would gain by better roads and a solid knowledge of road costs, rather than relying on estimates that are never tested by separate bids.

Purchaser Road Credit Also Spawned The Practice of "WOODEN DOLLAR BIDS"

Were there not enough problems with PRC the Forest Service adopted at Industry insistence a bizarre appraisal-Purchaser Road "WOODEN DOLLAR BID" system that applies in what are called "DEFICIT TIMBER SALES". This is a sale where the Service appraisal estimated that a buyer will lose money logging it. When this occurs potential buyers are asked, "Should it be advertised at our minimum prices?" If the answer is "Yes" prices are set at either (1) artificial minimum rates or (2) barebones KV costs + $0.50/MBF, and the PRC is declared "Ineffective". If the sale is bought at the Advertised Price, the buyer builds the road, get no PRC, paying for timber when cutting begins.

A **WOODEN DOLLAR BID** changes this. Assume a 2,000 MBF sale with "Ineffective" PRC at $10/MBF or $20,000. Assume the bidder raises the bid by just $20,000. He builds the road. Now he can cut $20,000 worth of timber without paying anything. **HE PAYS FOR THE BALANCE AT HIS BID PRICE WHICH WORKS OUT TO BE NOT ONE CENT MORE THAN IF HE HAD NOT BID THE TIMBER UP $10/MBF, THUS THE TERM "WOODEN DOLLAR BID".** As a hidden bonus he also gets a $20,000 interest free loan for the period it takes to cut this much timber. But the Federal cost is even greater. If the Advertised Price had been $20/MBF, $40,000, the counties would get 25% ($10,000). Under the "wooden dollar bid" the Service revalues their "receipts" at $60,000, paying the counties $15,000. Instead of having $15,000 to cover an estimated $19,500 in reforestation costs, the Service now has only $5,000 to cover the $19,500 it will cost to replant the logged land.

Selling timber in a way that net the seller less revenue if the sale is **NOT** bid up, as occurs in **WOODEN DOLLAR BID SALES,** defies all tests of rational business behavior. "DEFICIT SALES" have the same defect.

Elimination of Purchaser Road Credit would promote better resource management, and save money in the long run. Decisions on the scope and location of **roads over and above the 370,000 existing miles would be based on total resource considerations.** Industry would strongly object.

d. Allocation Of 10% Of All Receipts for Road Construction And Maintenance. (16 USC 501).

This is another anachronism. Its repeal would reduce bookkeeping costs.

e. Cooperative Deposits for Brush Disposal and Road Maintenance, (16 USC 490 and 536. (see Encl. 1)

These are not "cooperative" payments as the term is commonly understood. The payment is "required". Amounts in excess of need are transferred to the Treasury. The price of the timber is reduced by the Forest Service estimate of its cost for each task, with the purchaser paying this sum to the agency. In addition, other allowances reduce the timber price to cover the estimated purchaser cost to pile brush and keep up roads while logging.

If the deposit provisions were repealed the price paid for timber would go up and 25% county payments would be made on this added "receipt". Repeal of these "deposits" without a change in 16 USC 500 would be counter productive. However, both the deposits and the allowances are trades of timber assets for work. The Forest Service incurs additional road maintenance costs. It uses both appropriated and "deposit" dollars to maintain roads.

Brush Disposal presents another issue. Part of this work, both deposits and purchaser work, are for site restoration to assure stand regeneration. This is a regeneration cost, although never so tallied.

f. Allocation Of Receipts For Land Acquisition and Special Purposes.

There are long-standing laws that allocate receipts from some Forest for land acquisition. These laws apply to 9 Forests (Cache, Wasatch and Uinta (UT), the Toiyabe (NV), and the Angeles, Cleveland, San Bernadino and Sequoia (CA)). The attached table shows an average cost of $1,175,000 in "receipts" to secure 249 acres. While the Service does not show it, the cost is $4,727 per acre. There are 1,041,000 non F.S. acres in these Forests. At the current purchase rate it will take 4,200 years to acquire all inholdings. Actually, the Service interest is in only certain tracts. However, at a current cost of $4,700 per acre, these acquisitions should be decided weighing cost and benefits, not whether receipts can be earmarked. (see Encl. 2)

B. Land Management Service Contracts.

A Service recent endeavor is a trial of a system where it negotiates a grant of timber at an agreed price to a selected timber company; in turn the company will do specified work both on the sale area and elsewhere that is supposedly equal in value to the granted timber. The Service has 4 contracts. The 1994 Appropriations Conference report told the Forest Service; issue no more contracts, evaluate the results, then seek legislation if in the public interest.

For 1988-1992, 5 years, on 42 Forests the timber program already consumed over 100% of the timber receipts before even counting appropriations. Another 63 Forests consumed so much of receipts that their appropriations did not cover timber program costs. Only 17 of the 122 Forests had sufficient receipts to cover appropriated costs.

The Dixie (UT) with one test contract, for the 5 years, 1988-1992, earmarked ALL TIMBER RECEIPTS PLUS $5.78/MBF CUT. It earmarked $22/acre more

than timber receipts. In fact for the past 11 years it earmarked an average of $5.05/MBF more than its timber receipts. The Idaho Panhandle (ID), with another contract, for the same 5 years earmarked all but $10.46/MBF of its timber receipts. With appropriated costs running in the $70/MBF range, it does not take a degree in accounting to see their financial posture. Its 11 year record shows only $13.69/MBF reaching Treasury to offset about $70/MBF in timber program appropriations.

This situation casts a large cloud over whether such contracts have a common sense financial footing.

Further because of the way the 25% law works, it is not clear what the effect on county payments may turn out to be. The Dixie pays around $0.20 per acre from all receipts. If timber paid nothing PILT (31 USC 6901), which currently brings county payments up to $0.75/acre, would continue the current total payments.

The Idaho Panhandle situation is more complex. It combines the Couer D'Alene and St Joe which pay around $2.80/acre, and the Kaniksu which pays about $1.80/acre. PILT would not make up payments lost by this scheme.

The idea raises fundamental questions since in reality most National Forest fail to generate enough timber revenue to cover their costs. Most of the "Owl" Forests now secure receipts well in excess of all costs. After the pending FEIS decisions are reached on these Forests there can be as much as a 75% reduction in their cut and increased costs to restore previously damaged anadromous rivers. Their "profitability" will surely fall.

Beyond these concerns there are issues over whether the work the Service contracts for is needed, and whether this approach spawns one more backdoor spending device. With looming budget reductions trading timber so that private timber companies will perform desired agency work may seem attractive. However, the consequences need to be weighed. It will take logging far more National Forest acres and logging far more National Forest timber to cover road building and rebuilding under Purchaser Credit, KV, and 25 % costs, plus finance the desired "conservation" work. The "off-budget" seemingly painless financing may become a snare and a delusion.

C. Overall Budget Account Simplification.

Much can be accomplished without the total collapsing of budget line items sought by the Forest Service. This is not to say that less accounts is a bad idea.

The credibility issues the Service faces suggests here is a better route than pushing now for a few budget line items. Adopt an orderly set of reforms such as those outlined here. Install the desired reduced budget line items after the other changes have been tested and show improvements.

The needed early actions are:

I. Repeal redundant "backdoor" spending devices, and special accounts.

II. Adoption of better measures of program effectiveness, including data published in annual reports by Forest.

III. Set forth real data on the cost to secure desired results. Give attention to whether an action creates costs that are being ignored or deferred.

6. Watersheds as Management and Planning Units and Authority To Make Operating Boundary Changes.

The National Forest System has 9 Regions that govern 156 "Proclaimed National Forests" which have been combined into 122 Administrative Forests. The organization of Research will not be discussed here, but deserves to be weighed as NFS changes are made.

Some Background

Virtually every National Forest's size, shape and boundaries are accidents of the times, not creations from well developed plans. In the early years boundaries moved in and out, and even whole Forests were changed, as local groups sought land for homesteading, while others later sought enlargement for watershed purposes. As timber companies liquidated, their lands were acquired by "stumps-for-stumpage" exchanges, as well as Weeks Act and other purchases. The same is true for Regions. For example, there is no Region 7; it was merged into Region 9 forty years ago.

At the end of WW II the agency began to change from a small year round force largely involved in protection to one with a large year-long staff, most of who were involved in timber sales and road building. In the 1950's the Service began moving people from "on-the-Forest" stations to larger, more distant towns. This was in response to concerns about the effect on families, inadequate on the Forest housing, and other valid issues. This increased job travel time and removed a constant field presence. Later changes brought in people with numerous disciplines. The results produced gains and losses.

Considering Changes

As part of Chief Thomas's "21st Century" goal it would be useful for the Service to examine whether the right mix and number of people are located close to the land, if adjustments are needed, and, if so, the best way to make them.

There is also a need to examine whether field subunit, Ranger District, and Forest made up of LOGICAL WATERSHED BUILDING BLOCKS.

A major impediment to making such changes is a restriction on changing on-the ground office structure has been in Forest Service appropriation laws since 1974. Its purpose was to stop Pres. Nixon's ill-fated effort to mold all agencies into 10 standard Federal regions. The continuation of this proviso prevents the Forest Service from making rational changes in Ranger Districts, Forests, Regions and the Research structure.

"Administrative" Forests must track receipts by "Proclaimed" Forests. The "proclaimed" boundaries should be abolished. Twenty-five percent payments to counties vary widely from year to year. Many Forests have such low payments that PILT, (31 USC 6901) administered by BLM, controls - fixing payments at $0.75/acre.

Resource and land management are most effective when watersheds are the basis for plans and actions. Useful savings would accrue, and people power saved if the 1974 restriction was dropped and so that the Forest Service could combine Forests into logical "watershed-based" units. The internal subdivision of Ranger Districts would be aligned by watersheds. Planning and operations would be move logically from the smallest definable watersheds, to the major ones governing that Administrative Forest.

Water has received more lip service than attention. There is little doubt that where there are trees the Service has been "timber-driven" and where there is livestock forage this has been the dominant force.

Organizing National Forests on a watershed basis would be an effective way to help Dr. Thomas build a National Forest System for the 21st Century.

The restriction on moving offices should be eliminated. In the current budget climate this restriction will force the Service to use less cost-effective "RIF's" and continue inefficiencies, rather than adopt changes with greater long-term savings. Moving offices does generate opposition. The Service, if granted relief, should consider using the "base closing commission" model.

7. Weighing Land Management Costs in Resource Disposal.

On Nov. 19, 1991, Chief Robertson wrote the N.Y. Times Editor:

> "Nationally, timber growth on National Forest lands exceeds timber harvest by 55 percent."

In June 1992, President Bush said [12] :

> "In the United States, responsible forest conservation is a long-standing tradition. Annual forest growth now exceeds timber harvests by 37 percent, and the total national volume of wood is 25 percent larger than it was in 1952."

Both are meaningless claims. They combine hardwoods, which are in huge surplus, with softwoods, often in local short supply situations.

If these claims were correct, there would not be Softwood log export limits, there would not be the timber industry sought tariffs on softwood lumber imports from Canada, nor money-losing National Forest timber sales.

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[12] U.S. Actions For A Better Environment, White House June 1992, Page 8.

With such elegant surpluses we would be happily exporting logs, and not importing lumber. Further, Industry would revert top its 1920's posture - urging reduced timber public timber sales [13].

a. Pricing National Forest timber.

The Service Manual at 2420.2 directs that:

"The objective in Forest Service stumpage appraisals is to establish fair market value (36 CFR 223.4). Fair market value or appraised value as used by the Forest Service is based on the operator of average efficiency and is aimed at a market value which will interest sufficient purchasers to harvest the allowable cut under multiple use and sustained yield principles. In accomplishing this objective consideration must be given to providing an adequate margin for profit and risk which will be sufficient to maintain operations over the long run and thus provide a stable market for National Forest timber."

There is not even the slightest Forest Service notion that its timber price should cover its costs to grow trees, manage and protect the Forest so the trees can be logged, make timber sales, and regenerate its "forest capital".

Earlier mention was made of some of the idiosyncracies of the pricing system. It gets more byzantine.

Two Appraisal Concepts, Equally Flawed.

[1] Residual Value; deduct logging and milling cost from estimated product price, allow the "adequate margin for profit" in the Manual, with any residual being the Stumpage Rate. [2] is termed "Transaction Evidence Appraisals (TEA) [14], which is not that at all. A sale appraised at $71.66/MBF is advertised at $24.66/MBF. When bid at $120.70/MBF, TEA, the development of which was being overseen by a industry agency committee, is declared a success.

Plus Other Oddities.

These systems are further complicated by an illogical minimum price system. The total sale must cover "barebones" K.V. costs +$0.50/MBF. Individual species prices can't be less than their arbitrary minimum, which

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[13] In that era F.S. sales were 1 Bil. BF/year. Industry urged legislation to control lumber production to stabilize prices (F.S. An. Rpt. pages 2-3, 1929). President Hoover had already limited F.S. sales that would add mill capacity, and other sale to defined conditions (ibid pages 22-23, 1927).

[14] TEA is best described by its author in "Stumpage Appraisal: TEA and the Northern Region". Combes et al, Forest Industries, Oct. 1989. pages 18-20, See Encl. 3 attached.

is has no standard. If one species appraises above its minimum price, while another is below it, the prices are shifted: the above minimum species price is lowered enough to raise the below minimum species up to the minimum rate.

There are "deficit" sales and wooden dollar bid sales when Road Credit is "Ineffective" because the sale is "deficit". This term means that the Service estimates a buyer will lose money if he pays the Advertised Price.

There is "Stumpage Rate Adjustment" (SRA) which permits the actual price to rise in dollars only 50% of an Industry maintained "Index", but fall 100% of an Index decline. There are price reductions for early cutting. There are complex payment schedules designed to limit a firms advance payments.

There are also "no-cost" contract term extensions that have been granted on a faulty basis. The Forest Service has millions in uncollected sums from firms that failed to pay for timber logged. In sum, there is nothing in the pricing system that is designed to properly price the timber as a grower-manager-supplier of timber would rationally use.

b. Measuring Timber Sold.

the Eastern Regions, and parts of others use "tree measurement" sales. The agency estimates the volume by species as the basis for bids and payment. In the West, estimates are made but payment is on log scale made by private scaling bureaus. Until the early 1950's the scaling was done by agency employees. As the program rapidly expanded the price of the timber was reduced by the estimated payment by the purchaser to a scaling bureau to have the Forest Service timber scaled. Scaling Bureaus are Industry creatures. There have been several recent convictions involving criminal conduct in their scaling. The Appropriations Committee's Investigations Staff has reported on these matters. The retired U.S. Attorney in Oregon, testified on the problem before the Post Office and Civil Service Committee. The Forest Service has been instructed to adopt lump sum sales and drop private scaling. It has long resisted doing so on the fascinating notion that old-growth tree volumes can't be determined when the tree is standing as well as when the logs are piled on a truck.

BLM, on the O & C lands, has successfully sold well over 50 billion board feet in lump sum sales, the highest total dollar bid wins. But the telling weakness of the Forest Service contention is found in its appraisal system, a defect also in BLM's. Appraisals are so low that in any normal competitive sales, bids are typically 50% over the advertised price, lump sum or scale.

A basic problem with scaling and volume estimates is that board foot measures are meaningless. Mills make lumber, veneer, and chip wood for several products, while the log rules purport to measure 1" x 12" x 12" boards. The cubic measure, which the Service is now adopting has the same defect. Each mill reaches its own determination of the yield of a timber stand. Scale measures are only crude surrogates.

The Service could improve, simplify and reduce the cost of operating the

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sale program by shifting to fixed price, lump sum, total dollar sales. Bidders would be provided a sample or 100% tree count (number of trees by species, diameter and height). As they do now, bidders would use their own estimate of volume to determine whether the total dollar advertised price met their ability to pay. Trees cut in trespass would be charged at rates that increased by diameter on a logarithmic scale; a stolen tree 40" dbh would cost 8 times the charge for a 20" tree. The savings from dropping the convoluted appraisal process, and checking scaling bureaus would be applied to better sale inspections to assure protection of the land. The change would drop the "early cut" discount, SRA, etc,, and use a payment schedule that made the last payment when 10% of the timber was still to be cut.

c. Below-Cost Timber Sales.

For 15 years the Forest Service has been in denial that these exist. This view persists even though their TSPIRS accounting system finds that over 50 Forests are "below-cost". My cash analysis covering 11 years, 1983-1993, shows that at least 100 of the 122 Administrative Forests lose money.

Industry contends the issue is a plot to prevent logging. Common sense tells one that mills don't pay more for timber than it is worth to them to convert to products. So long as the Forest Service, or any owner, will sell timber at the price buyers will pay, Industry will buy it. Industry can not be expected to urge that the Forest Service sell timber only when it recovers its costs. In fact, Industry continually argues for the sale of timber where the Forest Service loses money.

Subsidies are part of the American Way Of Life. The main Service proposal to deal with below-cost sales pretends that the condition does not exist, but if it does it is washed away by a theoretical benefit test. Rather than the Service pretending it is on the verge of some great "solution", the agency might better define the subsidy in each sale if purchased at the advertised price. The Service should measure costs for the claimed benefits sought by the sale against the cost of securing them without logging.

For Food Stamps there are limits on who may get them, the condition the recipient must be in, and how much worth one can get, so it should be with subsidized timber sales. A system of "Tree Stamps" should be adopted for subsidized timber sales.

8. The Tongass National Forest And Its Long Term Contracts.

In 1989 the Tongass issued "Understanding the Past... Designing the Future", a 60 page color brochure. It claimed that H.J. Res. 205 in 1947 was enacted (1) to make Forest Service Southeast Alaska available to Japan in response to an alleged petition, (2) authorize long-term timber sales, and (3) guarantee timber would be supplied to the mills (page 16).

The hearings clearly show that the Forest Service asked Interior to seek H.J.R. 205 because it had 2 firms that it claimed wanted to establish newsprint pulp mills on the Tongass to help solve our domestic newsprint shortage. The Alaska Natives were claimed the Tongass was theirs. All that

H.J.R. 205 was provide that if the Forest Service sold any Tongass timber the proceeds would be placed in a special fund until the Native Claim issue was settled, and any firm buying such timber would not be liable for damages should the Native position be sustained. There is not one word in the hearings, committee reports, floor debates or the law about authorizing long term sales or providing wood to Japan!!! H.J.R. 205 was a temporary measure. A solution to the Native Claims promised in 1948.

After passage of the HJR one 5 billion BF PULP sale was advertised. It got no bid, and was readvertised in 1948. A Puget Sound Pulp and Paper - American Viscose joint venture the appraised price. After numerous extensions 7 years later (1954), it opened a 500 ton rayon-dissolving pulp mill. The emergency that prompted H.J.R. 205 evaporated before its ink was dry.

Next a 3 billion BF sale was awarded in 1954, which had constant start-up sawmill-pulp mill problems. In 1967 the F.S. canceled 2 billion BF of the contract and in 1970 ALP took over the balance of the timber under contract.

A 7.5 billion BF sale went to Georgia-Pacific in 1955. It gave up the sale after 6 years, having done nothing.

The Japanese did not enter the scene until they bid on the Sitka PULP sale in 1956, 5.25 billion BF. Their mill opened in November 1959.

A fifth 8.75 billion BF sale, bid in 1965, followed the pattern of the G-P sale. It never operated and was canceled in 1976.

The 1989 Forest Service brochure typifies their constant flow of misinformation that has complicated dealing with the impact of logging on the anadromous streams of the Tongass.

Ever since 1980, (and actually before), the Tongass timber program had an appropriated fund subsidy to operate (see Encl 4). This is clear when one looks at the receipts left after earmarking $224,692,107 worth of timber for Purchaser Road Credit, K.V., Salvage and 25% payments. Treasury was -$29,475,809 in the "red". This loss is before appropriations, plus $433,000,000 subsidy provided by the Tongass Timber Supply Fund (see Encl.1).

The Mrazek Act was designed to reform Tongass sales, but under Forest Service management Treasury took a greater "bath". After earmarks for these 4 years the Treasury lost -$20,876,588. In the 1992 faced with a $17,495,321 cash hemorrhage as a result of reducing the price of timber under the two long term contracts, the Service promised that 1993 would show a profit. Instead, the "red ink" hemorrhage continues. Before counting appropriations Treasury was out -$5,612,749 [15].

Clearly anyone who wants to see the Tongass financial future, need only

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[15] See Encl. 4, an analysis of timber "receipts" from the F.S. All Service Financial Reports, and timber cut from agency records 1980-1993.

understand the past as it really is, not as the agency wishes it were. There are other resource degradation problems that have plagued the Tongass timber program.

The recent action on the ALP contract by Chief Thomas is the first realistic step the agency has taken in decades to cut its environmental and financial losses on the Tongass.

Summary

There are 8 major points. Some are matters the agency can address. Some are matters Congress may wish to consider. The Forest Service faces large problems, some of which are part of the budget exigencies all agencies confront, while others are peculiar to it.

Running a large agency is a tough job. The Chief, his staff, and those all the way down to the District, face external and internal obstacles. Forest Service people are competent. I hope that these are useful ideas.

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Encl. 1. 15 year, 1979-1993 Analysis of Timber Receipts, Earmarking, and Appropriations.
Encl. 2 Special Act Acquisitions and costs.
Encl. 3 Stumpage Appraisal: TEA and the Northern Region. Forest Industries October 1989
Encl. 4. Tongass Timber Receipts and Earmarking, 14 years, 1980-1994.

[hnrtest.doc]

Encl #1

15 yr

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Timber Program - Receipts Less Costs
15 Years FY 1979 - 1993

	Summary	TOTAL	AVERAGE	Aver. Per MBF Cut
A.	Tot. Vol. Cut MBF	146,232,005.000	9,748,800.333	
B.	TOT TBR RECEIPTS	$16,536,335,816	$1,102,422,388	$113.08
	C + D = COSTS			
C.	EARMARKED TBR REC	** A Wash For Cash Analysis Purposes		
	1. Purch Road Cred.	$1,875,897,237	$125,059,816	$12.83
	2. K.V. Fund	$2,667,991,085	$177,866,072	$18.24
	3. Tbr Salvage Fund	$997,831,842	$66,522,123	$6.82
	Subtotal	$5,541,720,163	$369,448,011	$37.90
	4a Brush Disp Dep	$760,308,000	$50,687,200	$5.20
	4b Road Maint Dep	$678,741,000	$45,249,400	$4.64
	Subtot Spec. Dep.	$1,439,049,000	$95,936,600	$9.84
	5a 25% Co Paymnt	$3,660,673,943	$244,044,930	$25.03
	5b 50% O&C Paymnt	$152,558,276	$10,170,552	$1.04
	Subtotal	$3,813,232,220	$254,215,481	$26.08
C.	EARMARKED TBR REC	$10,794,001,383	$719,600,092	$73.81
Percent of Rec. Earmrk'd		65%		
D.	APPROPRIATED COSTS			
	1. Timber Sale Admin.	$2,999,242,000	$199,949,467	$20.51
#	2. Support	$1,342,947,520	$89,529,835	$9.18
	3. Reforestation- TSI	$1,515,219,000	$101,014,600	$10.36
	4.Roads FRT/PEP Accnt	$2,769,419,000	$184,627,933	$18.94
	5. Gen Admin (Est)	$1,378,369,903	$91,891,327	$9.43
	6. Tongass Tbr Fund	$433,052,000	$28,870,133	$2.96
	7. Spec '89 Approp.	$29,252,000	$1,950,133	$0.20
D.	TOTAL APPROP COST	$10,467,501,423	$697,833,428	$71.58
	Without Tongass	$10,034,449,423	$668,963,295	$71.25
E.	Total Costs (C+D)	$21,261,502,806	$1,417,433,520	$145.40
F.	CASH NET (B - E)	($4,725,166,990)	($315,011,133)	($32.31)

Reference Notes

Note 1	Net Receipts After Earmarking			
	N.F. Fund Net	$5,589,776,156	$372,651,744	$38.23
	O & C Fund Net	$152,558,276	$10,170,552	$1.04
	Total Net Rec.	$5,742,334,433	$382,822,296	$39.27
Note 2	O & C Payment is 50% of Receipts			
Note 3	NF County 25% Multiplier	$14,657,880,784	$977,192,052	$100.24
	Based on Sum of Purchaser Road Credit, K.V., N.F. Fund, & Salvage Fund (since 1988).			
"#" Support; Land Line, Location, Road Maintenance, Range, Fire, Soil/Water, Wildlife/Fish Money				
	Tongass Tbr. Fund Only*	$433,052,000	$28,870,133	$80.11
	Salv+BD+RM+Tbr S +Suprt	$7,212,122,362	$450,757,648	$46.24
	* Base for Added AK Cost			
	NET CASH	($4,725,166,990)	($295,322,937)	($30.28)
	NF Fund Gross[a]	$9,250,449,621	$578,153,101	$59.29

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	Summary	TOTAL	AVERAGE	Aver. Per MBF Cut
A.	Tot. Vol. Cut MBF	111,923,365.000	10,174,851.364	
B.	TOT TBR RECEIPTS	$12,833,659,026	$1,166,696,275	$114.66
	C + D = COSTS			
C.	EARMARKED TBR REC	** A Wash For Cash Analysis Purposes		
	1. Purch Road Cred.	$1,204,162,237	$109,469,294	$10.76
	2. K.V. Fund	$2,237,557,085	$203,414,280	$19.99
	3. Tbr Salvage Fund	$952,208,842	$86,564,440	$8.51
	Subtotal	$4,393,928,163	$399,448,015	$39.26
	4a Brush Disp Dep	$601,763,000	$54,705,727	$5.38
	4b Road Maint Dep	$567,855,000	$51,623,182	$5.07
	Subtot Spec. Dep.	$1,169,618,000	$106,328,909	$10.45
	5a 25% Co Paymnt	$2,836,769,403	$257,888,128	$25.35
	5b 50% O&C Paymnt	$106,556,276	$9,686,934	$0.95
	Subtotal	$2,943,325,679	$267,575,062	$26.30
C.	EARMARKED TBR REC	$8,506,871,843	$773,351,986	$76.01
Percent of Rec. Earmrk'd		66%		
D.	APPROPRIATED COSTS			
	1. Timber Sale Admin.	$2,294,842,000	$208,622,000	$20.50
#	2. Support	$1,105,047,520	$100,458,865	$9.87
	3. Reforestation- TSI	$1,119,719,000	$101,792,636	$10.00
	4.Roads FRT/PEP Accnt	$1,724,819,000	$156,801,727	$15.41
	5. Gen Admin (Est)	$1,257,729,903	$114,339,082	$11.24
	6. Tongass Tbr Fund	$367,752,000	$33,432,000	$3.29
	7. Spec '89 Approp.	$29,252,000	$2,659,273	$0.26
D.	TOTAL APPROP COST	$7,899,161,423	$718,105,584	$70.58
	Without Tongass	$7,531,409,423	$684,673,584	$69.63
E.	Total Costs (C+D)	$16,406,033,266	$1,491,457,570	$146.58
F.	CASH NET (B - E)	($3,572,374,240)	($324,761,295)	($31.92)

Reference Notes

Note 1	Net Receipts After Earmarking			
	N.F. Fund Net	$4,220,230,906	$383,657,355	$37.71
	O & C Fund Net	$106,556,276	$9,686,934	$0.95
	Total Net Rec.	$4,326,787,183	$393,344,289	$38.66
Note 2	O & C Payment is 50% of Receipts			
Note 3	NF County 25% Multiplier	$11,362,262,472	$1,032,932,952	$101.52
	Based on Sum of Purchaser Road Credit, K.V., N.F. Fund, & Salvage Fund (since 1988).			
"#" Support; Land Line, Location. Road Maintenance, Range, Fire, Soil/Water, Wildlife/Fish Money				
	Tongass Tbr. Fund Only*	$367,752,000	$33,432,000	$97.75
	Salv+BD+RM+Tbr S +Suprt	$5,889,468,362	$535,406,215	$52.62
	* Base for Added AK Cost			
	NET CASH	($3,572,374,240)	($324,761,295)	($31.90)
	NF Fund Gross[a]	$7,057,000,309	$641,545,483	$63.03

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	Summary	Timber Program - Receipts Less Costs 5 Years 1983-1987 TOTAL	AVERAGE	Aver. Pe MBF Cut	Timber Program - Receipts Less Costs 5 Years 1988-1992 TOTAL	AVERAGE	Aver. Per MBF Cut
A.	Tot. Vol. Cut MBF	55,212,587,000	11,042,517,400		50,793,840,000	10,158,768,000	
B.	TOT TBR RECEIPTS	$5,097,490,898	$1,019,498,180	$104.58	$6,645,366,137	$1,329,073,227	$130.83
	C + D = COSTS						
C.	EARMARKED TBR REC				** A Wash For Cash Analysis Purposes		
	1. Purch Road Cred.	636,549,380	$127,309,876	$11.53	$502,865,478	$100,573,096	$9.90
	2. K.V. Fund	872,470,573	$174,494,115	$15.80	$1,090,113,931	$218,022,786	$21.46
	3. Tbr Salvage Fund	88,666,000	$17,733,200	$1.61	$673,694,107	$134,738,821	$13.26
	Subtotal	1,597,685,953	$319,537,191	$28.94	$2,266,673,516	$453,334,703	$44.62
			$0				
	4a Brush Disp Dep	276,018,000	$55,203,600	$5.00	$256,733,000	$51,346,600	$5.05
	4b Road Maint Dep	213,434,000	$42,686,800	$3.87	$287,304,000	$57,460,800	$5.66
	Subtot Spec. Dep.	489,452,000	$97,890,400	$8.86	$544,037,000	$108,807,400	$10.71
			$0				
	5a 25% Co Paymnt	1,108,648,694	$221,729,739	$20.08	$1,491,727,241	$298,345,448	$29.37
	5b 50% O&C Paymnt	42,389,061	$8,477,812	$0.77	$59,617,656	$11,923,531	$1.17
	Subtotal	1,151,037,755	$230,207,551	$20.85	$1,551,344,897	$310,268,979	$30.54
			$0				
C.	EARMARKED TBR REC	3,238,175,708	$647,635,142	$58.65	$4,362,055,413	$872,411,083	$85.88
Percent of Rec. Earmrk'd		64%			66%		
D.	APPROPRIATED COSTS						
	1. Timber Sale Admin.	904,236,000	$180,847,200	$16.38			
#	2. Support	439,500,283	$87,900,057	$7.96	553,047,237	$110,609,447	$10.89
	3. Reforestation- TSI	538,936,000	$107,787,200	$9.76	488,570,000	$97,714,000	$9.62
	4.Roads FRTYPEP Accnt	1,079,100,000	$215,820,000	$19.54	550,914,000	$110,182,800	$10.85
	5. Gen Admin (Est)	592,353,656	$118,470,731	$10.73	561,376,247	$112,275,249	$11.05
	6. Tongass Tbr Fund	218,803,000	$43,760,600	$3.96	148,949,000	$29,789,800	$2.93
	7. Spec '89 Approp.	0	$0	$0.00	29,252,000	$5,850,400	$0.58
D.	TOTAL APPROP COST	3,772,928,939	$754,585,788	$68.33	3,503,681,484	$700,736,297	$68.98
	Without Tongass	3,554,125,939	$710,825,188	$66.02	3,354,732,484	$670,946,497	$68.83
E.	Total Costs (C+D)	7,011,104,647	$1,402,220,929	$126.98	7,865,736,897	$1,573,147,379	$154.86
F.	CASH NET (B - E)	(1,913,613,749)	($382,722,750)	($34.66)	(1,220,370,760)	($244,074,152)	($24.03)
Reference Notes							
Note 1	Net Receipts After Earmarking						
	N.F. Fund Net	1,816,926,129	$363,385,226	$32.91	2,223,693,068	$444,738,614	$43.78
	O & C Fund Net	42,389,061	$8,477,812	$0.77	59,617,656	$11,923,531	$1.17
	Total Net Rec.	1,859,315,190	$371,863,038	$33.68	2,283,310,724	$456,662,145	$44.95
Note 2	O & C Payment is 50% of Receipts						
Note 3	NF County 25% Multiplier	4,434,594,776	$886,918,955	$80.32	5,982,093,824	$1,196,418,765	$117.77
	Based on Sum of Purchaser Road Credit, K.V., N.F. Fund, & Salvage Fund (since 1988).						
"#"	Support; Land Line, Location, Road Maintenance, Range, Fire, Soil/Water, Wildlife/Fish Money						
	Tongass Tbr. Fund Only*	$218,803,000	$43,760,600	$158.69 T	$148,949,000	$29,789,800	$72.59
	Salv+BD+RM+Tbr S +Suprt	$3,748,811,397	$749,762,279	$67.90	3,091,300,344	$618,260,069	$60.86
	NET CASH	($1,658,760,814)	($331,752,163)	($30.02)	(1,220,370,760)	($244,074,152)	($24.03)
	NF Fund Gross[a]	$4,131,425,932	$826,285,186	$74.76	1,171,573,000	$234,314,600	$23.07

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	Jan 7. 1994 rev. Summary	1992	1992 Aver. Per MBF Cut	1993	1993 Aver. Per MBF Cut
A.	Tot. Vol. Cut MBF	7,289,632,000		5,916,938,000	
			$155.87		$184.35
B.	TOT TBR RECEIPTS	$1,136,256,764	$155.87	$1,090,801,991	$184.35
	C + D = COSTS				
C.	EARMARKED TBR REC				
	1. Purch Road Cred.	88,880,107	$12.19	64,747,379	$10.94
	2. K.V. Fund	246,708,429	$33.84	274,972,581	$46.47
	3. Tbr Salvage Fund	193,865,326	$26.59	189,848,735	$32.09
	Subtotal	529,453,863	$72.63	529,568,695	$89.50
	4a Brush Disp Dep	30,271,000	$4.15	69,012,000	$11.66
	4b Road Maint Dep	56,310,000	$7.72	67,117,000	$11.34
	Subtot Spec. Dep.	86,581,000	$11.88	136,129,000	$23.01
	5a 25% Co Paymnt	254,715,363	$34.94	236,393,468	$39.95
	5b 50% O&C Paymnt	7,814,725	$1.07	4,549,559	$0.77
	Subtotal	262,530,088	$36.01	240,943,027	$40.72
C.	EARMARKED TBR REC	878,564,951	$120.52	906,640,722	$153.23
Percent of Rec. Earmrk'd		77%		83%	
D.	APPROPRIATED COSTS				
	1. Timber Sale Admin.	263,745,000	$36.18	219,033,000	$37.02
#	2. Support	128,600,000	$17.64	112,500,000	$19.01
	3. Reforestation- TSI	96,521,000	$13.24	92,213,000	$15.58
	4.Roads FRT/PEP Accnt	95,980,000	$13.17	94,805,000	$16.02
	5. Gen Admin (Est)	117,000,000	$16.05	104,000,000	$17.58
	6. Tongass Tbr Fund	n.a.	n.a.	n.a.	n.a.
	7. Spec '89 Approp.	1989 only	n.a.	1989 only	n.a.
D.	TOTAL APPROP COST	701,846,000	$96.28	622,551,000	$105.22
E.	Total Costs (C+D)	1,580,410,951	$216.80	1,529,191,722	$258.44
F.	CASH NET (B - E)	(444,154,187)	($60.93)	(438,389,731)	($74.09)

Reference Notes

Note 1 Net Receipts After Earmarking

N.F. Fund Net	249,877,088	$34.28	179,611,709	$30.36
O & C Fund Net	7,814,725	$1.07	4,549,559	$0.77
Total Net Rec.	257,691,813	$35.35	184,161,269	$31.12

Note 2 O & C Payment is 50% of Receipts

Note 3 NF County 25% Multiplier	1,034,046,314	$141.85	945,573,872	$159.81

Based on Sum of Purchaser Road Credit, K.V., N.F. Fund, & Salvage Fund (since 1988).

"#" Support; Land Line, Location, Road Maintenance, Range, Fire, Soil/Water, Wildlife/Fish Money

Tongass Tbr. Fund Only*	n.a.	n.a. T	n.a.	n.a.
Salv+BD+RM+Tbr S +Suprt	672,791,326	$92.29	657,510,736	$111.12
* Base for Added AK Cost				
NET CASH	(444,154,187)	($60.93)	(438,389,731)	($74.09)
NF Fund Gross[a]	504,592,451	$69.22	416,005,177	$70.31

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Timber Program - Receipts Less Costs Dollars 15 Years FY 1979-1993

a2a.wk3 F.S. managed O & C included Revised to Include Brush Disposal and Road Maintenance Deposits

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Summary

		1979	1980	1981	1982	1983	1984	1985
A.	Tot. Vol. Cut MBF	10,377,347.000	9,147,839.000	8,036,194.000	6,747,260.000	9,244,037.000	10,548,687.000	10,921,270.000
B.	TOT TBR RECEIPTS	$1,176,056,950	$993,087,000	$978,177,000	$555,355,841	$820,608,640	$988,654,771	$916,236,544
	C + D = COSTS							
C.	EARMARKED TBR REC	** A Wash For Cash Analysis Purposes						
	1. Purch Road Cred.	$154,727,000	$164,226,000	$188,654,000	$164,128,000	$153,203,261	$154,108,205	$107,948,622
	2. K.V. Fund	$111,452,000	$116,576,000	$124,860,000	$77,546,000	$173,091,854	$165,462,843	$186,107,204
	3. Tbr Salvage Fund	$12,387,000	$14,530,000	$11,884,000	$6,822,000	$14,106,000	$20,514,000	$15,232,000
	Subtotal	$278,566,000	$295,332,000	$325,398,000	$248,496,000	$340,401,115	$340,085,048	$309,287,826
		1979	1980	1981	1982	1983 1	1984 2	1985 3
	4a Brush Disp Dep	$42,739,000	$42,374,000	$43,844,000	$29,588,000	$47,844,000	$60,290,000	$53,734,000
	4b Road Maint Dep	$27,122,000	$29,985,000	$27,525,000	$26,254,000	$33,859,000	$43,976,000	$38,613,000
	Subtot Spec. Dep.	$69,861,000	$72,359,000	$71,369,000	$55,842,000	$81,703,000	$104,266,000	$92,347,000
	5a 25% Co Paymnt	$265,615,700	$220,283,750	$217,784,250	$120,220,841	$178,724,069	$211,401,858	$198,150,593
	5b 50% O&C Paymnt	$15,673,000	$12,531,500	$11,893,500	$5,904,000	$4,951,682	$9,133,669	$8,027,587
	Subtotal	$281,288,700	$232,815,250	$229,677,750	$126,124,841	$183,675,751	$220,535,527	$206,178,180
C.	EARMARKED TBR REC	$629,715,700	$600,506,250	$626,444,750	$430,462,841	$605,779,866	$664,886,575	$607,813,006
Percent of Rec. Earmark'd		54%	60%	64%	78%	74%	67%	66%
D.	APPROPRIATED COSTS							
	1. Timber Sale Admin.	$169,000,000	$178,800,000	$197,800,000	$158,800,000	$158,340,000	$187,547,000	$194,702,000
#	2. Support	$36,000,000	$58,000,000	$66,900,000	$77,000,000	$83,530,000	$85,194,000	$89,494,000
	3. Reforestation- TSI	$94,800,000	$101,500,000	$104,900,000	$94,300,000	$161,963,000	$85,582,000	$104,664,000
	4.Roads FRT/PKP Accnt	$245,400,000	$263,200,000	$262,900,000	$273,100,000	$234,501,000	$261,095,000	$234,818,000
	5. Gen Admin (Est)	is above	is above	is above	$120,640,000	$127,666,000	$123,883,600	$124,735,600
	6. Tongass Tbr Fund	not in law	not in law	$23,300,000	$42,000,000	$42,520,000	$41,083,000	$47,100,000
	7. Spec '89 Approp.	1989 only	1989 only	1989 only	1989 only	1989 only	1989 only	1989 only
D.	TOTAL APPROP COST	$545,200,000	$601,500,000	$655,800,000	$765,840,000	$808,520,000	$784,384,600	$795,513,600
	Without Tongass	$545,200,000	$601,500,000	$632,500,000	$723,840,000	$766,000,000	$743,301,600	$748,413,600
E.	Total Costs (C+D)	$1,174,915,700	$1,202,006,250	$1,282,244,750	$1,196,302,841	$1,414,299,866	$1,449,271,175	$1,403,326,606
F.	CASH NET (B - E)	$1,141,250	($208,919,250)	($304,067,750)	($640,947,000)	($593,691,226)	($460,616,404)	($487,090,062)
Reference Notes								
	Net Receipts After Earmarking							
	N.F. Fund Net	$530,668,250	$380,049,250	$339,838,750	$118,989,000	$209,877,092	$314,634,527	$300,395,952
	O & C Fund Net	$15,673,000	$12,531,500	$11,893,500	$5,904,000	$4,951,682	$9,133,669	$8,027,587
	Total Net Rec.	$546,341,250	$392,580,750	$351,732,250	$124,893,000	$214,828,774	$323,768,196	$308,423,539
Note 1	O & C Payment is 50% of Receipts							
Note 2	NF County 25% Multiplier	$1,062,462,950	$881,135,000	$871,137,000	$480,883,362	$714,896,276	$845,607,433	$792,602,370
	Based on Sum of Purchaser Road Credit, K.V., N.F. Fund, & Salvage Fund (since 1988).							
"#" Support; Land Line, Location, Road Maintenance, Range, Fire, Soil/Water, Wildlife/Fish Money								
	Tongass Tbr. Fund Only#	not in law	not in law	$23,300,000	$42,000,000	$42,520,000	$41,083,000	$47,100,000
	Salv+BD+RM+Tbr S +Suprt	$287,248,000	$323,689,000	$371,253,000	$340,464,000	$380,199,000	$438,604,000	$438,875,000
	NET CASH	$1,141,250	($208,919,250)	($304,067,750)	($640,947,000)	($593,691,226)	($460,616,404)	($487,090,062)
	NF Fund Grossing	$796,283,950	$600,333,000	$557,623,000	$239,209,362	$388,601,161	$526,036,385	$498,546,544

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Summary

		Dollars 1986	1987	1988	1989	1990	1991*
A.	Tot. Vol. Cut MBF	11,786,490.000	12,712,103.000	12,596,361.000	11,950,937.000	10,481,991.000	8,474,919.000
B.	TOT TBR RECEIPTS	$1,130,284,565	$1,241,706,378	$1,350,870,125	$1,497,323,272	$1,419,714,401	$1,241,401,575
	C + D = COSTS						
C.	EARMARKED TBR REC						
	1. Purch Road Cred.	$117,025,874	$104,263,418	$98,001,711	$106,541,094	$104,863,844	$104,578,722
	2. K.V. Fund	$151,460,177	$196,348,495	$215,220,164	$229,695,746	$208,488,596	$192,000,996
	3. Tbr Salvage Fund	$20,677,000	$18,137,000	$32,199,922	$144,486,751	$158,205,851	$144,936,256
	Subtotal	$289,163,051	$318,748,913	$345,421,797	$480,723,591	$469,558,291	$441,515,974
		1986 4	1987 5	1988 1	1989]		
	4a Brush Disp Dep	$52,936,000	$61,214,000	$58,606,000	$54,456,000	$47,121,000	$66,279,000
	4b Road Maint Dep	$43,243,000	$53,743,000	$58,332,000	$52,557,000	$53,648,000	$66,457,000
	Subtot Spec. Dep.	$96,179,000	$114,957,000	$116,938,000	$107,013,000	$100,769,000	$132,736,000
	5a 25% Co Payment	$248,632,987	$271,739,208	$302,002,791	$339,115,285	$323,064,625	$272,829,197
	5b 50% O&C Payment	$9,448,349	$10,827,774	$12,860,481	$16,924,606	$13,343,450	$8,674,394
	Subtotal	$258,081,316	$282,566,982	$314,863,272	$356,039,871	$336,408,075	$281,503,591
C.	EARMARKED TBR REC	$643,423,367	$716,272,895	$777,223,069	$943,776,462	$906,735,366	$855,755,565
Percent of Rec. Earmark'd		57%	58%	58%	63%	64%	69%
D.	APPROPRIATED COSTS						
	1. Timber Sale Admin.	$174,007,000	$189,640,000	$185,561,000	$207,338,000	$251,796,000	$263,133,000
a	2. Support	$89,227,953	$92,064,330	$88,510,237	$111,798,000	$105,139,000	$119,000,000
	3. Reforestation- TSI	$95,433,000	$91,294,000	$84,923,000	$106,001,000	$99,166,000	$101,959,000
	4.Roads FRT/PSP Accnt	$157,795,000	$190,891,000	$132,587,000	$122,890,000	$95,976,000	$103,481,000
	5. Gen Admin (Est)	$103,292,590	$112,775,866	$96,316,247	$109,645,000	$110,415,000	$126,000,000
	6. Tongass Tbr Fund	$45,800,000	$42,300,000	$34,073,000	$35,034,000	$36,955,000	$42,887,000
	7. Spec '89 Approp.	1989 only	1989 only	1989 only	$29,252,000	1989 only	1989 only
D.	TOTAL APPROP COST	$665,555,543	$718,955,196	$623,970,484	$721,958,000	$699,447,000	$756,460,000
	Without Tongass	$619,755,543	$676,655,196	$589,897,484	$686,924,000	$662,492,000	$713,573,000
E.	Total Costs (C+D)	$1,308,978,910	$1,435,228,091	$1,401,193,553	$1,665,734,462	$1,606,182,366	$1,612,215,565
F.	CASH NET (B - E)	($178,694,345)	($193,521,713)	($50,523,428)	($168,411,190)	($186,467,965)	($370,813,990)
Reference Notes							
Note 1	Net Receipts After Earmarking						
	N.F. Fund Net	$477,412,849	$514,605,710	$560,586,575	$536,622,204	$499,635,585	$376,971,616
	O & C Fund Net	$9,448,349	$10,827,774	$12,860,481	$16,924,606	$13,343,450	$8,674,394
	Total Net Rec.	$486,861,198	$525,433,484	$573,447,056	$553,546,810	$512,979,035	$385,646,010
Note 2	O & C Payment is 50% of Receipts						
Note 3	NF County 25% Multiplier	$994,531,867	$1,086,956,830	$1,208,011,163	$1,356,461,060	$1,292,258,501	$1,091,316,786
	Based on Sum of Purchaser Road Credit, K.V., N.F. Fund, & Salvage Fund (since 1988).						
"a"	Support: Land Line, Location, Road Maintenance, Range, Fire, Soil/Water, Wildlife/Fish Money						
	Tongass Tbr. Fund Only*	$45,800,000	$42,300,000	$34,073,000	$35,034,000	$36,955,000	$42,887,000
	Salv+RD+RM+Tbr S +Suprt	$425,890,953	$457,088,330	$457,282,159	$605,669,751	$652,864,851	$702,692,256
	* Base for Added AK Cost						
	NET CASH	($178,694,345)	($193,521,713)	($50,523,428)	($168,411,190)	($186,467,965)	($370,813,990)
	NF Fund Gross[a]	$726,045,816	$786,344,917	$862,589,366	$875,737,469	$822,700,210	$649,800,812

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Timber Program - Receipts Less Costs — 15 Years FY 1979-1993 — Per MBF CUT

	Summary	1979 Per MBF Cut	1980 Per MBF Cut	1981 Per MBF Cut	1982 Per MBF Cut	1983 Per MBF Cut	1984 Per MBF Cut	1985 Per MBF Cut	1986 Per MBF Cut	1987 Per MBF Cut	1988 Per MBF Cut	1989 Per MBF Cut	1990 Per MBF Cut	1991 Per MBF Cut	1992 Per MBF Cut	1993 Per MBF Cut
A.	Tot. Vol. Cut MBF	10.377	9.148	8.036	6.747	9.292	10.549	10.921	11.787	12.712	12.596	11.951	10.481	8.475	7.290	5.917
B.	TOT TBR RECEIPTS	$113.33	$108.56	$121.72	$82.31	$88.77	$93.72	$83.89	$95.90	$97.66	$107.23	$125.29	$135.44	$146.48	$155.87	$184.35
	C + D = COSTS															
C.	FARMARKED TBR REC	** A Wash For Cash Analysis Purpose														
	1. Purch Road Cred.	$14.91	$17.96	$23.48	$24.33	$16.57	$14.61	$9.88	$9.93	$8.20	$7.78	$8.91	$10.00	$12.34	$12.19	$10.94
	2. K.V. Fund	$10.74	$12.74	$15.54	$11.49	$18.72	$15.69	$17.04	$12.85	$15.45	$17.09	$19.22	$19.70	$22.06	$33.84	$46.47
	3. Tbr Salvage Fund	$1.19	$1.59	$1.48	$1.01	$1.53	$1.94	$1.39	$1.75	$1.43	$2.56	$12.09	$15.09	$17.10	$26.59	$32.09
	Subtotal	$26.84	$32.28	$40.49	$36.83	$36.82	$32.24	$28.32	$24.53	$25.07	$27.42	$40.22	$44.80	$52.10	$72.63	$89.50
	4a Brush Disp Dep	$4.12	$4.63	$5.46	$4.39	$5.18	$5.72	$4.92	$4.49	$4.82	$4.65	$4.56	$4.50	$7.82	$4.15	$11.06
	4b Road Maint Dep	$2.61	$3.28	$3.43	$3.89	$3.66	$4.17	$3.54	$3.67	$4.23	$4.63	$4.40	$5.12	$7.84	$7.72	$11.34
	Subtot Spec. Dep.	$6.73	$7.91	$8.88	$8.28	$8.84	$9.88	$8.46	$8.16	$9.04	$9.28	$8.96	$9.61	$15.66	$11.88	$23.01
	5a 25% Co Payment	$25.60	$24.08	$27.10	$17.82	$19.33	$20.04	$18.14	$21.09	$21.38	$23.98	$28.38	$30.82	$32.19	$34.94	$38.95
	5b 50% O&C Payment	$1.51	$1.37	$1.48	$0.86	$0.54	$0.87	$0.74	$0.80	$0.85	$1.02	$1.42	$1.27	$1.02	$1.07	$0.77
	Subtotal	$27.11	$25.45	$28.58	$18.69	$19.87	$20.91	$18.88	$21.90	$22.23	$25.00	$29.79	$32.09	$33.22	$36.01	$40.72
	FARMARKED TBR REC	$60.68	$65.64	$77.95	$63.80	$65.53	$63.03	$55.66	$54.59	$56.36	$61.70	$78.97	$86.50	$100.98	$120.53	$153.23
	ent of Rec. Earmark'd	54%	60%	64%	78%	74%	67%	66%	57%	58%	58%	63%	64%	69%	77%	83%
	APPROPRIATED COSTS															
	1. Timber Sale Admin.	$16.29	$19.55	$24.61	$23.54	$17.13	$17.78	$17.83	$14.76	$14.92	$14.73	$17.35	$24.02	$31.06	$36.18	$37.02
	2. Support	$3.47	$6.34	$8.32	$11.41	$9.04	$8.06	$8.19	$7.57	$7.24	$7.03	$9.36	$10.03	$14.04	$17.84	$19.01
	3. Reforest-TSI	$9.14	$11.10	$13.05	$13.06	$17.52	$8.11	$9.58	$8.10	$7.18	$8.74	$8.87	$9.46	$12.03	$13.24	$15.58
	4. Roads FRT/DEP	$23.65	$28.77	$32.71	$40.48	$25.37	$24.75	$21.50	$13.39	$15.02	$10.63	$10.28	$9.16	$12.21	$13.17	$16.02
	5. Gen Admin (Est)	in above	in above	in above	$17.88	$13.81	$11.74	$11.42	$8.76	$8.87	$7.81	$9.17	$10.53	$14.87	$16.06	$17.58
	6. Tong Tbr Fund	not in law		$2.90	$6.22	$4.80	$3.89	$4.31	$3.89	$3.33	$2.70	$2.93	$3.53	$5.06	$0.00	$0.00
	7. Spec '89 Approp.	'89 only	'89 only	'89 only	'89 only	'89 only	'89 only	'89 only	'89 only	'89 only	'89 only	$2.45	'89 only	'89 only	$0.00	$0.00
	TOTAL APPROP COST	$52.54	$65.75	$81.61	$113.60	$87.46	$74.36	$72.84	$56.47	$56.56	$49.54	$60.41	$66.73	$89.26	$96.28	$106.22
	Without Tongass	n.a.	n.a.	$81.64	$115.37	$85.24	$72.26	$70.02	$53.91	$54.68	$48.36	$59.71	$66.18	$87.98	$96.28	$106.22
	Total Costs (C+D)	$113.22	$131.40	$159.56	$177.30	$153.00	$137.39	$128.49	$111.06	$112.90	$111.24	$139.38	$153.23	$190.23	$216.80	$258.44
	CASH NET (B - E)	$0.11	($22.84)	($37.84)	($94.99)	($64.22)	($43.67)	($44.60)	($15.16)	($15.22)	($4.01)	($14.09)	($17.79)	($43.75)	($60.93)	($74.09)
											1988	1989	1990	1991		
	Net Rec. After Earmarking															
	N.F. Fund Net	$51.14	$41.55	$42.29	$17.64	$22.70	$29.83	$27.51	$40.51	$40.48	$44.50	$44.90	$47.67	$44.48	$34.28	$30.36
	O & C Fund Net	$1.51	$1.37	$1.48	$0.86	$0.54	$0.87	$0.74	$0.80	$0.85	$1.02	$1.42	$1.27	$1.02	$1.07	$0.77
	Total Net Rec.	$52.65	$42.92	$43.77	$18.51	$23.24	$30.69	$28.24	$41.31	$41.33	$45.52	$46.32	$48.94	$45.50	$35.35	$31.12
2	O & C Payment is	50% of Receipts														
3	NF County 25% Multiplier	$102.38	$96.32	$108.40	$71.27	$77.34	$80.16	$72.57	$84.38	$85.51	$96.90	$113.50	$123.28	$128.77	$141.86	$159.81
	Tong Fund.vs Tong Cut			$80.73	$88.76	$165.10	$157.09	$202.99	$157.19	$125.76	$85.76	$78.63	$78.34	$117.61	Fund Canceled	
	Salv+BD+RM+Tbr S +Suprt	$27.68	$35.38	$46.20	$50.46	$41.13	$41.58	$40.19	$36.13	$35.96	$36.30	$50.68	$62.28	$82.91	$92.29	$111.12
	NET CASH	$0.11	($22.84)	($37.84)	($94.99)	($63.89)	($43.67)	($44.60)	($15.16)	($15.22)	($4.01)	($14.09)	($17.79)	($43.75)	($60.93)	($74.09)
	NF Fund Grossed	$76.73	$65.63	$69.39	$35.45	$41.82	$49.87	$45.65	$61.60	$61.86	$68.48	$73.28	$78.49	$76.67		

Encl #2

Special Act Acquisitions

Private Acres and Years to Acquire

	Forest	Non. F.S. Acres
1	Cache	11,076
2	Uinta	76,824
3	Wasatch	186,591
4	Toiabye	158,782
5	Toiyabe Spec. Area	224,001
6	Angeles	38,944
7	Cleveland	144,876
8	San Bernadino	148,899
9	Sequoia	50,946
===	========	=========
	Total	1,040,939
	Years to Acquire	4,186

Acquistions and Cost 1992-1994

	Cost	Acres Acquired	Cost/Acre
FY 1992	$1,134,000	426	$2,662
FY 1993	$1,180,000	160	$7,375
Est '94	$1,212,000	160	$7,575
===	=========	=========	=========
Average	$1,175,333	249	$4,727

Source: F.S. Budget Notes page 11-2, FY 1994

Robert Wolf, Feb. 1, 1992

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Encl. #3 P-1 of 3

For years, the Forest Service has used the RV method of appr[illegible] almost exclusively. But a new approach, Transac[illegible] Evidence Appraisal, is gaining popularity

Stumpage appraisal: TEA and the Northern Region

By John A. Combes, Michael J. Niccolucci, and Ervin G. Schuster

Missoula, Montana

The U.S. Forest Service has been appraising timber for nearly a century. In the early days, appraisal processes probably relied on an eyeball mounted to the back of a horse, but as timber sales became more formalized, so did appraisals. By 1914, the Residual Value (RV) method of stumpage appraisal was firmly established and would dominate for the next 70 years.

Things are changing. Alternative stumpage appraisal methods are vying with RV. These newer methods are based on information from actual stumpage transactions, so they are referred to as *Transaction Evidence Appraisals* (TEA).



Appraisals: why and how

Federal regulations state that timber cannot be sold for less than its "appraised value." Further, they stipulate that the objective of stumpage appraisal is to estimate fair market value. Since about 1914 the Forest Service has geared its appraisal toward the operator of average efficiency, intending to not penalize the most efficient nor reward the least efficient. Current policy is for appraisals to establish the lowest value "...that will encourage purchasers to harvest the allowable sale quantity... and provide a fair return to purchasers and the government."

Until recently, the Forest Service used the Residual Value method of stumpage appraisal almost exclusively. Also known as "Analytical Appraisal" or the "Conversion Return" method, RV is simple in concept. It is based on the economic notion that the value of a raw material, such as trees on the stump, is derived from the value of the final product, such as 2x4s. Start off with an estimate of the most valuable product that could be produced from the logs. Subtract estimated production and logging costs for the operator of average efficiency. The result is "conversion return." The conversion return is divided between operator profit and risk and stumpage value, the latter constituting the "appraised" value. This value, also known as the "lowest price," serves as the lowest bid acceptable to the agency.

The RV method always has had two problems. First, it's expensive to collect and maintain the necessary information (logging costs, log recovery, milling costs, etc.). Second, the appraised value often is below the highest bid value, sometimes substantially so. As a result of these problems, along with tighter agency budgets around 1980, people began to look for alternatives to RV.

Advent of TEA

Transaction Evidence Appraisal is not *a method* of stumpage appraisal; it is a class of methods, all of which use information from market transactions as the appraisal basis. TEA generates an appraised value based on actual market information about the winning bid from stumpage sold in comparable sales.

Because all TEA methods rely on information from actual timber sales, they only differ in complexity and how the information is processed. The least complex amounts to appraiser judgment—subjective, intuitive judgments. The most complex consists of sophisticated mathematical equations.

Consider appraisal of a house. The appraisal could simply be an educated guess, based on what is known of nearby home sales. That is TEA. Further, the appraiser could develop an appraised value based on the average selling price of nearby homes; that average also could be adjusted to reflect special features, such as extra bathrooms. Those are TEA. Further still, some appraisers could organize their market information into a formula or equation and use the equation to appraise house values. That

P 2 of 3

s also TEA. Each of those TEA approaches to [illegible] has a counterpart in stu[illegible]. And like the housing [illegible] they all predict selling price.

For example, Forest Service timber stumpage appraisals in the Lake States consist simply of calculating the average selling price and using that average as the appraised price. Some national forests in the Southeast and in the Intermountain Region use TEA wherein an overall average selling price is calculated and then adjusted to reflect unusual, sale-specific conditions as related to road maintenance, erosion control, and so on.

It is very difficult to develop even moderately complicated equations from actual data without modern computers. The first equations built to appraise pulpwood in the Southeast during the late 1950s are quite remarkable because they were developed when computers were only beginning to be discussed, much less used. By the end of the 1960s, modern computers were more widely available and the Bureau of Land Management was experimenting with an equation-based system for stumpage appraisals in western Oregon. Widespread availability of high-speed computers during the 1970s made developing TEA equations much more practical.

TEA in the Northern Region

The Northern Region of the Forest Service uses an equation form of TEA. Although only recently approved for widespread application, this approach to stumpage appraisal was initially developed around 1980, with field testing beginning in 1984. Today the Northern Region's equation-based TEA is probably the most advanced in the country.

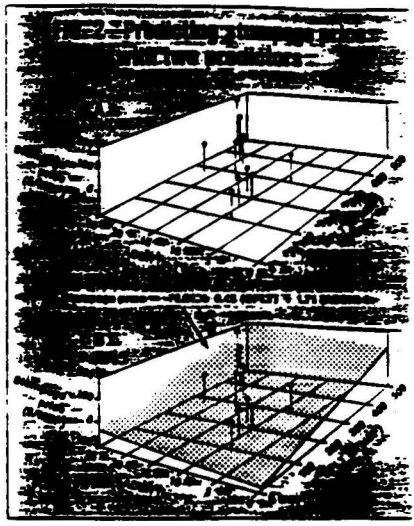
To understand TEA equations, one must first understand that all equations are not created [illegible]. There are two types of equa[illegible]scribes a relationship that [illegible]h absolute certainty. The [illegible] of a circle is such a relat[illegible] equation describing this [illegible] was true yesterday, is true [illegible] and will be true tomorrow. For a given diameter, the equation will always produce the correct answer:

Circumference = 3.14(diameter)

Many physical relationships can be described with this degree of certainty. This is *not* the kind of equation used in TEA.

Biological and economic (including stumpage appraisal) relationships are quite different. Because there are many forces operating and interacting, the outcome is never known for sure. For example, all would agree that tree height is related to tree age, but nobody would contend that you could exactly predict tree height by just knowing age. You could make a guess, but it wouldn't be too accurate. Many other things (such as rainfall) affect tree height. If we tried to predict tree height on the basis of age *and* rainfall, the prediction probably would be better, but still not perfect.

Equations in the equation-based TEA method are like those in the tree height example. They do not produce perfect predictions and probably never could. As with biological relationships, stumpage relationships are just too erratic. The best we can hope is to develop an equation that does a good job of prediction and have some idea of how far from truth our prediction might be.



In the same way as tree age could be used to predict tree height, an equation-based TEA needs predictors that are closely related to stumpage values. And because the TEA equation is used "on site" to predict stumpage price, the predictors should pertain to timber sale characteristics. The list below shows a few of the many possible sale characteristics used to predict stumpage price:

- Selling price, lumber tally.
- Average tree diameter.
- Percent harvested acres on greater than 50% slope.
- Volume harvested per acre.
- Number of cutting units.
- Harvested acres.

In the Northern Region, two to three dozen sale characteristics are treated as potential stumpage price predictors. The trick is to organize information about sale characteristics in the way that will best predict stumpage price.

Regression analysis is the mathematical technique used in the Northern Region to organize information for its equation-based TEA. Some consider regression analysis a "black box"—information goes into the box and an equation comes out. Although regression analysis can be complicated and confusing, its essential elements are quite straightforward.

First, identify the sale characteristic most closely related to final stumpage price, the highest bid price. In the Northern Region, that normally is the average lumber value represented by the species mix being sold: Selling Price, Lumber Tally (SPLT). The 10 dots on Fig. 1A show a typical scattering of SPLT-Stumpage Price pairs. Each dot represents data from a single timber sale. The Northern Region typically uses information from about 700 timber sales in its regression analysis.

Next, draw a straight line through the dots that best represents the overall trend. The line in Fig. 1B does this. The straight line can be expressed as an equation:

Predicted Stumpage Price =
-72.27 + 0.50(SPLT)

This equation could constitute a simple, equation-based TEA. The -72.27 is known as the *intercept*, the point where the line intersects the left side of the graph. The 0.50, called a *regression coefficient*, is the *slope* of the line depicting how a $1 change in SPLT affects stumpage price. For example, if SPLT were $281 per MBF, this equation would predict the final stumpage price to be $68.23 per MBF (or -72.27 + 0.50(281)).

But the wide scattering of dots in Fig. 1B around the trend line suggests the stumpage prediction equation is not perfectly accurate. If we include another important sale characteristic as a predictor, the equation's prediction ability

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will improve. Second to SPLT, average tree diameter at breast height (ADBH) is often the next-best predictor of stumpage value. Fig. 2A shows a plot of the data triplets—stumpage price, SPLT and ADBH—for the same 10 sales, like balls suspended in a box.

The three-dimensional counterpart to a two-dimensional straight line is a plane or flat surface. Fig. 2B shows the plane that best fits the pattern of dots shown in Fig. 2A. As with the straight line, the plane of Fig. 2B can be described in an equation:

Predicted Stumpage Rate = -76.01 + 0.43(SPLT) + 1.71(ADBH). Again, the -76.01 is the intercept and 0.43 and 1.71 are the regression coefficients, each portraying the effect on stumpage price of a one-unit change in SPLT and ADBH, respectively. If SPLT were $281 and average diameter were 13.0 in., the predicted stumpage price would be $67.05 per MBF (or -76.01 + 0.43(281) + 1.71(13.0)).

Two points need emphasizing. First, using a single subset of past sales, several different equations can be developed, each of which produces a different prediction of stumpage price. This is because the size of regression coefficients in each equation depends on which other sale characteristics are used as predictors in the equation. And coefficients generally change when different sales are used or when predictors are added or deleted. Because coefficients in TEA equations change, rigorous interpretation is very tricky and not advised.

Second, although a simple regression analysis can be visualized graphically, actual analysis procedures are entirely mathematical. These procedures help determine which sale characteristics to include as predictors, how many characteristics to include, and which equation is best.

The current equation used in the Northern Region is similar to the eight-predictor equation shown below:

Predicted Stumpage Price =
-86.36
+0.45 (SPLT)
+2.56 (ADBH)
+0.09 (Volume per acre)
-0.04 (% dead lodgepole pine)
-0.90 (% dead white pine)
-0.76 (% volume helicopter)
-0.50 (Miles of unpaved haul)
+0.0003 (Volume in sawtimber)

Understand that this eight-predictor equation is a logical extension of the one and two-predictor equations. Although you cannot actually visualize it, try to imagine the above equation describing the best multi-dimensional surface going through the multi-dimensional plots of the eight sale characteristics. If you can imagine it, you've got it!

However, it is not necessary to fully understand the technical interworkings of regression analysis to have a general feeling for how it operates, to appreciate its usefulness, and to actually use it. Not many of us fully understand the inner workings of the modern, internal combustion engine. Yet we appreciate and operate the automobile.

To operate the Northern Region's TEA equation, simply enter appropriate values for all sale characteristics, as before. In our example, these values are:

Predicted Stumpage Price =
-86.36
+0.45 (281)
+2.56 (13.0)
+0.09 (13.0 MBF per acre)
-0.04 (0.0 % dead lodgepole pine)
-0.90 (0.0 % dead white pine)
-0.76 (0.0 % volume helicopter)
-0.50 (1.5 miles unpaved road)
+0.0003 (2910 MBF sawtimber)
Predicted Stumpage Price =
$74.66 per MBF.

But predicting stumpage selling price is not the end. The Forest Service sells timber through an advertised auction. What price should be used to start the auction? Should it be the predicted selling price? Probably not. If the predicted selling price were used as the lowest acceptable bid price, we would fully expect more than half of the sales offered to receive no bids. That would be unacceptable. All TEA methods predict stumpage selling price. Hence, all such TEA-predicted selling prices must be adjusted to the lowest accepted bid price—the price level that would encourage active bidding.

In the Northern Region, this adjustment is called the "statistical adjustment factor." It is based on the notion that we do not know *for sure* if the predicted price is too high or too low. Note in Fig. 1B the straight line does not go through all data points. Predictions from that equation are almost always above or below the actual data points.

A technique known as "confidence intervals" is used to place upper and lower limits around the predicted stumpage price so the probability of the actual stumpage price falling between the limits is known. This procedure reflects the variability in the timber sale data. For example, given the sale data used to generate the eight-predictor TEA equation, the 90% confidence interval for the predicted stumpage price of $74.66 per MBF goes from $24.66 to $124.66 per MBF (or $74.66 ± $50.). That is, there is a 90% probability that the actual stumpage price for this timber sale will fall within the interval.

The Northern Region currently uses the 90% probability level to calculate confidence intervals. The "statistical adjustment factor" is subtracted from the predicted stumpage price to establish the lowest acceptable bid price. $24.66 per MBF (or $74.66 - $50) for the case above. This price is used to advertise the timber sale before auction.

When the timber is finally advertised and auctioned, differences between the various approaches to TEA or between TEA and RV appraisals become irrelevant. Appraisal ends and actual markets take over. In our example timber sale, the actual highest bid was $120.70 per MBF, well over either the advertised rate of $24.66 or the predicted stumpage price of $74.66.

Lightening the black box

The Northern Region has been using its equation-based TEA exclusively since 1987. Two equations are maintained, one for use on forests east of the Continental Divide and one for westside forests. Information (sale characteristics, bid values) from all timber sold since 1980 is maintained in a computer database and new sales are constantly being added. TEA equations are revised every six months, based on the most recent 36 months of timber sales. TEA performance is monitored by comparing predicted prices with actual prices.

The TEA system is overseen by a joint industry-agency committee. When the group first started working with TEA, many viewed it as a "black box." For most now, the box is gray and getting lighter. ■

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End #4

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Tongass Net Timber Receipts Left to Cover Needed Timber Appropriations
14 Years, 1980-1993
Part A, Fiscal Dollars, ASR 13-1

Fiscal Year	Purchaser Road Credit B	"KV" Fund C	Salvage Fund D #	National For. Fund E	Gross Timber Receipts F= B+C+D+E	Fed. 25% Payment G= 25%*F	N.F. Bal. Aft Earmark H = E-G
1980	$11,968,423	$9,056,966	N.A.	$4,934,045	$26,000,000	$6,500,000	($1,565,955)
1981	$10,116,132	$1,168,028	N.A.	$3,701,164	$15,000,000	$3,750,000	($48,836)
1982	$16,422,413	$2,600,638	N.A.	$2,486,464	$21,600,000	$5,400,000	($2,913,536)
1983	$8,229,573	$626,670	N.A.	($3,712,376)	$5,143,867	$1,285,967	($4,998,343)
1984	$3,272,608	($2,984,715)	N.A.	$3,552,077	$3,839,970	$959,993	$2,592,085
1985	($1,434,386)	$1,159,350	N.A.	$374,966	$99,930	$24,983	$349,984
1986	$1,716,671	$357,510	N.A.	($275,784)	$1,798,397	$449,599	($725,383)
1987	($2,933,703)	$4,116,504	N.A.	$287,305	$1,470,106	$367,527	($80,222)
1988	($847,166)	$623,320	$41,682	$1,206,998	$1,024,834	$256,209	$950,790
1989	$16,487,271	$623,713	$16,353	$2,829,374	$19,956,711	$4,989,178	($2,159,804)
10 yr. Tot	$63,017,836	$17,347,984	$58,035	$15,384,233	$95,933,815	$23,983,454	($8,599,221)
10 Yr. Av	$6,301,784	$1,734,798	$5,804	$1,538,423	$9,593,382	$2,398,345	($859,922)
1990	$19,780,676	$637,267	$5,654,659	$9,471,668	$35,544,270	$8,886,068	$585,601
1991	$22,653,801	$436,716	$2,747,994	$10,807,344	$36,645,855	$9,161,464	$1,645,880
1992	$20,479,529	$4,442,032	$2,122,219	($14,312,501)	$12,731,278	$3,182,820	($17,495,321)
1993	$12,866,230	$2,433,676	$1,177,947	($1,991,047)	$14,486,806	$3,621,702	($5,612,749)
4 Yr. Tot	$75,780,236	$7,949,691	$11,702,819	$3,975,464	$99,408,209	$24,852,052	($20,876,588)
4 Yr. Av.	$18,945,059	$1,987,423	$2,925,705	$993,866	$24,852,052	$6,213,013	($5,219,147)
14 Yr. Tot	$138,798,072	$25,297,675	$11,760,854	$19,359,697	$195,342,024	$48,835,506	($29,475,809)
14 yr. AV.	$9,914,148	$1,806,977	$840,061	$1,382,836	$13,953,002	$3,488,250	($2,105,415)

Part B, Per MBF Cut, Fiscal Dollars & Timber Cut

Fiscal Year	Purchaser Road Credit L	"KV" Fund M	Salvage Fund N	National For. Fund O	Gr. Tbr Rcpts P	Fed. 25% Payment Q	N.F. Bal. Aft Emark R	Timber Cut MBF W
1980	$27.99	$21.15	N.A.	$11.52	$60.71	$15.18	($3.66)	428,300
1981	$29.80	$3.44	N.A.	$10.90	$44.18	$11.05	($0.14)	339,500
1982	$50.28	$7.96	N.A.	$7.61	$66.14	$16.53	($8.92)	326,600
1983	$32.85	$2.50	N.A.	($14.82)	$20.54	$5.13	($19.95)	250,482
1984	$12.54	($11.44)	N.A.	$13.61	$14.71	$3.68	$9.93	260,977
1985	($6.21)	$5.02	N.A.	$1.62	$0.43	$0.11	$1.51	231,035
1986	$5.91	$1.23	N.A.	($0.95)	$6.19	$1.55	($2.50)	290,622
1987	($8.74)	$12.26	N.A.	$0.86	$4.38	$1.09	($0.24)	335,660
1988	($2.13)	$1.57	$0.10	$3.04	$2.58	$0.64	$2.39	397,345
1989	$37.08	$1.40	$0.04	$6.36	$44.89	$11.22	($4.86)	444,607
10 yr. Tot								3,305,128
10 Yr. Av	$19.07	$5.25	N.A.	$4.65	$29.03	$7.26	($2.60)	330,513
1990	$42.02	$1.35	$12.01	$20.12	$75.51	$18.88	$1.24	470,711
1991	$62.29	$1.20	$7.56	$29.71	$100.76	$25.19	$4.53	363,708
1992	$55.40	$12.02	$5.74	($38.71)	$34.44	$8.61	($47.32)	369,698
1993	$38.55	$7.48	$3.62	($6.12)	$44.53	$11.13	($17.25)	325,297
4 Yr. Av.	$49.55	$5.20	N.A.	$2.60	$65.00	$16.25	($13.65)	382,353
14 Yr. Tot								4,834,542
14 yr. AV.	$28.71	$5.23	N.A.	$4.00	$40.41	$10.10	($6.10)	345,324

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STATEMENT OF
JAMES R. LYONS, ASSISTANT SECRETARY
NATURAL RESOURCES AND ENVIRONMENT
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommittee on National Parks and Public Lands
and the
Subcommittee on Oversight and Investigations
Committee on Natural Resources
United States House of Representatives

Concerning "New Directions for the Forest Service"

February 3, 1994

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am pleased and honored to be here today with Chief Jack Ward Thomas to discuss the Administration's goals for positioning the Forest Service to meet the challenges of tomorrow. I know you share my deep concern for management of the Nation's forests in order to meet the needs of the American people today, and to continue to meet those needs on into the 21st Century and beyond. This is a humbling responsibility, for we are continually charged with balancing the needs of people today with those of future generations.

I would like to begin by emphasizing the confidence that Secretary Espy and I have in the ability of Chief Thomas to lead the Forest Service. We are truly fortunate to have a resource professional of the caliber of Jack Ward Thomas to head the Agency in these difficult times. Jack, and his Associate Chief Dave Unger, make-up a highly

skilled and motivated management team that is in the right place at the right time.

Today, I will confine my remarks to the Administration's goals for change and discuss some key challenges we'll face. I'll let Jack tell you his vision for the Forest Service and how he plans to address these goals and challenges.

My goals

I have three major goals as Assistant Secretary. I believe they provide an essential starting point for preparing the Forest Service and forestry to enter the next century. They reflect my strong belief that the Forest Service must regain public trust and respect by building on the strong professional foundation which has served the Nation so well for so many years. At the same time, some changes are necessary to address problems and to refocus our actions clearly on good land stewardship and conservation practices. It is imperative that we do this, if we are to maintain the functioning and productivity of ecosystems and provide for people's needs in a way that is sustainable over the long term.

Restoring Credibility

My first goal is to restore the credibility of the USDA Forest Service in the eyes of the public we serve. Forestry, the Forest Service, and forestry professionals have been much maligned in recent years. We

must work to respond to valid criticisms and work to regain the public trust.

In large part, these public perceptions stem from the belief that the agency's sole purpose in forest management is to harvest timber. It is reflective of the fact that timbering on the National Forests grew substantially during recent decades, and that clearcutting has been the tool of choice more often than not. Harvesting timber is a tool of forest management. It should not be the sole purpose. Management should not be driven to achieve some independently-conceived harvest goals. Clearly, management should not result in degradation of the functioning of basic forest ecosystems. It is time that we recognize the public's concern on this subject and make appropriate changes. A high priority is to correct any problems caused by past management activities.

Criticism also stems from circumstances that have led to questions about the integrity of some aspects of Forest Service management. Some examples include inadequate monitoring of reforestation contracts to prevent use by contractors of undocumented workers; insufficient enforcement related to timber theft; and cases where some law enforcement agents may have been unduly hampered in their efforts to investigate wrongdoing and institute proper enforcement actions. In that regard, I would like to state that both Jack and I are unequivocally committed to addressing these issues head-on, and have taken actions to address them.

A new approach to forestry, coupled with intensified emphasis on integrity in management, are both important actions needed at this time. The Forest Service has a long and proud tradition. A renewed commitment to addressing the needs and concerns of all Americans, by using the full range of management options at our disposal, can go a long way toward restoring public confidence in our programs and our people.

Reinforce Professionalism

My second goal is to reinforce the professional role of resource managers who make up the Forest Service -- the foresters, silviculturalists, soil and water specialists, wildlife and fisheries biologists, range conservationists, and others who are responsible for on the ground management. Too often in the past, forestry professionals have felt pressured to compromise their views, to make what they believed to be the politically-correct call instead of the professionally-responsible one. Forest Service professionals and agency managers should give me facts, options, and recommendations based on sound land management principles and public input. Political judgments that have to be made in guiding national forest management must be left to those of us who have been given that responsibility.

This may be the place to address the concern that this Administration intends to break with the long-standing tradition of professional leadership at the helm of the agency. Let me make abundantly clear that that is not the case. We are committed to maintaining the Chief

of the Forest Service as a person who comes from the ranks of the agency, who has been a career civil servant, and who has the highest professional standing. Jack Ward Thomas certainly meets these qualifications. We remain committed to return the position of the Chief to career status as soon as possible.

Move Forward with Ecosystem Management

My third goal is to move forward with an ecosystem management approach, one that is scientifically sound, ecologically-based, and integrated. This is the foundation for our new approach for managing the Nation's forests and rangelands. Strategies like ecosystem management and landscape or watershed-based planning are designed for the long term. Common sense dictates that this approach, one that considers the sum of the parts rather than each piece in isolation, is the proper way to proceed.

Ecosystem management is a system which seeks to manage the whole, rather than the individual parts of the forest. It is a management approach that steps back from the forest stand and focuses on the forest landscape. Ecosystem management links the human dimensions of natural resource management with the ecological elements. Finally, it is a management approach that incorporates and builds upon science.

In short, we face the immediate challenge of managing forest resources in an integrated and coordinated fashion. The social, economic, biological, and ecological elements of the forest landscape must be

linked to ensure that the capacity of the forest to produce the goods and services necessary to meet the ever changing demands of human beings, under ever changing natural conditions, continues -- unchanged.

To my way of thinking, this is the logical transformation of multiple-use management, a mandate given the agency 3 decades ago. Translation: Multiple resource management.

Challenges We Face

Many of the challenges we face are already upon us -- restoring public confidence; responding to an increasingly diverse clientele with different and sometimes conflicting values and goals; diversifying our workforce to better reflect the culturally diverse citizenry we serve, to encourage different points of view, and to involve different disciplines and areas of expertise in formulating our policies and management plans. These challenges must be met in a time of shrinking budgets and reduced workforce.

Clearly we must become more efficient and responsive and concentrate our efforts on the most important tasks. We must focus resources available -- both fiscal and human -- to implement our long-term vision. We would like to work with the Congress to ensure that we meet the goal of providing long term stewardship of our forest and rangeland resources.

In addressing these challenges, the President and the Administration are willing to make the tough choices, provide necessary leadership, and cooperate with others as needed to end the logjam on major public policy issues. We have placed great emphasis on Federal agencies working together as a team to meet public needs. This is particularly evident in the President's Plan for the Pacific Northwest, an effort to which Chief Thomas devoted great energy and professional talent. It is also true in our efforts to work with the Congress in reform of the 1872 Mining Law, to improve management of our rangelands, and to develop a strategy for protection of Pacific salmon fisheries, all issues of key interest to Members of this Committee.

Finally, I would like to address specifically a project underway to address address the twin missions of the Administration's National Performance Review--to make government work better and cost less. This projecst will also address fundamental change within the Forest Service. Chief Thomas and I have asked Hank Montrey, Associate Deputy Chief for the National Forest System, to lead a team to identify a process and develop strategies for creating the Forest Service of the future. This effort is well underway. The team is engaged in an open and highly participatory process that involves people within and outside the Forest Service and looks hard at people's ideas to improve what the Forest Service is doing and how the it is doing it. Part of the effort includes assembling information from earlier reinvention efforts throughout the Forest Service. We are looking particularly hard at ways to reduce overhead costs and provide more attention to meeting customer needs at the local level, and towards basic land

management on-the-ground. A prime consideration is structuring an organization that has the appropriate resources and the delivery system needed to address the challenges that remain in this century and beyond. As a result of simple demographics, the agency will face a significant turn-over in leadership during the next two years. This, too will position us with a tremendous opportunity and a significant challenge as we work to "reinvent" the Forest Service. We would like to work closely with the Congress as this "reinvention" effort unfolds.

Closing

I would like to close by re-emphasizing the the optimism I feel, and I hope you share, for our future, for the future of the Forest Service, and for the future of our forests and rangelands. There are a great many challenges ahead. They will require our combined energy, imagination, and resourcefulness. But they can also provide us with great opportunities. I look forward to working with Chief Thomas and with the Congress as we move forward to meet these challenges.

Mr. Chairman, that concludes my statement and I would be happy to answer your questions.

STATEMENT OF
DR. JACK WARD THOMAS, CHIEF
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the

Subcommittee on National Parks, Forests and Public Lands
and the
Subcommittee on Oversight and Investigations
Committee on Natural Resources
United States House of Representatives

Concerning "New Directions for the Forest Service"

February 3, 1994

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am honored to deliver my first testimony to Congress as Chief of the Forest Service. I would like to express appreciation to Secretary Mike Espy and Assistant Secretary James Lyons for the confidence they have shown me. The challenges the Forest Service faces are great. With the support of the Secretary and Assistant Secretary, others in the Administration, and the Congress, the dedicated employees of the Forest Service can make significant progress in resolving the issues in land management that the Nation faces.

Core Values

Before addressing my agenda as Chief, I want to describe the core values which shape my goals for the Forest Service. I share a land ethic put forward by an early Forest Service employee named Aldo

Leopold, and I quote "A thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community." This ethic accepts short-term constraints on human treatment of land so as to ensure long-term preservation of the integrity, stability, and beauty of the biotic community. I believe that human activity that is consistent with this ethic is properly within the realm of resource management options. Activity which would not be consistent with the long-term preservation of the biotic community should be resisted for all but the most compelling reasons. I believe my views are consistent with the intent of existing applicable statutes that guides Forest Service activities. I also recognize that people are inseparable from the ecosystems of which they are a part and people's varied needs must be continually examined and accommodated if there is to be any national consensus about how our forests and rangelands are to be treated.

An essential characteristic of any organization with a strong land ethic is a commitment to the truth. Forest Service employees, Administration officials, and the Congress will be making hard decisions concerning the policy and management of the people's forests over the next few years. The reliability of the information on which these decisions should be based is partly a product of the willingness of administrators to seek out, demand, and listen to the truth--however disappointing or disconcerting that may be in the short term. As Chief, I see my role as fostering an organizational climate where diversity of viewpoint is accepted, where bad news can be safely delivered, where honesty is consistently rewarded, and where we all

pull together to carry out management decisions that are openly made.

Additionally my core values include a commitment to exercise leadership, bring about needed change, and a desire to be judged on results. Actions truly speak louder than words.

Much has been made of ecosystem management--a concept in which I fully believe and to which I have given my support. But we need to take the next step in implementing ecosystem management and do it soon. Unless we are able to quickly develop tools to measure the health and vigor of our forests and rangelands and the plant and animal communities of which ecosystems are composed; unless we implement management strategies that truly conserve biodiversity and maintain aesthetic values--while producing needed commodities; we have changed only labels, and not actual management. The actual change is the important thing and I ask that my tenure as Chief be evaluated on actions, not words.

Why I Am Optimistic

The challenges Forest Service folks face in building on the proud history and the best traditions of the organization are well known. Some, such as bringing stability to the management of the National Forests of the Pacific Northwest, implementing ecosystem management, and reforming mining and range management laws and regulations, are shared with other Federal land management agencies. Others, such as

resolution of highly-publicized problems with undocumented workers, timber theft, and improved confidence in the Agency, are not unique to the Forest Service but are problems we will and are addressing. The Forest Service will face these challenges head on. We will make change where necessary and will seek your assistance when legislated remedies seem imperative. Having already had a long and rewarding career of 37 years in natural resource research and management, I would not have accepted the position of Chief if I were not convinced that these challenges can be met.

My optimism is grounded in the belief that the Administration and the Congress are committed to do what is best for the land which we hold in trust for the American people and to do what is right for the American people over the long term. Equally important is my faith in the ability of the Forest Service as an organization of highly-skilled, highly-motivated, and intensely-dedicated professionals to serve as the world's premier conservation organization.

This faith is not based on empty hopes; it is based, in part, on positive change. Forest cover in the United States, particularly on eastern forests, is greater today than it was 70 years ago; the rate of growth of our forests continue to exceed the rate of removal. Elk populations, once on the verge of extinction, are now near an all time high. Rangelands have been improved. Wild turkey and ruffed grouse, species somewhat dependent on managed forests, are more widely distributed than ever before. The Forest Service has had a hand in

all of these outcomes. Conversely, some species have fared poorly. But, it should not be forgotten that the Forest Service has led the way in coming to resolution of the premier issue over threatened species--the northern spotted owl--through research efforts, synthesis of information and management leadership.

Examples of successes even more directly related to Forest Service programs also come to mind. They include: technology transfer efforts; challenge cost-share programs; research (I am a proud alumnus of FS research); human resource programs; the wildland fire organization; outdoor recreation; and many others.

Finally, I believe that my optimism is most thoroughly justified by the commitment and professionalism of our increasingly diverse workforce.

I must say that my optimism is somewhat tempered by what I see as a growing perception that, with enough science, we can find an impeccable solution to any resource management problem. We live in a society that seems to demand instant and perfect and perennially acceptable answers, but the Forest Service manages a resource that responds to human activity over time frames of millennia. Through science, we can describe options for addressing management problems and provide assessments of their consequences. But science simply will not and can not give society "the answer." Science is only a tool--in the end, all managerial decisions are moral, not technical.

Challenges faced by the Forest Service and how we propose to resolve them

I turn now to some of the major challenges facing the Forest Service and how I think the Forest Service will respond. I hope you will remember that I have been Chief for only two months and am still gathering information and understanding from many sources. That continued learning may affect my view of where we are and how we need to move to respond to today's and future challenges.

Implementation of ecosystem management

First, we must quickly and successfully implement ecosystem management. Successful implementation will affect more than how we manage National Forests and Grasslands. It will also change how the Forest Service interacts with other land owners; how we are organized; and how we request and allocate resources.

Ecosystem management is a term much in vogue but too little understood. As an ecologist, I have spent much of my career studying ecosystems and how they work. These systems are incredibly complex and we will never understand ecosystems completely. But we have learned a great deal. And make no mistake, we have no option but to continue to move forward in natural resource management on the basis of what we know or think we know. But, we must quickly adapt to new information and new understanding as it becomes available.

Ecosystem management is a holistic approach to natural resource management, moving beyond a compartmentalized approach focusing on the individual parts of the forest. It is an approach that steps back from the forest stand and focuses on the forest landscape and its position in the larger environment in order to integrate the human, biological, and physical dimensions of natural resource management. Its purpose is to achieve sustainability of all resources.

The Forest Service has already employed ecosystem management principles in a number of situations. The Eastside Forest Ecosystem Health Assessment and the revised management strategies for the Ouachita National Forests are two well known cases. We are building on the knowledge gleaned from these efforts to develop new operating practices. Also, the Forest Service is changing planning regulations to incorporate ecosystem management principles. These regulations will drive future planning and management activities on the National Forests and Grasslands.

A key element of ecosystem management is a consistent monitoring effort, an evaluation of management applied, and to outcomes of that management. Where necessary, this evaluation is used in adapting our management to incorporate new information. Monitoring cannot continue to be treated as an appendage that may or may not be done based on future funding. In the past, we have proposed mitigation for risky courses of action by promising rigorous monitoring and mid-course

correction. Frankly, we have not always carried out the required and promised monitoring--nor have we always been funded to do so.

The role of science in implementing ecosystem management

The underpinning of good resource management by the Forest Service has been and will be science. In implementing ecosystem management, the use of science in the decision making process will be enhanced. The contribution of science and scientists to better natural resource management decisions will require continued and strengthened independence of our research program. At the same time, we must develop guidelines for enhanced collaboration between scientists and decision makers without compromising scientists, and the continuous upgrading of the technical skills of our work force.

These are the technical aspects of ecosystem management. Equally important are the changes we must make in the way we approach our job.

The importance of collaboration

More than ever before, we recognize that successful management requires collaboration with others. The Forest Service has a rich tradition of using partnerships to accomplish organizational goals. For example, we have developed no less than 12,000 on-going relationships with a host of outside interests. We also collaborate with sister agencies at all levels of government; universities and

colleges; and rural communities through our assistance programs. Outstanding results of these efforts are shown in the President's Forest Plan for the Pacific Northwest, in which many agencies participated, and in the work we have done with the Bureau of Land Management and others in analyzing proposals for rangeland management reform and strategies for protecting Pacific salmon fisheries.

But we will do more. We will create forums where reasonable people--be they environmentalists, industry representatives, recreationists, or government officials, i.e., anyone with a stake in the management of our Nation's forests and rangelands--can come together to discuss issues, learn from one another, and work toward a consensus on how forests and rangelands should be managed. I believe that a common ground can be found, one that a majority of Americans will support.

Integrated Resource Programs

Another task facing the Forest Service is to establish and clearly state the desired outcomes from our management and development of programs to achieve desired outcomes. We need to evolve beyond individual functional programs (timber, fish and wildlife, grazing, water, and recreation) and realize that the total is greater than the sum of the parts. We fully expect to demonstrate to all that their individual interests are being satisfied in the process of the shift toward more integrated management programs.

An example of the type of change needed is the direction I have recently given, with the input of Congress, to eliminate traditional timber "targets" in our 1994 budget allocations. Rather than assigning funding to meet timber targets, National Forests are being held accountable for meeting timber production goals that are appropriate and attainable given land stewardship objectives.

Also, we will continue and accelerate, within available resources, the emphasis on improved wilderness management and on meeting enhanced and defined fish, wildlife, recreation, rangeland, and watershed protection objectives in carrying out the overall job of stewardship. For example, overall resources devoted to recreation and wildlife programs in 1994 is about 1.5 times that for timber sales administration and management.

We need to reexamine our fire management programs in light of broader ecological objectives. We must emphasize collaboration and incentives to achieve stewardship on non-Federal forest ownerships--particularly those in proximity to the National Forests. After all, ecosystems do not stop on National Forest boundary lines. I want to make clear we want to collaborate--this does not imply that we seek any additional authority over activities on private lands.

We must evaluate these component programs carefully to ensure that they are realistic to implement, are integrated, and provide significant gains toward the desired outcome.

Organizational Effectiveness

In 1994, the Forest Service is moving toward the challenges of the 21st century with an organization developed to meet the management objectives of the 1950's and 1960's. Our current organization structure evolved in response to our traditional multiple-use constituencies: livestock grazing, timber, wildlife, recreation, water users, and mining. This functional orientation is reinforced by an appropriation process replete with multiple budget line items designed to target dollars to produce specific resource outcomes. Process and the bureaucracy to maintain this functional orientation have become too much the focus of organizational activity and consume too much of available resources. The situation is not unique to the Forest Service. Through the National Performance Review, the Clinton Administration is working to redirect government energy away from a preoccupation with process to a focus on customer service. The Forest Service is a part of this effort having been designated as a "reinvention laboratory". We vigorously sought and now relish that challenge.

Our initial step toward reinvention has been to create a Forest Service Reinvention Team. The team's charter is broad and they have been instructed to be bold in thinking and execution. The team is looking at all aspects of how we do business and is collecting ideas from our customers and collaborators--as well as our employees--in developing recommendations for re-inventing our organization. The

desired outcome of this process will be to create an organization that has a stronger customer orientation, based on a better understanding of their expectations. Another reinvention goal is to better integrate science into the decision making process. Finally, program coordination, both within the Forest Service and with other land management agencies, will also be enhanced and, more of our resources will be concentrated where it counts--on the land itself.

The team is scheduled to present its recommendations to me early this spring. We look forward to sharing with you the results of the team's efforts and will work closely with the Congress as this effort moves forward.

Finally, the Forest Service cannot be the world's conservation leader for the future using yesterday's tools. In coordination with the Department and with other agencies, we must continue to develop, acquire and effectively use a full array of technological innovations ranging from automated information management tools to the latest in gene splicing equipment.

Where will all of this take us

I would like to close by reflecting on what I want the Forest Service to be when my tenure as Chief comes to an end. With proper support, I believe we can manage National Forests and Grasslands so they are a showcase for conservation--a model for resource managers throughout the world. Ecosystem management will no longer be a buzzword, having

become a set of management processes and practices that focus on producing conditions and outcomes desired by the American people. Programs will take us to forest, rangeland, and water resource conditions that are in accord with our mandated responsibilities--conditions will not be the result of piecemeal resolution of interest-group demands or the latest court injunction. This vision is consistent with our mission of caring for the land and serving people and the principles that guide our actions.

The Forest Service will grow in stature and develop as an organization as ecosystem management is implemented. The Forest Service is a good outfit. I think it to be the very best of its kind in the world--but, we are not nearly as good as we need to be, should be, want to be or will be. I want to close this gap by continuing to build a team of highly trained, intensely motivated, professionals with an obvious passion for the welfare of natural resources and for public service. Our actions will be consistent with law and regulations. We will rely on the best science and technology available. And we will reflect a broad spectrum of viewpoints gained from our employees and from up-front public participation in the decisionmaking process. We will get more of our resources to the ground where we can best provide customer service. In communicating with the American people, the Forest Service will stress conservation leadership. But, we will focus on selling good conservation principles and practices, not on selling the Forest Service.

I would like to tell you that the results of our new way of doing business will be rapidly discernible even to the casual observer but--it won't. The condition of our forests today is a result of decisions made decades ago under the mandates and understanding of the times. It will take decades for the beneficial effects of ecosystem management to be clearly seen. Our intention is the long-term sustainability, diversity, and productivity of our natural resources. This places a special burden on all Forest Service people to carry out our work with fortitude, perseverance, and consistency, for the benefit of both present and future generations. But as I said before, if I did not think the Forest Service were up to the task, I would not be here before you today.

Thank you for hearing me out. I would be happy to answer your questions.

Background
Oversight Hearing on Forest Service Reform

HISTORY

The first forest reserves were designated from the public domain by President Benjamin Harrison in 1891 as the result of legislation (the Forest Reserve Act) which gave the President this authority. In 1897, Congress passed the Forest Management Act to clarify the purposes of the reserves (watershed protection, forest protection and timber supply). This Act is referred to as the Forest Service's organic act. The reserve system dramatically increased in size under President Theodore Roosevelt who was influenced by Gifford Pinchot, America's first professional forester. In 1907, Congress removed the President's authority to create forest reserves. In the hours preceding the law going into effect, Roosevelt, with the help of Pinchot, designated millions of additional acres. These became known as the "midnight reserves".

Between 1891 and 1905, the forest reserves were managed by the General Land Office of the Department of the Interior. In 1905, Congress, at the urging of President Roosevelt, transferred them to the U.S. Department of Agriculture and established the Forest Service with Gifford Pinchot as its first Chief. The forest reserves were renamed national forests in 1907.

Because there was little public domain land in the east, all the early national forests were located in western states. Congress remedied this by passing the Weeks Act of 1911 and the Clark-McNary Act of 1924 which authorized the Forest Service to purchase private lands which had been logged and abandoned. The Forest Service restored these lands and eastern national forests were established.

Influenced by Aldo Leopold, one of its employees in the Albuquerque Regional Office, the Forest Service designated in 1924 the nation's first administrative wilderness area, the Gila Wilderness in New Mexico. In the 1930's, the Forest Service designated an entire wilderness system, the idea of Bob Marshall, the Director of Recreation in the Forest Service's Washington office. In 1964, the Congress passed the Wilderness Act which gave these areas legislative protection instead of administrative.

Much legislation has been passed over the years pertaining to the Forest Service. Probably the most significant have been the Multiple Use-Sustained Yield Act of 1960, the Forest and Rangeland Renewable Resources Planning Act of 1974 and the National Forest Management Act of 1976.

RESOURCES

Today the Forest Service manages 191 million acres in 159 national forests and 19 national grasslands. These lands include 34 million acres of wilderness; 4,316 miles of wild and scenic rivers; 120,000 miles of trails; habitat for much of the nation's wildlife and fish species including 33% of all threatened and endangered species; the majority of the watershed lands in western states; 288 million recreation visitor days, the most of

any land management agency; and 9.4 million animal unit months of grazing under 9,900 grazing permits. The national forest system also includes mining, oil and gas development and timber harvesting. In FY 1992, 26,539 mineral cases were processed and 7.2 billion board feet of timber was harvested.

ORGANIZATION

The Forest Service has approximately 36,000 employees, the most of any land management agency. It is led by the Chief, Jack Ward Thomas, assisted by an Associate Chief, Dave Unger. Under these two officials are six branches each led by a Deputy Chief. These branches are (1) the National Forest System, (2) Research, (3) State and Private Forestry, (4) International Forestry, (5) Programs and Legislation and (6) Administration.

The National Forest System is divided into nine Regions each led by a Regional Forester. Each Region is divided into national forests led by forest supervisors and each national forest is divided into ranger districts led by district rangers. There are approximately 900 ranger districts in the 159 national forests.

The Research Branch includes eight research stations located in each region of the country. These stations administer 183 research work units in 74 project locations in the United States, Puerto Rico and the Pacific Islands Trust Territories. These units include three notable research institutes. The International Institute of Tropical Forestry in Puerto Rico, the Institute of Pacific Islands Forestry in Hawaii and the Aldo Leopold Wilderness Research Institute in Montana. With over 700 Scientists producing over 2,000 publications annually, the Forest Service research branch is the largest natural resource research organization in the world.

The International Forestry Branch provides technical assistance to nations throughout the world. Recent priorities have been tropical forests and the boreal forests of the former Soviet Union.

The State and Private Forestry branch provide grants and technical assistance to forests that are not federally owned. Its priority are the 57% of the nation's forests that are in nonindustrial private ownership. It maintains close relations with State Foresters who receive some of their funding from the Forest Service.

BUDGET

The annual budget of the Forest Service is appropriated each year by the Interior and Related Agencies Appropriations Act in 72 line items and is approximately $3.4 billion, the largest of any land management agency. The Forest Service has proposed to the Appropriations Committee to simplify the budget by reducing the number of line items to 42. The Forest Service returns to the Treasury approximately $1.4 billion in annual receipts. The largest share of the budget goes to the management of the national forest system.

The budget includes several special trust funds, independent of the normal appropriations process. The most significant is the Knutson-Vandenberg (K-V) fund financed by funds deposited by timber sale purchasers. It provides the Forest Service with over $200 million annually. Its purpose is to restore lands that have been harvested through reforestation and projects for wildlife, fish, watersheds and recreation. The K-V fund has become controversial. Some argue that it has made the Forest Service dependent on selling timber to finance its organization. Others say it is beneficial because it makes timber companies pay to restore the lands they have logged.

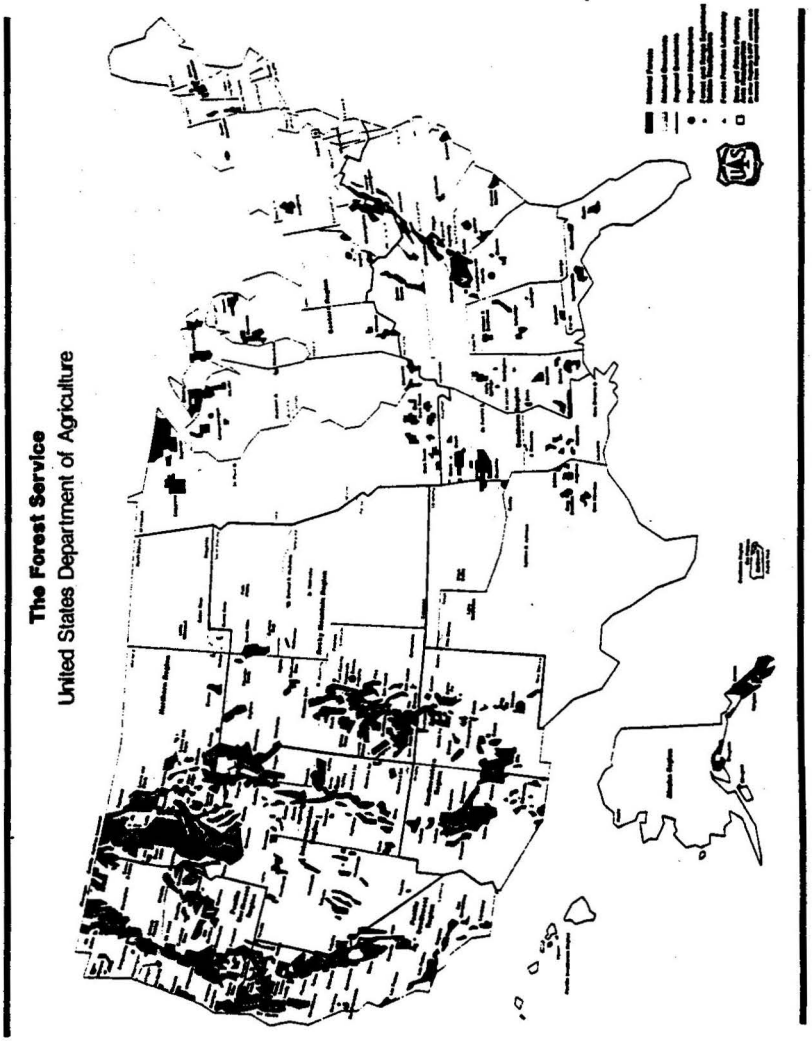
25% of most of receipts generated by the national forests are returned to the states and counties where the national forests are located. This totals over $300 million a year. Its purpose is to fund roads and schools in areas where national forest lands are not part of the normal tax base. Since most of this money comes from selling timber, this fund has become controversial. Local governments have become dependent on national forest timber sales to fund their programs.

ISSUES AND CONTROVERSIES

In every Administration in recent history, Forest Service policies have generated significant controversies, especially in the public domain forests of the west which comprise the primary jurisdiction interest of the Natural Resources Committee. Especially during the past two Administrations, the perceived agency bias toward timber harvest to the detriment of other forest resources has in many cases resulted in a virtual gridlock of appeals to the courts and the Congress for intervention in Forest Service management decisions.

Among the controversies facing the Clinton Administration are the policy questions of whether and how to implement ecosystem management, reduce taxpayer subsidies for timber road building, eliminate below cost sales, protect remaining old-growth and roadless areas, and a host of other changes in Forest Service budgeting and internal operations.

The fundamental issue facing policymakers is how the Forest Service should balance commodity extraction programs with non-commodity amenity programs. The goal of providing the nation with forest commodities such as timber, grazing, minerals and oil and gas often directly conflicts with the goal of providing the nation with forest amenities such as wildlife, fish, watersheds, recreation and wilderness. Both goals are mandated in statute. This basic conflict has polarized interest groups and policymakers, created internal divisions within the Forest Service and become the root cause of most of the controversies facing the Forest Service today.


The Forest Service
United States Department of Agriculture

Field Offices of the Forest Service

United States Department of Agriculture

REGIONAL HEADQUARTERS AND NATIONAL FORESTS

Northern Region
Federal Bldg.
P.O. Box 7669
Missoula, MT 59807

Idaho

Clearwater	Orofino	83544
Idaho Panhandle National Forests[1]	Coeur d'Alene	83814
Coeur d Alene		
Kaniksu		
St. Joe		
Nez Perce	Grangeville	83530

Montana

Beaverhead	Dillon	59725
Bitterroot	Hamilton	59840
Custer	Billings	59403
Deerlodge	Butte	59703
Flathead	Kalispell	59901
Gallatin	Bozeman	59771
Helena	Helena	59626
Kootenai	Libby	59923
Lewis and Clark	Great Falls	59403
Lolo	Missoula	59801

Southwestern Region
Federal Bldg.
517 Gold Ave. SW
Albuquerque, NM 87102

Arizona

Apache-Sitgreaves[1]	Springfield	85938
Coconino	Flagstaff	86004
Coronado	Tucson	85701
Kaibab	Williams	86046
Prescott	Prescott	86303
Tonto	Phoenix	85010

New Mexico

Carson	Taos	87571
Cibola	Albuquerque	87113
Gila	Silver City	88061
Lincoln	Alamogordo	88310
Santa Fe	Santa Fe	87504

Pacific Southwest Region
630 Sansome St.
San Francisco, CA 94111

California

Angeles	Arcadia	91006
Cleveland	San Diego	92188
Eldorado	Placerville	95667
Inyo	Bishop	93514
Klamath	Yreka	96097
Lassen	Susanville	96130
Los Padres	Goleta	93117
Mendocino	Willows	95988
Modoc	Alturas	96101
Plumas	Quincy	95971
San Bernardino	San Bernardino	92408
Sequoia	Porterville	93257
Shasta-Trinity[1]	Redding	96001
Sierra	Fresno	93721
Six Rivers	Eureka	95501
Stanislaus-Calaveras Big Tree[1]	Sonora	95370
Tahoe	Nevada City	95959
Lake Tahoe Basin Management Unit	South Lake Tahoe	95731

Rocky Mountain Region
11177 West 8th Ave.
P.O. Box 25127
Lakewood, CA 80225

Colorado

Arapaho-Roosevelt[1]	Fort Collins	80526
Grand Mesa, Uncompahgre and Gunnison[1]	Delta	81416
Pike-San Isabel[1]	Pueblo	81008
Rio Grande	Monte Vista	81144
Routt	Steamboat Springs	80487
San Juan	Durango	81301
White River	Glenwood Springs	81602

Nebraska

Nebraska-Samuel R. McKelvie[1]	Chadron	69337

South Dakota

Black Hills	Custer	57730

Wyoming

Bighorn	Sheridan	82801
Medicine Bow	Laramie	82070
Shoshone	Cody	82414

Intermountain Region
Federal Bldg.
324 25th St.
Ogden, UT 84401

Idaho

Boise	Boise	83702
Caribou	Pocatello	83201
Challis	Challis	83226
Payette	McCall	83638
Salmon	Salmon	83467
Sawtooth	Twin Falls	83301
Targhee	St. Anthony	83445

Nevada

Humboldt	Elko	89801
Toiyabe	Sparks	89431

Utah

Ashley	Vernal	84078
Dixie	Cedar City	84720
Fishlake	Richfield	84701
Manti-LaSal[1]	Price	84501
Uinta	Provo	84601
Wasatch-Cache[1]	Salt Lake City	84138

Wyoming

Bridger-Teton[1]	Jackson	83001

Pacific Northwest Region
319 SW Pine St.
Portland, OR 97208

Oregon

Deschutes	Bend	97701
Fremont	Lakeview	97630
Malheur	John Day	97845
Mt. Hood	Gresham	97030
Ochoco	Prineville	97754
Rogue River	Medford	97501
Siskiyou	Grants Pass	97526
Siuslaw	Corvallis	97339
Umatilla	Pendleton	97801
Umpqua	Roseburg	97470
Wallowa-Whitman[1]	Baker	97814
Willamette	Eugene	97440
Winema	Klamath Falls	97601

Washington

Colville	Colville	99114
Gifford Pinchot	Vancouver	98661
Mt. Baker-Snoqualmie[1]	Seattle	98104
Okanogan	Okanogan	98840
Olympic	Olympia	98507
Wenatchee	Wenatchee	98809

[1] Two or more separately proclaimed National Forests under one supervisor

Eastern Region
310 West Wisconsin Ave.
Milwaukee, WI 53203

Illinois

Shawnee	Harrisburg	62946

Indiana and Ohio

Wayne-Hoosier[1]	Bedford	47421

Michigan

Hiawatha	Escanaba	49829
Huron-Manistee[1]	Cadillac	49601
Ottawa	Ironwood	49938

Minnesota

Chippewa	Cass Lake	56633
Superior	Duluth	55801

Missouri

Mark Twain	Rolla	65401

New Hampshire and Maine

White Mountain	Laconia	03247

Pennsylvania

Allegheny	Warren	16365
Grey Towers National Historic Landmark	Milford	18337

Vermont and New York

Green Mountain and Finger Lakes[1]	Rutland	05701

West Virginia

Monongahela	Elkins	26241

Wisconsin

Chequamegon	Park Falls	54552
	Rhinelander	54501

Southern Region
1720 Peachtree Rd., NW.
Atlanta, GA 30367

Alabama

National Forests in Alabama[1]	Montgomery	36107
William B. Bankhead		
Conecuh		
Talladega		
Tuskegee		

Arkansas

Ouachita	Hot Springs Nat'l Park	71902
Ozark-St. Francis[1]	Russellville	72801

Florida

National Forests in Florida[1]	Tallahassee	32301
Apalachicola		
Choctawhatchee		
Ocala		
Osceola		

Georgia

Chattahoochee and Oconee[1]	Gainesville	30501

Kentucky

Daniel Boone	Winchester	40391

Louisiana

Kisatchie	Pineville	71360

Mississippi

National Forests in Mississippi[1]	Jackson	39269
Bienville		
Delta		
DeSoto		
Holly Springs		
Homochitto		
Tombigbee		

Southern Region (continued)

North Carolina

National Forests in North Carolina[1]	Asheville	28802
Croatan		
Nantahala		
Pisgah		
Uwharrie		

Puerto Rico

Caribbean	Rio Piedras	00928

South Carolina

Francis Marion and Sumter[1]	Columbia	29202

Tennessee

Cherokee	Cleveland	37320

Texas

National Forests in Texas[1]	Lufkin	75901
Angelina		
Davy Crockett		
Sabine		
Sam Houston		

Virginia

George Washington	Harrisonburg	22801
Jefferson	Roanoke	24001

Alaska Region
Federal Office Bldg.
P.O. Box 21628
Juneau, AK 99802

Alaska

Chugach	Anchorage	99501
Tongass-Chatham	Sitka	99835
Tongass-Ketchikan	Ketchikan	99901
Tongass-Stikine	Petersburg	99833

RESEARCH HEADQUARTERS AND STATE AND PRIVATE FORESTRY

Intermountain Forest and Range Experiment Station
324 25th St., Ogden, UT 84401

North Central Forest Experiment Station
1992 Folwell Ave., St. Paul, MN 55108

Northeastern Forest Experiment Station
100 Matsonford Road, Suite 200
Radnor, PA 19087

Pacific Northwest Forest and Range Experiment Station
P.O. Box 3890
Portland, OR 97208

Pacific Southwest Forest and Range Experiment Station
1960 Addison St., Berkeley, CA 94704

Rocky Mountain Forest and Range Experiment Station
240 West Prospect Ave.
Fort Collins, CO 80526

Southeastern Forest Experiment Station
200 Weaver Blvd, P.O. Box 2680
Asheville, NC 28802

Southern Forest Experiment Station
T-10210 U.S. Postal Service Bldg.
701 Loyola Ave., New Orleans, LA 70113

Forest Products Laboratory
One Gifford Pinchot Drive
Madison, WI 53705

State and Private Forestry

State and Private Forestry offices are located in the Regional Headquarters except for the Eastern Region. This S&PF office is at:
Northeastern Area-S&PF
100 Madsonford Road, Suite 200
Radnor, PA 19087

AMERICAN FORESTS

GLOBAL RELEAF

Statement for the Record
to the
House Natural Resources Committee
Subcommittee on National Parks, Forests, and Public Lands
on
Forest Service Reform
February 1, 1994

Dear Mr. Chairman and Members of the Subcommittee:

I am Neil Sampson, Executive Vice President of AMERICAN FORESTS, the nation's oldest citizens conservation organization. Our organization has long sought to provide factual and balanced information to Congress as it searches for responses to issues affecting our nation's public forest lands and federal land management agencies. To assist you in addressing the challenge of reform or change in the Forest Service as the agency moves to implement policies based on an ecosystem approach to natural resource management, I would like to offer several points for your consideration. I request that this statement be included in the record for this hearing.

Demands for reform in the Forest Service are being driven by many concerns, such as the increasing number of threatened and endangered species, loss of biological diversity, harvesting of old-growth forests, and lack of trust in Forest Service land managers. I would like to focus our statement on a major concern that our organization has been working aggressively on for the last two years--forest health. I will use the forest-health issue as an example to discuss the types of policy changes that may be needed to help the Forest Service more effectively develop and implement an ecosystem approach.

Forest Health

Forest health is a critical concern because thousands of acres of federal, state, and private lands in the Inland West have developed "unnatural" and dangerous conditions. Due to a combination of past timber-management practices, recent droughts, and fire-suppression efforts, many of these forests have changed dramatically in species composition and stocking--from stands with widely spaced, fire-resistant species to dense thickets of species that are much more susceptible to drought and attacks by insects and disease. As trees compete for scarce moisture in these overstocked forests, they become ripe for invasion by insects and disease; and as they succomb to these attacks, they become virtual tinderboxes ready to explode into distastrous wildfires.

My experience as chairman of the National Commission on Wildfire Disasters, which has studied this problem for the past two years, has convinced me that the nation must radically re-think its wildfire strategy. We have relied on improved suppression technologies, interagency coordination, communications, and investments in equipment and manpower. But across millions of acres in the nation today, no amount of spending for traditional fire fighting apparatus will be adequate if we get a combination of weather conditions and ignition that touches off the current fuel situation. Just as the California fires of last November were a completely predictable event in light of the huge areas of old, even-aged brush that had developed, so too are future disasters. The federal treasury is in serious jeapardy, as are the lives and livelihoods of thousands of people who live in or next to wildland ecosystems that have built up explosive and unmanageable fuel levels. Without a significant new infusion of management, much of which will need to be funded by federal budgets, far greater economic losses can be virtually assured.

Interagency forest-health studies in the Blue Mountains of eastern Washington and Oregon have assessed many of these forest ecosystems and found some to be outside of their historic range of variability. Many scientists fear that both ecosystem and economic values are at risk--watersheds, fish and wildlife habitat, recreation, aesthetics, and timber. If wildfires occur, they are likely to be unusually intense, capable of scorching soils and setting the ecological clock back to zero. Moreover, wildfires pose a tremendous hazard to the many communities, homes, and people that have located in these forested areas in recent years.

Interagency scientists have developed an array of management activities which could help restore the health of these forest ecosystems, re-establishing ecosystem patterns and processes that are more likely to be sustainable over the long term. Whether these actions will be carried out on these public forests, however, depends on whether the federal land management agencies can work their way through the often burdensome and complex administrative requirements, whether the public will accept increased management activity, including timber harvests, on these lands, and whether Congress will provide sufficient funding.

Scientific Workshop

A November 14-20, 1993, workshop sponsored by AMERICAN FORESTS, the USDA Forest Service, Idaho Department of Public Lands, Boise Cascade Corporation, and the University of Idaho, brought together 35 scientists and land managers to assess forest-ecosystem health in the Inland West. The participants concluded that preventive treatments and management are urgently needed, especially on federal forests, to avoid major ecological setbacks that would damage major forest areas and impose large costs on both local and national economies. They estimated that there is a brief window of opportunity--perhaps 15-30 years--before most of the management options are foreclosed by catastrophic ecosystem change and collapse. They point out that scientific and management tools exist to mitigate the problems, but that they are not being applied fast enough to meet the urgency of the situation, particularly on the federal lands. Current legal and procedural requirements on federal land management agencies impose delays

which, combined with public opposition to timber harvesting, prevent timely management.

The question of risk is at the heart of the options facing society in the Inland West's forested areas. Any management action--including no action at all--has certain costs and uncertain outcomes. It takes leadership and courage, in the face of uncertainty and public skepticism, to take actions that may be inconsistent with past practices. That is, however, what is demanded in the current situation facing Inland West forests and forest managers. This situation may be more extreme than in other regions, but forest managers implementing ecosystem management practices elsewhere will face similar concerns.

Participants in the scientific workshop concluded that in many Inland West forests, the costs and risks of inaction are greater than the costs and risks of remedial action. Inaction in the face of current forest conditions will likely prove to be the most costly and environmentally destructive option. The judicious control of tree density and species composition through prescribed fire, thinning, and other silvicultural methods is critical to reducing risk and restoring and maintaining forest health.

The current ecological conditions in the Inland West forests lead to the conclusion that ecosystem management will demand increased management. This new management will be more intense on specific sites and cover wider areas of forest. Therefore, it will require more people on the ground. The new management will also be different in appearance and impact than what has been done historically on federal forests. In most cases, it will be an adaptive form of management that is more sensitive to ecological values, responsive to local conditions and needs, and more closely monitored to study the effects of practices and continuing ecological changes.

The Deck is Stacked against Management

For the land management professionals in the Forest Service, there is a double standard rising out of tradition, culture, and incentives that works against the kind of ecosystem management that modern conditions demand. If a wildfire breaks out, the agency can adopt any strategies, spend any amount of money, and tolerate any kind of outcome (including, at times, some very bad outcomes), while retaining a high level of support from both Congress and the public. In general, that support recognizes that the agency is doing its best against a common enemy, and if the agency fails, it has still done what it could against insurmountable odds.

When it comes to management, however, the agency does not enjoy such support. In fact, quite the opposite exists. Public cynicism about agency motivations and skills leads to enormous opposition to many management proposals, particularly those that would remove trees from the forest or set an intentional fire. If a ranger proposes prescribed fire, the public uses concerns about smoke, endangered species, or risk to surrounding lands as arguments against the proposal. If a prescribed fire escapes, as sometimes inevitably happens, local public opinion can be highly critical. As a result, prescribed fires are far less commonly used than resource professionals

would prefer, and than sound ecosystem management principles demand. Agency managers are driven toward a risk-avoiding strategy in management, and the tendency toward taking no action is increased as more levels of authority are involved in the decision.

Tree removal, whether through salvage logging, thinning, or timber harvest, will meet almost-certain public opposition today, even where it is clearly the most effective way to cut the risk of ecosystem damage or wildfire destruction. It may be useful to look at the recent example in the Boise National Forest as a case in point.

The Foothills fire started on public rangeland east of Boise, Idaho, on August 19, 1992, and burned over 259,000 acres, including about 140,000 acres of national forest land. Trees within the impacted area, including isolated pines and small timbered pockets, were uniformly killed throughout the fire's area. The largest ponderosa pine in Idaho, a veteran of dozens of previous fires over its centuries of life, was killed in a more intense wildfire than any it had previously experienced. Both of these factors indicated a fire that was significantly different, both in intensity and effect, than the surface fires that were common in this region prior to settlement in the last half of the 19th Century.

The Foothills fire killed trees containing an estimated 300 million board feet of merchantable timber, along with the young reproduction across the fire's area. One population of rare bull trout was wiped out, and another seriously threatened, as intense heat denuded riparian zone vegetation and heated small streams beyond the fish's tolerance. Watershed functions were altered through vegetative change and the occurence of water-repellant soils resulting from the intense heat.

In the face of such intensity, firefighters were virtually helpless as flames raced through heavy, drought-dried fuels on steep mountain slopes. At the height of the fire's fury, it encountered a stand of ponderosa pine that had been thinned two years earlier through a careful logging operation, then burned in the winter to reduce ground fuels. The racing crown fire, totally out of control at that encounter, dropped immediately to the ground as the greener, moister tree canopy refused to ignite, and then began to slow in response to reduced fuels on the ground. The thinned forest was virtually undamaged.

The lesson was clear: had more such "thinned" places been scattered throughout the Foothills area, destruction and firefighting costs might have been significantly reduced. Had all the forest been thinned and under a regular prescribed burning regime, the Foothills fire might have been a non-destructive event instead of a disaster that cost $16 million to fight and an additional $8 million for emergency restoration treatment. The treated areas demonstrate the Forest Service's ability to develop healthy forests through sound management techniques. By focusing on ecosystem health and restoration of some of the historic conditions under which the range or forest evolved, many areas can be helped to become more resistant to wildfire, protecting resources, human lives, and property in the process of making the land itself more productive.

But the odds of that happening soon seem fairly slim unless major changes can be made. After the Foothills fire, the Boise National Forest designed an emergency recovery plan to salvage some of the dead timber. Of the 300 million board feet estimated to be killed, about 113 million were salvaged. Planning and sale preparation time were kept to a minimum by invoking emergency procedures, and by instructing salvage crews to "remove about 2/3 of all standing dead timber, in all size classes, in all locations, and leave about 1/3 standing." Cross-slope felling and other techniques left the land in more stable condition as a result. For the entire salvage operation, about 0.8 miles of road were constructed. Due to the current high value for western timber, helicopters were used economically on all fragile soils and steep slopes, and the sale grossed over $50 million to the U.S. treasury -- more than paying back all the fire costs as well as the timber sale costs.

But next to the fire-charred forest remains are additional thousands of acres of green timber that is too thick, subject to stress during any cyclic drought, and set up for a future fire. It, too, needs 2/3 of the stems removed in thinning operations, along with other silvicultural treatments, such as prescribed fire and the selective removal of firs to favor the more hardy pines, to get it back into better health. Thinning this forest would make the nation a financial profit, while providing jobs and economic impetus locally. For the forest, it might be the difference between having a forest with 100-year-old pine trees headed for a long life, and having a huge patch of baby seedlings struggling to gain a foothold in a sea of dead snags, as is the condition today in the Foothills burn.

To think of carrying out a massive timber thinning operation in the green timber today, however, is sheer fantasy. A combination of agency procedures and practices, a multi-year planning and assessment task, a forest plan that is not based on this situation, and enormous public opposition to anything resembling logging makes the idea totally impractical. Under current conditions, it appears that the only way that forest can get treated is if it burns first. That is a tragic appraisal, one that demands the attention of the Congress, because this is not the fault of the managing agency. It is a situation created by the complex of policies, laws, and budgets that control them.

Shifting to Ecosystem Management

The forest-health challenges facing resource managers in the Inland West are unique and require management responses that are different than in other forest regions where better ecosystem management may require less intrusive human intervention. In general, however, the transition to ecosystem management is going to require strong continued funding and personnel to perform the types of analyses and integrated management activities called for under such an approach.

Our comments on President Clinton's plan for the Pacific Northwest forests (Option 9) illustrates this point. In general, we support the basic concepts and principles underlying Option

9 and believe that they provide sound direction for the development of an ecosystem-management approach by the Forest Service and Bureau of Land Mangement. We are concerned, however, about the significant challenges that face the agencies, particularly in the short-term, as they attempt to develop this management approach and make the institutional changes necessary to implement it. The agencies need sufficient resources, administrative flexibility, and time if they are to have a reasonable chance of effectively making the transition to ecosystem management. Our major concern is that if these needs are not recognized by the Congress and the public, the agencies may be set up for failure in implementing Option 9.

In the short-term, funding to implement Option 9 is extremely limited. The FY 1994 Interior Appropriations bill contains little new funding for Option 9. Therefore, the federal agencies will have to redirect funds from other programs to begin to meet its requirements. Furthermore, funding for many program activities and employees--including wildlife and watershed specialists--has traditionally been tied to the timber-sale program. As timber-sale levels have been reduced in recent years, funding has been cut and the agencies--particularly the Forest Service--have been asked to reduce personnel. It is ironic and unfortunate that the pressures to downsize may affect the very specialists needed for the types of ecosystem analyses and activities required under Option 9. We believe that it is critical to highlight this situation, in order to give the agencies a fair chance of effectively implementing Option 9. The Report of the Interagency Coordination Working Group makes the point clearly:[1]

> "If the new system of ecosystem management is to succeed, **for the next several years, relevant parties (including Congress) will have to be persuaded that current or increased funding levels are appropriate, even though timber sales are below previous levels.**"

In the longer term, substantial funding and personnel will continue to be needed--perhaps more than are currently required--to perform the types of analyses and management activities proposed under an ecosystem-management approach. Program and personnel costs should not be expected to fall commensurate with the significant reductions in timber sales.

Related to this is the need to provide greater flexibility to the federal agencies in allocating funds to the types of integrated and coordinated management actions that will be required under ecosystem management. The Report of the Agency Coordination Working Group recognizes that the existing budgetary structure discourages interagency cooperation and flexibility and is a significant factor contributing to gridlock:[2]

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[1] Interagency Draft Supplemental Environmental Impact Statement on Management of Habitat for Late-Successional and Old-Growth Forest Related Species Within the Range of the Northern Spotted Owl, July 1993, Appendix E-20.

[2] Ibid., Appendix E-6.

> "The present system ties targets to budgets and allows very little flexibility to adjust to changing conditions and needs in a timely manner (i.e., proposed changes are subject to a lengthy review and appeal process). The approach limits agencies' abilities both in their individual programs and int their ability to work with one another."

We strongly agree with the Agency Coordination Working Group's recommendations for developing "an integrated, flexible budget process, including the elimination of functional subactivity line items."

Budget Reform and Integrated Resource Management

If the Forest Service is to successfully shift its focus to an ecosystem-based approach to forest resource management, there are a number of important structural and organizational changes that must take place. Chief among these is the budget and appropriations process.

The current detailed, highly fragmented, function-oriented budget structure does not reflect the integrated resource management approach required of the agency by the National Forest Management Act of 1976. Appropriations provided in this structure tend to work at cross-purposes to effective implementation of land and resource management plans for each national forest in accordance with NFMA, NEPA, and other conservation laws. These plans are developed at the community level and, unlike the budget process, reflect extensive public participation. The current budget/appropriations process sends forest managers conflicting signals, placing them in the position of either deviating from implementing the forest plan or deviating from their appropriations instructions. Given the personal legal liability federal forest managers have for deviating from appropriations instructions, the forest plans are quickly put aside.

The current budget structure also wastes scarce federal funds by requiring field personnel to spend literally tens of thousands of hours providing detailed accounting information that is of dubious value to the Congress in exercising its oversight responsibilities for the Forest Service. This information also says little about the Forest Service's success in achieving its underlying mission--improving the protection and sustainable management of the our forests.

Both the Forest Service and BLM have developed proposals to Congress to reform their budget structures for fiscal year 1995. The purpose of the proposed budget reform is to (restructure budget development or promote, rather than impede, integrated resource management plans developed at the community level with extensive public participation, and (2) maximize the funds available for on-the-ground management activities during an era of declining budgets by reducing administrative overhead. Consistent with this objective, both agencies are developing means to actually improve their accountability to Congress and the American people through more meaningful direct measures of agency performance on the ground.

AMERICAN FORESTS strongly supports these efforts by the Forest Service and BLM, and is leading an independent effort by the resource management professional societies and other conservation organizations to develop satisfactory performance measures. AMERICAN FORESTS sees this budget reform as essential to the successful implementation of both NFMA and FLPMA, and the new administrative policies regarding an ecosystem-based approach to the management of federal lands. We urge the members of the House Natural Resource Committee to support this important process, and to work closely with your colleagues on the House Appropriations Committee to facilitate its success.

Land Stewardship Contracts

Land stewardship contracts provide a new approach to timber-sale contracting which offers opportunities to accomplish ecosystem-management activities while at the same time providing additional employment for woodsworkers and related forest products industries in local communities. These contracts foster the integrated resource management approach central to the purposes of the National Forest Management Act and Federal Land Policy and Management Act.

The FY 1992 and FY 1993 appropriations bills for the Forest Service directed the agency to test a new approach to federal timber-sale contracting on several western national forests. This approach, termed "land stewardship contracting," authorized the Forest Service to "apply the value of a reasonable portion of the value of timber removed . . . as an offset against the cost of stewardship services received including, but not limited to, site preparation, replanting, silviculture programs, recreation, wildlife habitat enhancements, and other multiple-use enhancements."[3] The stewardship contracts were used "to help the private sector promote the Forest Service ecosystem-management initiative . . . [and] to give contractors an incentive to become as concerned with sustaining ecosystems as with sustaining trees."[4]

In terms of procedure, this system would allow the Forest Service to contract for an array of ecosystem management and ecological restoration services as part of a total land management "package deal" with a single contractor. The contractor would be compensated for these services by receiving credit toward the amount owed to the Forest Service for timber harvested as part of the contract activities. This approach is essentially the same as the "purchaser credit" system used for many years to compensate timber purchasers for road construction and maintenance associated with a timber sale.

Preliminary results of the land stewardship contracts pilot study have been positive, and in the Forest Service's FY 1993 appropriations the number of pilot forests was expanded to include the Kaibab (AZ), Coconino (AZ), Dixie (NV), Idaho Panhandle (ID), and Lake Tahoe

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[3] Congressional Record, Senate, September 13, 1991, p. 12973.

[4] Ibid.

(NV). Congress has asked the Forest Service to study how receiving services in lieu of revenue would affect the agency's adherence to other laws relating to contracting and to revenue sharing programs. Because services under land stewardship contracts would be credited against what purchasers would normally pay for the timber they remove, Congress has been particularly interested in how this would affect the 25 percent of Forest Service receipts that are normally paid to counties in lieu of taxes.

AMERICAN FORESTS believe that a land stewardship contracting approach could be useful in accomplishing ecosystem-management activities. That is why we proposed this approach in forest-health legislation last year. The approach would involve identifying the forest treatment work needint to be done and establishing a bid basis to set fair market prices for carrying out the work. The amount and type of merchantable timber or other material likely to be produced during the treatment work would also be estimated and a bid basis established to set fair market prices for the material. A fair method of reimbursement, such as is currently used for purchaser-credit road building in timber sales, should be established which assures fair and equitable treatment for both the government and the contractor. If there is a need to ensure that the incentives for the contractor are to provide land management or stewardship services, timber and other materials produced from the site could be sold separately at a landing or roadside auction.

To remove the "spike" that these sales would put into payments to some counties during this transition period, payments to the states and counties should be stabilized for the transition period by taking a rolling average of the past 10 years of payments to each county, normalized for inflation, and making that the annual payment for the transition period, regardless of volume removed.

We appreciate the chance to bring these points of view to the attention of the Subcommittee, and stand ready to work with the Members and Staff to bring positive changes to the public policies directing the Forest Service. Our goal is to improve the long-term management of these public forests, to the end that people will enjoy the many benefits that flow from them for centuries to come. We're certain that goal is shared by those on the Committee, by the leaders in the Department of Agriculture, and by many who will appear before you in testimony. The challenge is not to generalize on what we seek, however, it is to find the specific changes in public policy that can begin to help the agency move away from controversy and gridlock toward a more effective capability to meet these goals. We are willing to do whatever we can to help craft such specific approaches.

United States General Accounting Office

GAO

Briefing Report to Congressional Requesters

December 1993

DISLOCATED WORKERS

A Look Back at the Redwood Employment Training Programs

GAO/HRD-94-16BR

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-253594

December 13, 1993

The Honorable Robert H. Michel
Minority Leader

The Honorable Newt Gingrich
Minority Whip
House of Representatives

The Honorable Don Young
Ranking Minority Member
Committee on Natural Resources

The Honorable Floyd Spence
Ranking Minority Member
Committee on Armed Services

The Honorable Ralph Regula
Ranking Minority Member
Subcommittee on Interior
Committee on Appropriations

The expansion of Redwood National Park in 1978 caused many timber workers in Northern California to lose their jobs. In response, the federal government implemented assistance programs to help mitigate the negative effects of the park expansion on the workers and their communities. Now, 15 years later, new concerns about the environment also have resulted in restrictions on the timber industry and the dislocation of timber workers in the Pacific Northwest. To help offset these job losses, the President recently proposed new assistance programs for dislocated timber workers.

To learn more about how such assistance programs have worked in the past, you asked us to provide information on the implementation of the Redwood worker assistance programs. Specifically, you asked us to (1) describe the assistance provided, (2) determine what happened to the workers that received assistance, and (3) describe how the affected communities changed.

Background

Redwood National Park was established in 1968 with 29,200 acres of public land and 28,800 acres of private land. In 1978, Congress expanded the park from 58,000 acres to 106,000 acres. The two counties most

affected by the park expansion were Humboldt and Del Norte. Humboldt County is situated adjacent to the southern portion of the national park and at the time of expansion had a population of about 107,000 people. Del Norte County is adjacent to the northern part of the park and had a population of approximately 18,000 people. Both counties were timber dependent and lost many jobs because of the park expansion. In 1978, timber workers made up about 17 percent of the workforce in Humboldt County and about 25 percent of the workforce in Del Norte County. By 1992, timber workers constituted less than 10 percent of the workforce in both counties.

Congress recognized that expansion of the park could adversely affect timber workers. It included in the 1978 expansion legislation the Redwood Employee Protection Program (REPP) to provide adversely affected workers with various forms of monetary and nonmonetary assistance including weekly or lump sum wage replacement payments, continuation of health and pension benefits, and retraining and reemployment assistance.[1] Other forms of assistance included economic development loans, a promise of preferential hiring in the Redwood National Park, and the designation of Six Rivers National Forest as an alternative timber harvest.

On May 26, 1993, we briefed your staff regarding our review of the Redwood assistance programs. That briefing and this report are based on a site visit to Humboldt and Del Norte counties in California, including interviews with program administrators and benefit recipients; a review of related reports, including the annual reports prepared by the U.S. Department of the Interior; and an analysis of statistical data from various state agencies regarding population, personal income, taxable transactions, new housing values, and employment. Our review focused on REPP, the primary worker assistance program that was administered from 1978 to 1984.

Results in Brief

The assistance provided to workers dislocated by the expansion of Redwood National Park was quite extensive, but few workers enrolled in retraining programs. Many workers received wage replacement benefits or severance payments, but these benefits were not tied to retraining. In addition, because Department of Labor regulations for retraining were delayed until 14 months after program implementation, educational

[1]REPP benefits were added to regular state unemployment insurance benefits so that the worker obtained full wage replacement. The amount and length of benefits depended on length of employment in the industry, occupation, previous earnings, and age.

service providers were reluctant to develop retraining programs, and officials lost contact with many of the dislocated workers before they could be provided with retraining.

The benefits provided to workers under REPP were generous. As of December 1988, REPP had spent about $104 million on 3,500 individuals. Some workers received as much as $45,000 in severance payments. However, less than 13 percent of these individuals enrolled in retraining. Of those workers who participated in retraining, officials estimate that about 95 percent completed their training and 25 percent of those relocated. However, because program records were no longer available, we could not determine what happened to individual workers after they received benefits or retraining.

Although we cannot identify what happened to the individual workers, we were able to analyze some changes in the affected communities during the period of the park's expansion. It appears that Humboldt County remained relatively stable during the transition, while Del Norte County experienced more fluctuations. For example, per capita income dropped dramatically in both counties, but the decline was deeper and longer in Del Norte County. Further, average new housing values fluctuated more severely in Del Norte County. However, we could not measure the impact of federal assistance on either community because other factors also affected these communities during this period. For instance, officials in Humboldt County said that a recent influx of retirees to the area helped stabilize property values and retail sales. Likewise, officials in Del Norte County said that the state prison built in September 1989, created 1,800 direct and indirect jobs in Del Norte County.

Lessons Learned

As Congress considers various programs designed to assist recently dislocated timber workers, the following lessons learned from our review should be helpful.

- If the program is to assist workers in obtaining new skills so they can reenter the workforce, receipt of benefits needs to be closely tied to participation in training.
- Efforts to provide retraining and income support cannot sustain workers or the communities in which they live without the creation of new job opportunities. Del Norte County's economy did not stabilize until the state prison was built.

- Helping dislocated workers before or at the time of job loss increases the likelihood that they will participate in assistance programs, which in turn facilitates their transition to new employment. Unless retraining programs are implemented quickly, program officials may lose contact with dislocated workers.

We did our work between April and July 1993 in accordance with generally accepted government auditing standards. As you requested, we did not obtain agency comments on this briefing report.

We are sending copies of this report to the Secretary of Labor and other interested parties. If you or your staff have any questions concerning this report, please call me at (202) 512-7014. Other major contributors to this report are listed in appendix II.

Linda G. Morra
Director, Education
and Employment Issues

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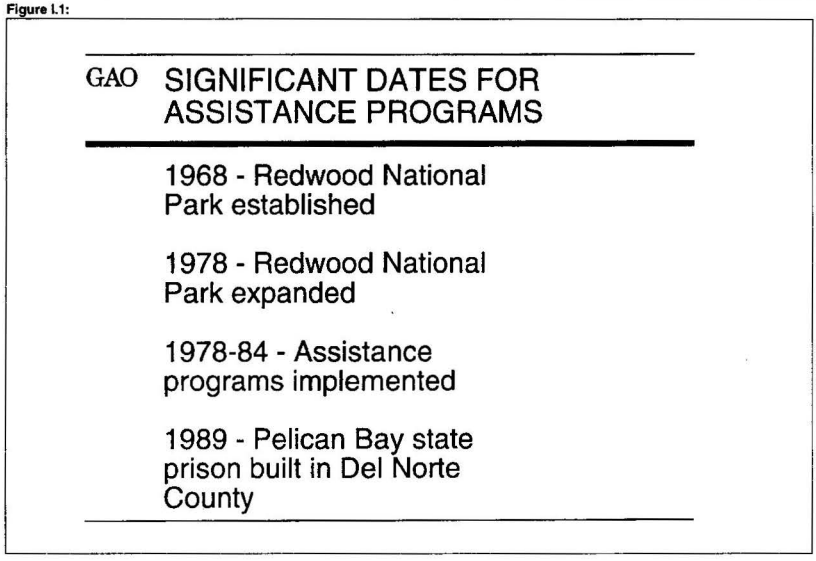
Abbreviations

EDA	Economic Development Administration
EDD	Employment Development Department
REPP	Redwood Employee Protection Program

Appendix I

A Look Back at the Redwood Employment Training Programs

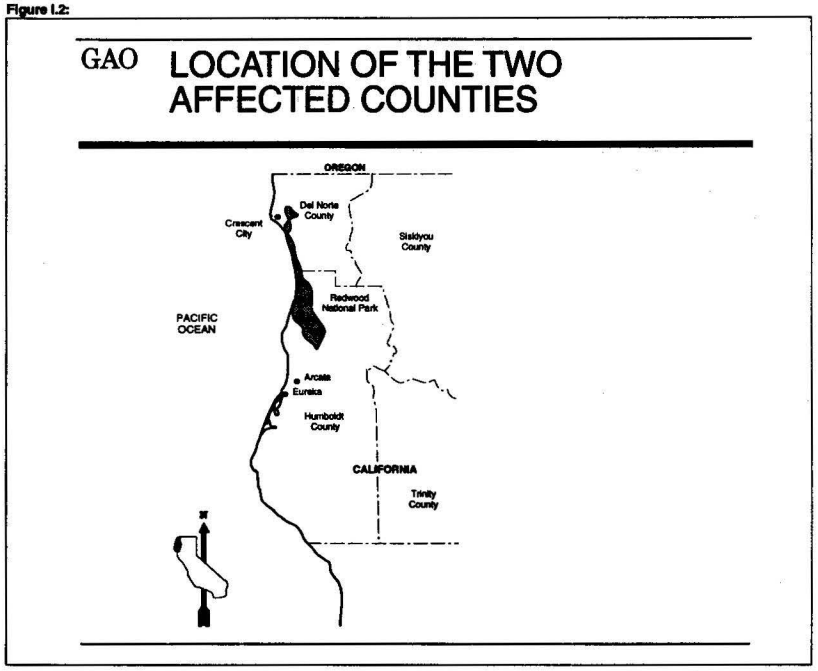
Figure I.1:



Background

In 1968, Congress set aside 58,000 acres of timber land in northern California to establish Redwood National Park. Congress expanded the park to 106,000 acres in 1978 legislation. The legislation also included economic guarantees for workers and communities in the area that would be adversely affected. From 1978 to 1984, the Redwood Employee Protection Program (REPP) gave dislocated timber workers the wage and fringe benefits they would have received if they had not been laid off. REPP also provided for assistance in retraining and reemployment. Other assistance included economic development loans, preferential hiring in the Redwood National Park, and the designation of the Six Rivers National Forest as an alternative timber harvest.

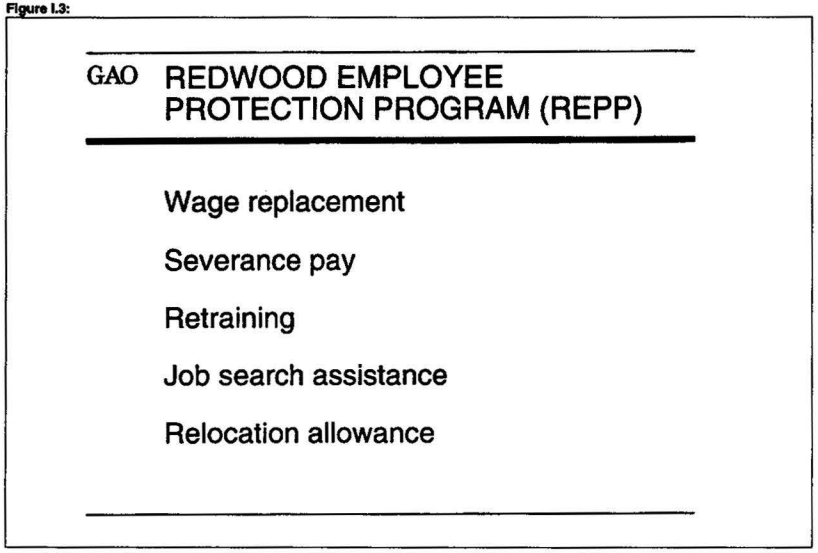
Figure I.2:



Humboldt and Del Norte were the two counties most affected by the park expansion. Humboldt County is adjacent to the southern portion of the national park and at the time of expansion had a population of approximately 107,000 people. Del Norte County is adjacent to the north part of the park and had a population of approximately 18,000 people.

Both counties were dependent on the timber industry and lost many jobs because of the park expansion. In 1978, 6,700 timber industry workers represented about 17 percent all workers in Humboldt County, but by 1992, the number of timber industry workers was reduced to 4,200, less than 10 percent of the workforce. Similarly, in Del Norte County, the number of timber workers in 1978 was 1,475, almost 25 percent of the workforce. By 1992, 350 timber industry workers made up less than 5 percent of the workforce.

Figure I.3:

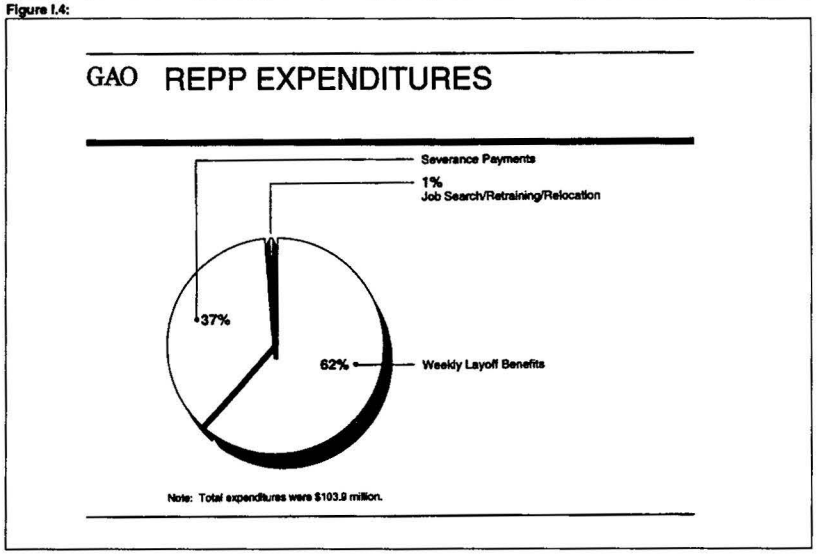


Extensive Benefits Were Provided to Workers, but Few Enrolled in Retraining

Workers dislocated because of the park expansion were eligible for considerable financial benefits and retraining and reemployment assistance. At the time of the expansion, it was estimated that 500-1,000 workers would be dislocated. However, as of December 1988, almost 6,000 workers had applied for benefits. Officials believe that the generous nature of the benefits encouraged many workers to apply. In total, the Redwood Employee Protection Program (REPP) spent $104 million on 3,500 individuals.

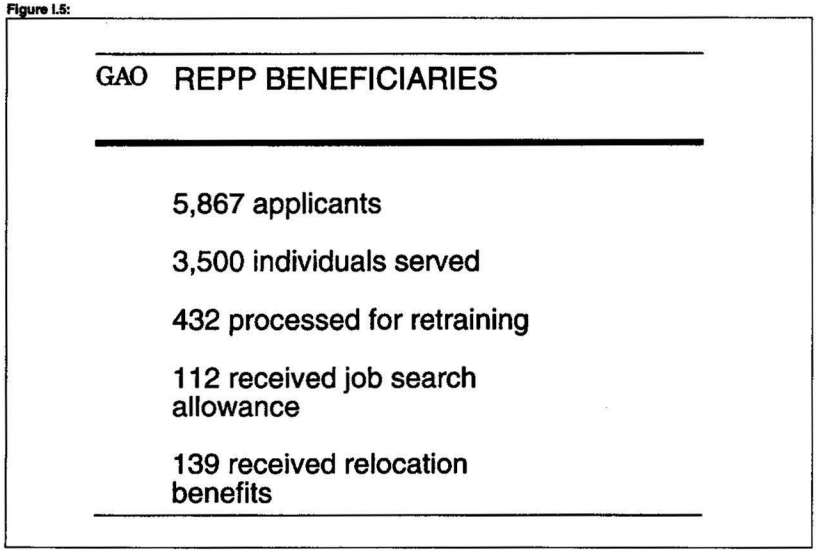
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Figure I.4:



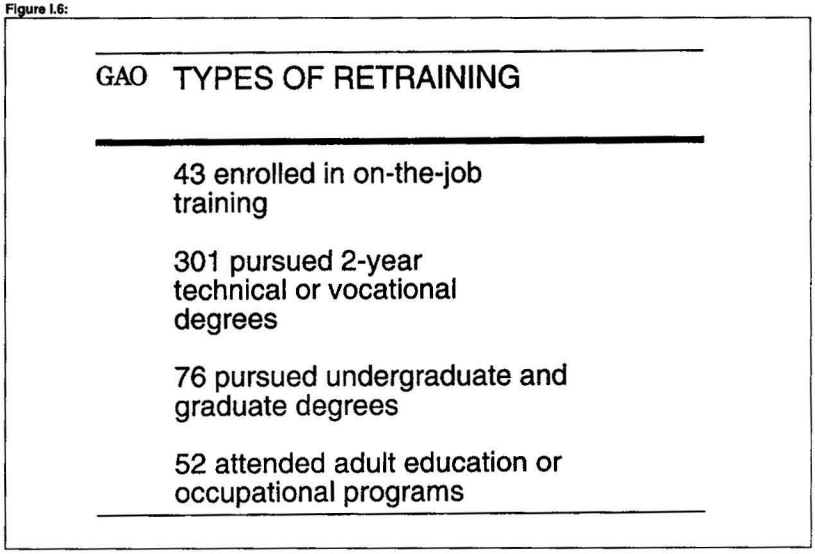
Eligible workers could receive full wage replacement in the form of weekly or lump sum payments for a period of time based on their length of service in the industry and their previous earnings. Most REPP beneficiaries elected to receive weekly layoff benefits, but others received one-time severance payments. According to Department of Labor estimates, weekly layoff benefits ranged from $225 to $400. Severance payments for an employee with 5 or more years' service in the industry ranged from $32,000 to $45,000. For employees with less than 5 years' creditable service, severance payments ranged from $2,500 to $4,500.

Figure I.5:



While many workers applied for cash benefits, few enrolled in retraining. Of the 3,500 individuals who received REPP benefits, only 432 enrolled in retraining. Although the participation rate in training programs was low, officials said that the completion rate was about 95 percent. Officials attributed the high completion rate to the fact that individuals who participated in retraining were allowed to receive their weekly layoff benefits while attending training. According to California Employment Development Department (EDD) officials, about 25 percent of those who received retraining relocated once their training was completed. Officials told us that virtually all 139 that received relocation allowances had participated in training.

Figure I.6:

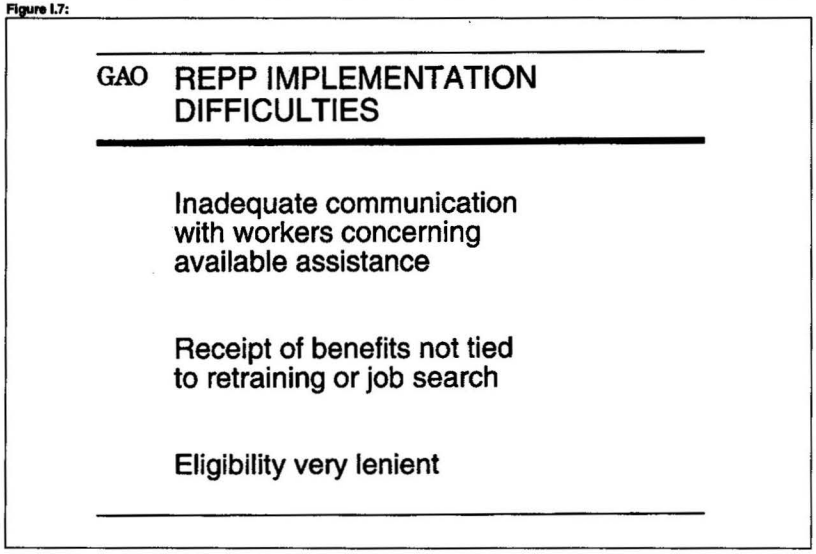


Most Retraining Participants Enrolled in 2-Year Programs

Most retraining participants enrolled in 2-year programs at the College of the Redwoods.[1] Officials told us that most 2-year programs were in applied technologies such as carpentry, electronics, and automotive repair. Other areas of training included restaurant and business management and computer programming. Officials also said some REPP-eligible workers may have attended more than one school.

[1]The Sixth Annual Report to Congress on the Status of Implementation of Redwood National Park (Washington, D.C.: U.S. Government Printing Office, 1984) was the last to provide comprehensive figures on the types of retraining received by 419 retraining participants enrolled at that time.

Figure I.7:



Problems in Implementation

EDD officials and REPP participants identified several problems they believe hampered the implementation of assistance programs. First, workers and officials told us that communication regarding the program was inadequate. For example, according to some workers, when the layoffs first occurred, official notification of the availability of REPP benefits was limited. Workers said they often found out about the program through informal channels. Workers also said they were not given counseling on what benefit package would be most beneficial to them. In addition, EDD officials said that because Department of Labor retraining regulations were delayed until 14 months after program implementation, educational service providers were reluctant to develop retraining programs. Officials

said that during the delay, it was difficult to maintain contact with the workers.

Second, workers and officials said that the receipt of benefits was not tied to retraining or job search assistance, and the benefits became a disincentive to work. Workers told of people who collected benefits for the maximum allowable period without ever looking for a job. Similarly, in 1980 we reported incidents where senior employees requested to be laid off, and workers refused overtime so that they could receive REPP benefits.[2]

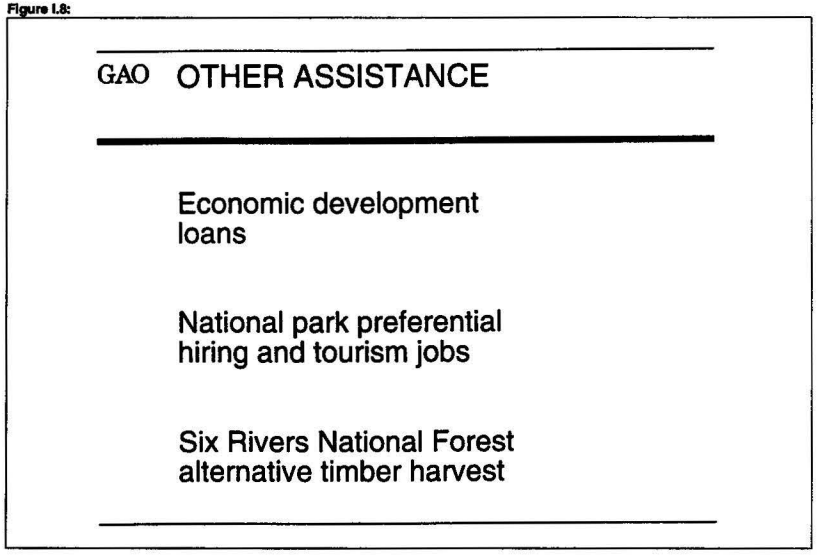
We said the program should

- require workers to exhaust unemployment benefits before receiving cash payments under REPP; and
- provide that monetary benefits be continued at an amount not more than that available under unemployment insurance, rather than replacing the full amount of workers' average weekly net wage.

Third, workers and officials believe that program eligibility was very lenient. Workers told of benefit recipients who received REPP payments and then went back to work for the same employer who had previously laid them off. One worker estimated that at his current timber industry employer, 80 percent of the workers had received REPP benefits. Likewise, our 1980 report said that a major problem with REPP was that the number of employees eligible for REPP benefits greatly exceeded the number of jobs lost because of park expansion. We reported that an estimated 30 percent or more of the employees who established program eligibility did so during temporary curtailments in their employment for maintenance shutdowns, adverse weather conditions, temporary road closures, and a variety of other reasons not related to park expansion. We also found that employees established REPP eligibility after voluntarily quitting to better themselves, for personal reasons, or as a result of a company lockout over a trade dispute. On the other hand, officials said that in some instances, non-timber-industry employers whose business dramatically declined because of park expansion could not get certified and laid-off employees could not get benefits.

[2]Congress Should Scale Down Redwood Employee Program Benefits (GAO-HRD-80-63, July 8, 1980).

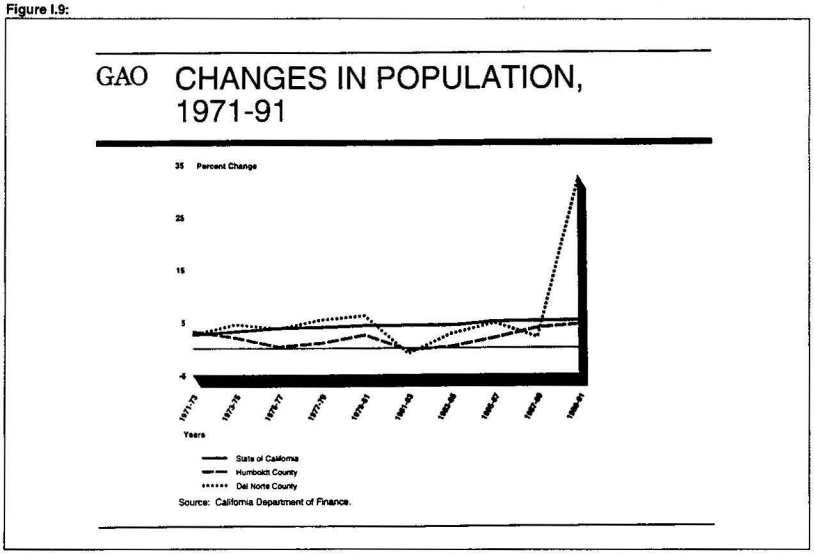
Figure I.8:



Other Assistance Focused on Job Creation

The U.S. Economic Development Administration (EDA) gave community agencies about $13.4 million for high-risk business loans and infrastructure development that, according to local officials, created over 600 jobs. In addition, Redwood National Park was required to give preferential hiring to dislocated workers whenever possible. Park advocates projected that 2 million annual visitors to the park would stimulate the growth of tourism-related jobs, but few dislocated workers qualified for long-term park jobs, and annual visitors were below original estimates. The government also designated Six Rivers National Forest as an alternative timber harvest area, but one county official said that the harvest has been reduced significantly due to environmental restrictions.

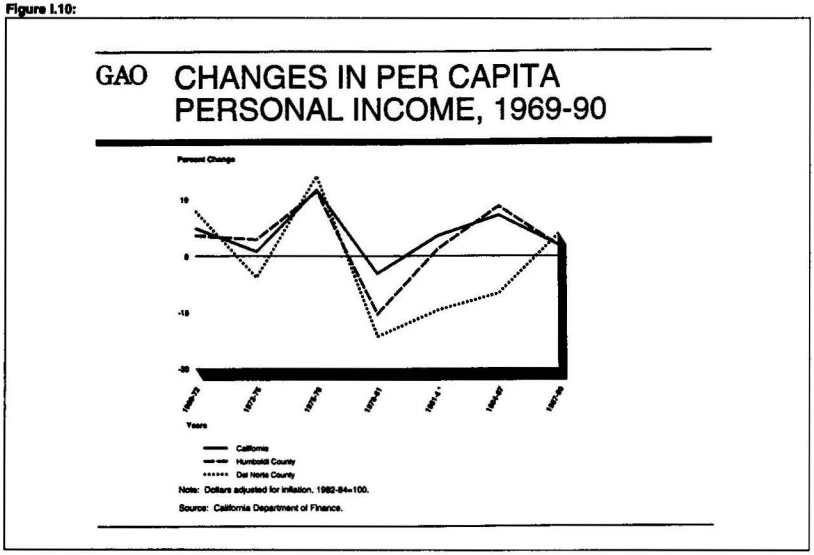
Figure I.9:



Both Counties Experienced Overall Population Growth

Officials estimated that 30 percent of the dislocated timber workers from Humboldt County and 50 percent of the dislocated timber workers from Del Norte County moved out of the area between 1978 and 1984. However, each county has experienced population growth since 1971. Humboldt County increased from 101,300 people in 1971 to 122,300 by 1991. In Del Norte County, the population increased from 15,100 people in 1971 to 27,000 in 1991. Humboldt officials told us that their population remained relatively stable during the park expansion. Del Norte officials told us that they experienced a population increase in 1989 when Pelican Bay State Prison was built and 1,200 guards and their families relocated to the area.

Figure I.10:

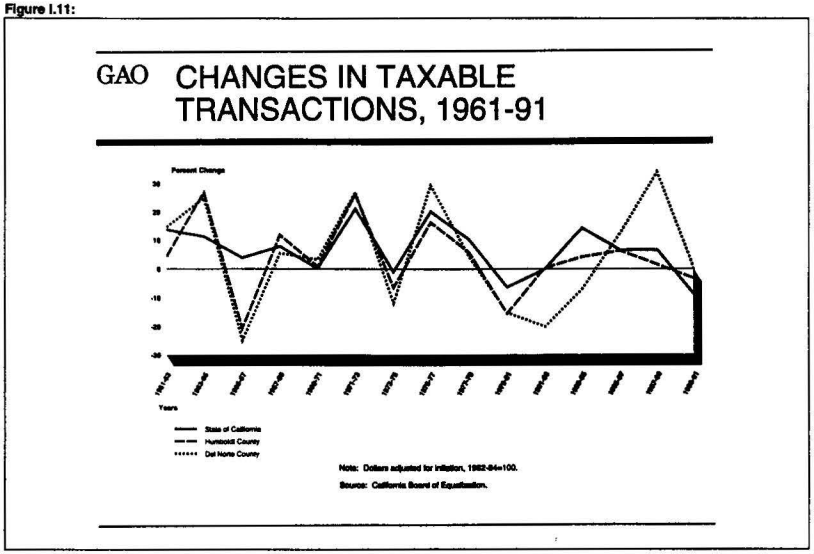


Del Norte County Experienced a Longer Decline in Per Capita Personal Income

Del Norte County experienced a deeper decline in per capita personal income for a longer period than Humboldt County.[3] Per capita personal income declined 10 percent in Humboldt County and 14 percent in Del Norte County from 1978 to 1981, but Del Norte continued to experience a decline for an additional 6 years, until 1987.

[3]Per capita personal income includes wages, salaries, other labor income, fringe benefits, and transfer payments.

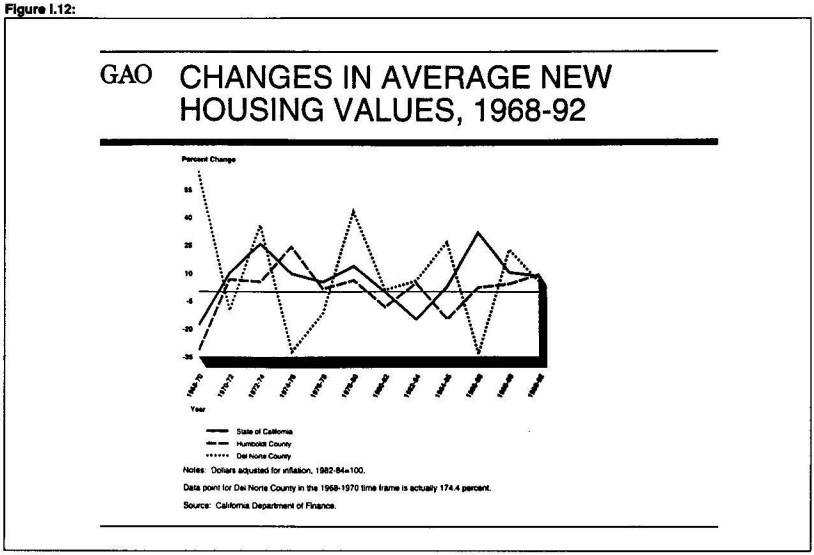
Figure I.11:



Changes in Taxable Transactions During Initial Park Establishment Were Sharper Than During Park Expansion

During the initial 1968 park establishment, taxable transactions experienced a sharper decrease and quicker recovery than during the period following the 1978 park expansion. However, according to one official, no assistance programs were implemented to offset the effects of the initial park establishment.

Figure I.12:

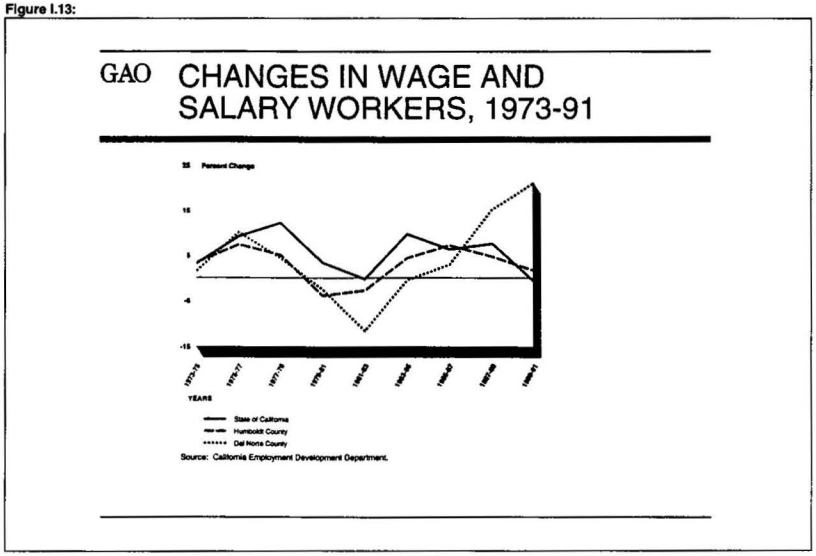


Average New Housing Values Fluctuated More Severely in Del Norte County

Since 1968, Del Norte County has experienced greater fluctuation in average new housing values than Humboldt County. For instance, from 1978 to 1984 Humboldt County average new housing values increased 2 percent from $63,205 to $64,397.[4] However, in Del Norte County, average new housing values have increased 53 percent, from $45,087 to $68,974. Humboldt County officials told us that a steady influx of retirees helped stabilize housing values in the area. In Del Norte County, officials said housing values only improved after the state prison was built in 1989.

[4]All housing dollars use 1982-84 as a base for the dollar value.

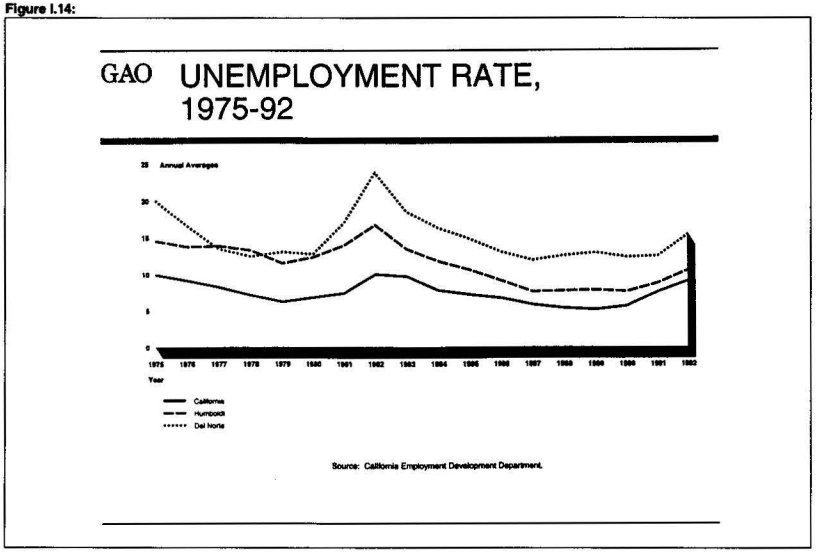
Figure I.13:



Number of Wage and Salary Workers Declined During Most Years of Assistance Programs

Both counties experienced a decline in the number of wage and salary workers from 1979-1982. However, since 1985, both counties' number of wage and salary workers has increased. From 1989 to 1991, Humboldt County's increased almost 2 percent while Del Norte's increased 21 percent. Del Norte officials attribute the increase in their county to the building of Pelican Bay State Prison. Although few dislocated workers qualified for the 1,200 corrections officer positions, one official estimated that about 600 indirect jobs in the local community were created. For example, officials said that jobs in the construction industry increased, and local retailers were able to hire more workers.

Figure I.14:

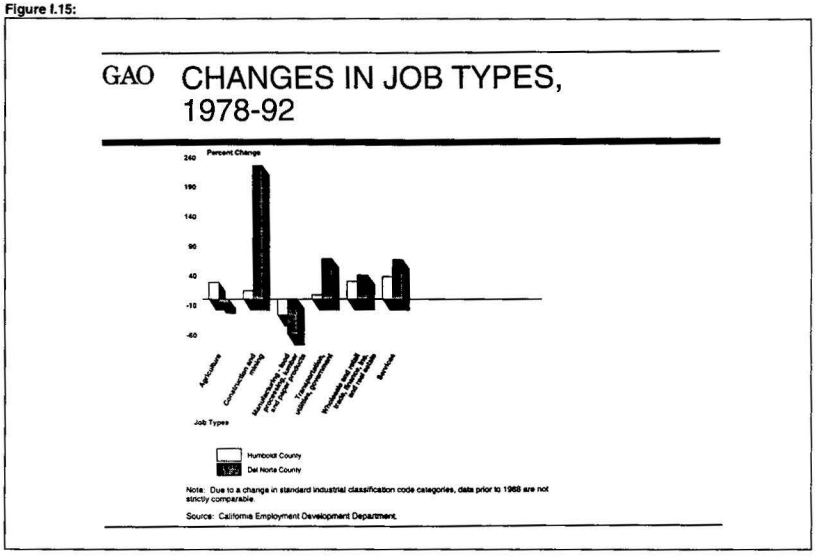


Unemployment Rate Consistently Above the State Average

The unemployment rate peaked in 1982 for Humboldt and Del Norte Counties at 17 and 24 percent, respectively.[5] During the years when assistance programs were in effect, Del Norte's unemployment rate was almost double the state rate. Since 1975, Del Norte has never had less than double-digit unemployment. On the other hand, Humboldt County's unemployment rate was between 4 and 6 percentage points higher than the state average during the years of assistance programs, but gradually leveled out to be about 2 percentage points higher.

[5]Due to a change in standard industrial classification code categories, data prior to 1988 are not strictly comparable to 1988-1992 data.

Figure I.15:



Manufacturing Jobs Have Decreased, but Construction, Service, Retail, and Government Jobs Have Increased

Both counties lost the most jobs in manufacturing. Del Norte County experienced the biggest loss in lumber and paper products, but also lost some jobs in agriculture. Humboldt County lost the most jobs in lumber and paper products, but also experienced a decline in food processing jobs. Del Norte County experienced the most growth in construction and mining. Both counties experienced growth in wholesale and retail trade, the service industry, and government. However, one official said that service industry jobs are not comparable to the timber industry jobs because jobs in the service industry generally have lower wages and benefits.

Appendix II

Major Contributors to This Briefing Report

Human Resources Division, Washington, D.C.	Clarence Crawford, Associate Director Patrick Redmon, Senior Economist
Detroit Regional Office	Robert Rogers, Assistant Director, (313) 256-8000 Lynda Racey, Evaluator-in-Charge

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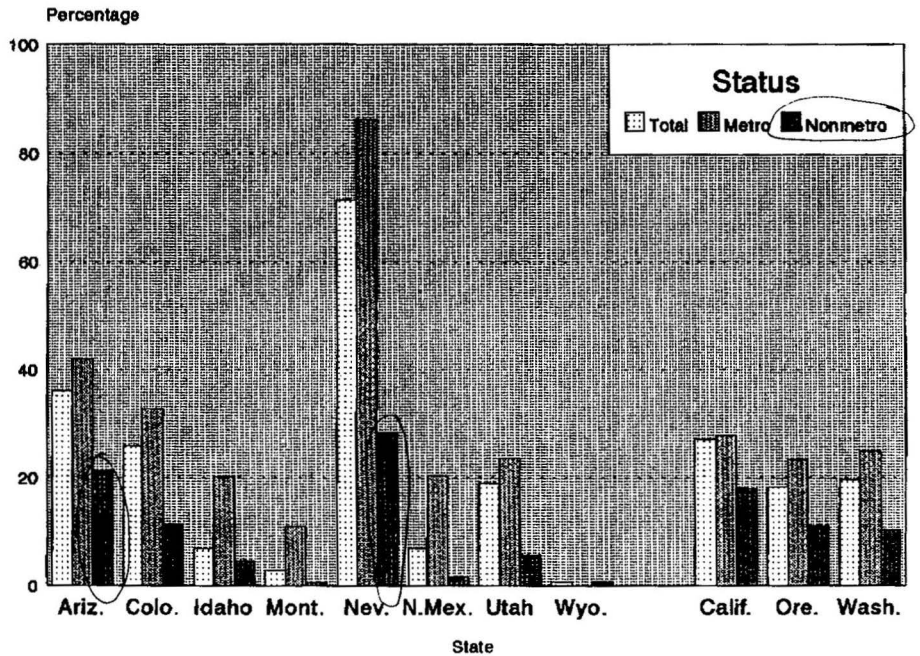
Population Trends in Western US

State	1950	1960	1970	1980	1990	
Idaho	667,191	667,191	713,015	943,935	1,006,749	+100
Colorado	1,325,089	1,753,947	2,209,596	2,889,964	3,294,394	1.5
Washington	2,378,963	2,853,214	3,413,244	4,132,156	4,866,692	+2.5
Oregon	1,521,341	1,768,687	2,091,533	2,633,105	2,842,321	+1.3
Nevada	160,083	285,278	488,738	800,493	1,201,833	+ 1
Arizona	749,587	1,302,161	1,775,399	2,718,215	3,665,228	+1.5
Montana	591,024	674,767	694,409	786,690	799,065	+100
Wyoming	290,529	330,066	332,416	469,557	453,588	

Ch # 20

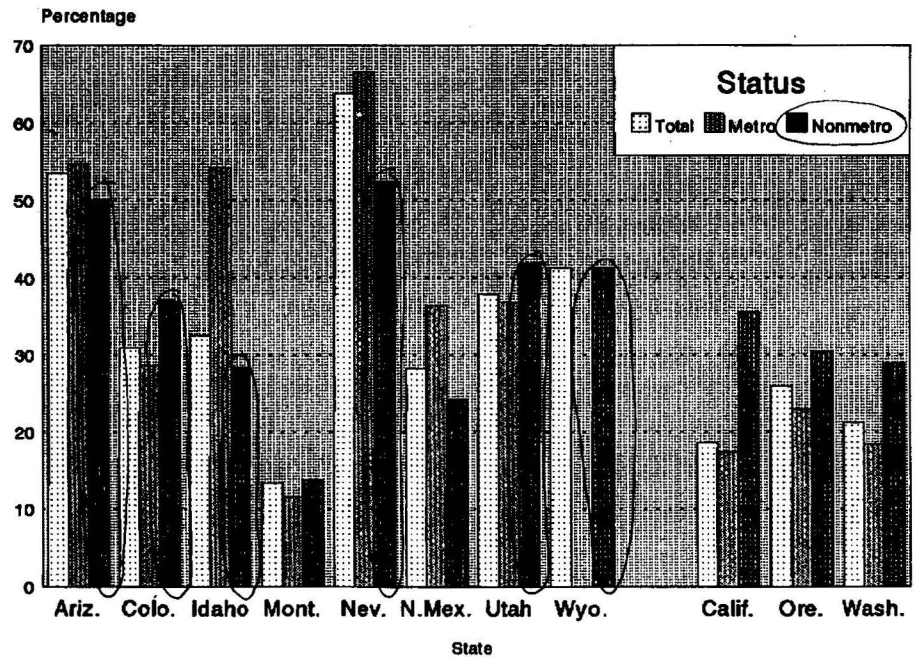
US Census Bureau Numbers

Percentage Population Change in the West (excl. Alaska and Hawaii), 1960-70 By State and 1967 Metro Status



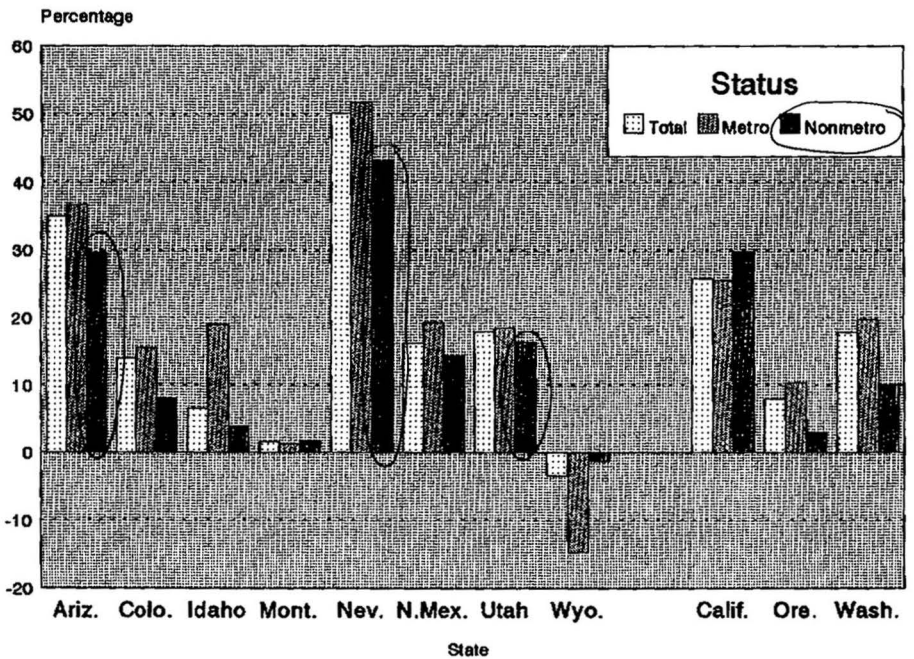
Produced by John Cromartie, Economic Research Service, USDA (202) 219-0534.

Percentage Population Change in the West (excl. Alaska and Hawaii), 1970-80 By State and 1975 Metro Status



Produced by John Cromartie, Economic Research Service, USDA (202) 219-0534.

Percentage Population Change in the West (excl. Alaska and Hawaii), 1980-90
By State and 1983 Metro Status



Produced by John Cromartie, Economic Research Service, USDA (202) 219-0534.

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January 5, 1994

Mr. Jack Ward Thomas
Chief, Forest Service
U.S. Department of Agriculture
14th and Independence SW
P.O. Box 96090
Washington, DC 20090-6090

Dear Chief Thomas:

I remain concerned about the new proposal for law enforcement organization and format within the Forest Service. It is my understanding that an organizational structure has been established independent of the resource managers and line officers who are responsible for the National Forest System. All law enforcement personnel would be supervised by a Director of Law Enforcement in the Chief's office instead of by district rangers, forest supervisors and regional foresters who have had a law enforcement role in the field.

I have long questioned such an approach to law enforcement in natural resource agencies. In my judgement it tends to balkanize law enforcement functions and presents a less integrated and collaboratory agency administration. Law enforcement is part of the day to day role of all land managers especially in the field. This proposed approach undercuts the relevant and well earned image of the forest or park ranger as an individual steward who cares about people as well as the land. It takes away authorities from resource managers giving them less clout and less flexibility to manage resources.

I have not received an adequate explanation from the Forest Service about why such a dramatic reorganization is needed. I am mindful and concerned about the reports regarding misuse of aircraft and lack of follow up on timber thefts by Forest Service line personnel. These are serious problems that must be addressed and that must not be allowed to continue. However, does this proposal address the problem or instead endorse an indifference and specialization that may invite new problems?

For example, a directive has gone out from your office to the field withdrawing the authority of field personnel to issue notices of violation unless they have had three months of intensive training at a law enforcement academy. This further erodes the active role of stewardship and separates law enforcement from resource management, significantly complicating having an integrated approach to dealing with law enforcement problems. In light of the recent criticism of the Forest Service for not pursuing law enforcement cases aggressively enough, this is an invitation for non-action by reducing the law enforcement presence in the field until such uniform training is achieved, if ever.

This new directive should be carefully considered regarding the impact upon the National Wilderness Preservation System. Wilderness rangers today are the only Forest Service presence in our wilderness areas and they must be able to enforce the provisions of the Wilderness Act. Because of the remoteness of wilderness, it is not likely that special agents will be out there patrolling the trails as a sustained presence. The loss of the wilderness rangers' law enforcement authority could well mean that the wilderness system's rules and laws would be left without enforcement and the wilderness resource would be harmed. Wilderness rangers have had the authority to enforce wilderness regulations for almost thirty years and to my knowledge there has never been a significant problem. I urge you, at a minimum, to modify this directive to allow the wilderness rangers to continue this role.

I would appreciate responses to the following questions:

1. In your view, what are the problems that led to the establishment of this proposed law enforcement organization within the Forest Service?

2. How will this new organization address such problems effectively?

3. Do you foresee or concede that this new organization has potential drawbacks and inherent problems and how will you avert such?

4. What will you do to integrate law enforcement specialization with resource management?

5. What is being planned to assure appropriate public sensitivity by these new Forest Service law enforcement specialists (i.e. will they have any educational or interpretative functions)?

6. Will greatly curtailing law enforcement authorities of field personnel who currently have such a role result in less enforcement of Forest Service regulations?

7. Can the new proposed organization be modified to be better integrated and less autonomous of the line officers in charge of the National Forest System?

8. What were the options explored to solve the Forest Service's law enforcement problems and why were other proposals set aside and the current plan proposed for implementation?

I appreciate your timely attention to this matter.

Sincerely,

Bruce F. Vento
Chairman, Subcommittee
on National Parks, Forests
and Public Lands

BFV/cms

United States Department of Agriculture | Forest Service | Washington Office | 14th & Independence SW, P.O. Box 96090, Washington, DC 20090-6090

Reply To: 5300

Date: February 2, 1994

Honorable Bruce F. Vento
Chairman, Subcommittee on National
Parks, Forests, and Public Lands
United States House of Representatives
Committee on Natural Resources
Washington, D.C. 20515-0201

Dear Chairman Vento:

In response to your January 5 letter, I want to assure you that the Forest Service is moving in a responsible and effective direction as it relates to its law enforcement mission. The implementation of the new Forest Service straight-line law enforcement reporting structure, which was mandated in the House Committee report of the Interior and Related Agencies Fiscal Year 1994 Appropriation Act and through followup direction by the Chief, will require the conscientious support of all employees in order to meet the expectations of Congress and the public.

The change in the law enforcement's reporting structure is significant in relation to the rest of the Forest Service. However, despite the fact that law enforcement personnel are managed by the Washington Office Director of Law Enforcement and Investigations, they are directly supervised by field law enforcement personnel located in the same office and with close ties to the line officers they serve. We will strive to continue the benefits of these ties, while assuring necessary operational independence.

The wildland law enforcement interface has become so complex in recent years that the technical ability to supervise it requires that the program be managed by professional law enforcement personnel. Constitutional issues, current case law, urbanization of crime on the National Forest System, and contemporary safety concerns are generally beyond the ability of most general resource managers to redeem.

In addition to the operational aspects of the agency's law enforcement activity, two congressional subcommittees, the Government Accounting Office and the USDA Office of the Inspector General, have all concurred that the only way to regain the public's trust and support of the Forest Service investigations and enforcement program is to eliminate the appearance of interference by creating a separate reporting structure for law enforcement.

I believe the issue of "Balkanization" will only be a problem if someone wants it to be a problem. Most of our personnel are working hard to integrate the new reporting structure. I expect law enforcement personnel to function as a support unit to help our line officers provide for public safety and help protect our natural resources.

On January 27, Forest Service personnel from recreation and law enforcement met with Jim Bradley of your staff. During this time, the following points were discussed:

o Forest Protection Officers (this category of Forest Service law enforcement training includes "wilderness rangers") will continue to be authorized to issue Notices of Violations and Warning Notices for any violations of Title 36, Code of Federal Regulations, Part 261 (36 CFR, 261), which occur in either wilderness or primitive areas, during daylight hours and in the absence of available Law Enforcement Officers.

o Forest Protection Officers operating in dispersed areas and developed recreation sites will continue to be authorized to issue Notices of Violations and Warning Notices for a significant number of violations of 36 CFR, 261 during daylight hours and in the absence of available Law Enforcement Officers. These violations will be listed in our Forest Service Manual, Title 5300, Zero Code, and are being jointly agreed to between the Recreation and Law Enforcement and Investigations Staff Units.

The following are specific responses to your numbered questions on pages two and three of your letter:

1. A good summary of the problems which lead to reorganization of the agency's law enforcement activity can be found in the Fiscal Year 1994 House Committee Report of the Appropriations Act. The applicable excerpt reads as follows:

> "...there have been numerous reports over the years detailing the problems with law enforcement within the Forest Service, particularly the problem of interference with criminal investigations by non-law enforcement supervisory personnel. According to the investigative report, the crux of the problem lies with the Forest Service organizational structure... In some instances, some law enforcement officials stated that cases of improper influence are not necessarily deliberate cover-ups but merely ignorance of the law, or poor judgment...interference often occurs from a communications breakdown... Although there have been five studies on this subject just since 1989, both active and retired law enforcement officials stated the recommendations from the studies, for the most part have been ignored...these actions are typical of Forest Service policy: develop strong initiatives to assuage critics, then continue to do business as usual."

This perception by some members of Congress, the media, and the public is what led to the change in the reporting structure.

2. Law enforcement is a support tool for the line officer. A separate reporting structure now protects all employees from charges of interference. This separate reporting structure is consistent with many public and private law enforcement agencies. There will be a resource protection partnership between line and law enforcement. Under the new reporting structure, the organization will be free from allegations of interference. Line officers and law enforcement personnel will work together on resource protection issues. I am committed to insuring that the management concerns of line officers are considered and accommodated in day-to-day National Forest System law enforcement operations. We intend to apply the concept of customer satisfaction both internally and externally.

3. Potential problems include a lack of funds identified in the newly created National Forest Law Enforcement Budget Line Item to meet enforcement and investigative demands. In addition, I am concerned that there may be a lack of commitment by some line officers, who view this change as a "loss of control" issue, to the implementation of the straight-line organization.

4. In spite of the lack of commitment described in my answer to question three, most Forest Service employees are working hard to transition to the straight-line reporting structure. Law Enforcement and Investigations personnel will have their position descriptions reflect the need to integrate the program, provide support to line, to seek line input, and to be responsive to their concerns. Performance elements in law enforcement employee evaluations will reflect these requirements.

5. Forest Service Law Enforcement Officers (LEO's) have continually received public commendations and praise. Most LEO's come from other resource areas of the Forest Service and bring with them the technical expertise and insights that enable them to interpret and educate, and to better investigate and enforce laws in a wildland setting. The few LEO's that do not come from a Forest Service background receive training plans that include a resource orientation on their unit. Also, all LEO's attending training at the Federal Law Enforcement Training Center receive at least 53 hours of communications/ conflict resolution/sensitivity behavioral science training which is more than the hours received in firearms training.

6. Wilderness rangers will maintain their current level of authority. Forest protection officers working in developed sites and general dispersed areas will have their authority reduced slightly at the end of 2 1/2 years (October 1, 1996). These reductions relate to general safety considerations

involving regulations that should be enforced by full-time law enforcement officers, such as assaults, illegal use of weapons, or other "high-risk" encounters. If circumstances warrant, a forest protection officer can be trained and certified as a Reserve LEO for seasonal or emergency law enforcement work with a full range of law enforcement authority.

7. Any modification of the new organizational reporting structure for the law enforcement and investigations activity within the Forest Service would conflict with the House Committee Report of the FY 94 Appropriations Act as well as with the concerns of the oversight agencies. This action would place the Forest Service back, where it was last summer, with the negative perceptions by the media and public, to the point that the Forest Service law enforcement and investigations program had lost credibility. The new organization is autonomous of line officers only in its reporting structure, not in its integration and responsiveness to the needs of the forest manager.

8. Other options were available. However, a 5-year review by numerous oversight agencies, two Congressional subcommittees, and constant media attention made it clear that the option chosen demonstrated a clear commitment to the issues.

I hope that you will find that this letter adequately addresses your questions about implementation of the straight-line law enforcement reporting structure, and demonstrates our commitment to full integration of law enforcement and investigative activities.

Sincerely,

JACK WARD THOMAS
Chief

AFSEEE

Association of Forest Service Employees for Environmental Ethics

P.O. Box 11615, Eugene, Oregon 97440
(503) 484-3692

BY FACSIMILE TRANSMISSION

February 2, 1994

The Honorable George Miller
The Honorable Bruce Vento
Attn. Jim Bradley
House Natural Resources Committee
1324 Longworth House Office Building
Washington, D.C. 20515

Dear Congressmen Miller and Vento:

This letter supplements the testimony of the Association of Forest Employees for Environmental Ethics ("AFSEEE") before your respective subcommittees of the House Natural Resources Committee at the hearing held February 1, 1994. The Forest Service memoranda regarding "downsizing" discussed in this supplement were not available to AFSEEE when we prepared our testimony set forth in "Toward Excellence in the U.S. Forest Service."

SUPPLEMENTAL TESTIMONY

The Forest Service must reduce its workforce as a part of reinventing government. There are, however, sensible and silly ways to go about the process.

Sensibly, workforce reduction would be a part of a strategic plan that identifies a new organizational structure for the Service based on providing a high level of on-the-ground services to the American people. Such a plan would reduce the four-layer bureaucracy (Washington Office, Regional Office, Supervisor Office, District Office) to three layers by combining the functions of the Regional and Supervisor Offices (AFSEEE suggests the new name "Bioregional Offices"). In addition, Washington Office staff would be reduced by decentralizing policy analysis and administration to the new Bioregional Offices. District offices would be consolidated where changes in workload (such as fewer timber sales as a result of ecosystem management) counsel for such cost-saving measures.

The strategic plan would also identify the tasks associated with ecosystem management and the qualifications of the staff necessary to carry out those tasks. Thus within the new organizational structure, the strategic plan would identify the skills and staffing to carry out the Forest Service's new mission.

The strategic plan, if it is to be of any use, must precede downsizing. It appears, however, that the Forest Service is downsizing first (and poorly at that) and putting off strategic planning and reorganization to another day. A Forest Service

memorandum dated January 25, 1994 titled "Highlights of Jack Ward Thomas' Comments at WO Staff Director Meeting of January 24," reports:

> FOREST SERVICE REORGANIZATION - (Compilation of several responses throughout the meeting) There are two things we are on the line over:
>
> Ecosystem management
> Reinvention/reorganization
>
> We need to be bold. Budget and FTE's are going down. Jack is not willing to get his "head peeled" for "minor league" issues. Therefore, we can't piecemeal reorganization. If we do, we'll get politiced (sic) to death. He assumed that a "bold" reorganization proposal will not go forward until early in 1995 and that it will be part of a larger package that will be handled in a "base closure" style. He puts alot of importance in the results of the Reinvention Team's efforts and keeps feeding them ideas.

Exhibit A hereto (emphasis added).

The Forest Service is cutting staff dramatically at the district level and lower grade levels. In the last two years the Siuslaw National Forest has cut staff by about 50 percent, much of it at the district level. The Willamette is undergoing similar reductions. The cuts disproportionately affect the more junior employees with the skills recruited by the agency to carry out ecosystem management.

Minorities are also disproportionately affected. For example, Region Six prepared (belatedly) a Civil Rights Impact Assessment (CRIA) for downsizing in the region. That assessment concluded:

> African Americans, Hispanics, American Indians, and persons with Targeted Disabilities are on the surplus list at a higher percentage than their proportion of the work force. This represents important losses to the organization.

Executive Summary of CRIA, quoted in Exhibit B hereto (February 22, 1993 memorandum to John Lowe from Gerald Foster, Willamette National Forest).

Meanwhile, downsizing has left untouched upper level management, where dramatic cuts are called for. A May 18, 1993 Forest Service memorandum titled "News from Family Meeting with the Chief," former Chief Robertson states:

Dale said FS middle management is too fat. He has asked RF's to reduce RO's by 35-40%. Mentioned R2, R6, & R9.

Exhibit C hereto.

Executive Order 12839 (OMB Bulletin 93-08), issued in September of 1992, requires the Forest Service (and other federal agencies) to eliminate 4 percent of its full-time equivalents (FTEs) by September, 1995, and at least 10 percent of the reduction must be in grades GS-14 and above. See Exhibit D hereto (Forest Service memorandum of December 28, 1993 regarding Reduction of Positions, E.O. 12839). One year later the Forest Service has actually increased staffing levels at GS-14 grades and above. Enclosure 1 to Exhibit D shows the number of GS-14+ positions in September 1992, the "target" number for September 1995[1] and the number as of December 1993. GS-14+ positions totalled 1115 in 1992 and 1143 currently, an increase of 28 positions.

In sum, the Forest Service appears to be blindly cutting staff from the heart its workforce, the people who do on-the-ground resource management, while protecting upper-level paper pushers. If this is reinventing government, it sure looks like bureaucratic business as usual.

AFSEEE appreciates this opportunity to provide this supplemental testimony.

Sincerely,

Andy Stahl
Executive Director

---

[1] The target numbers are actually inflated above the number called for by OMB. The Forest Service believes (based on "preliminary discussions with the Department," see Exh. D at 1) that it need not take the full 10 percent reduction, which would permit 950 GS-14+ positions, but instead reduce only to 1003 GS-14+ positions.

Exhibit A to AFSEEE Supplemental Testimony

1/25/94

HIGHLIGHTS OF JACK WARD THOMAS' COMMENTS
AT WO STAFF DIRECTOR MEETING OF JANUARY 24

VIEW OF WO EXPERIENCE - Since he didn't have any before becoming Chief, he finds it hard to demand WO experience. He thinks WO experience valuable, but not mandatory. Wants to go for the best and brightest.

SKILLS - Will need people with more and more technical skills. Will results in the needs for higher grades and cause some difficulties with the Administration's desire to reduce GM-14+'s. Making a pitch to divide middle management from technical skills. (Side note: from what Jack said, he isn't limiting technical skills to just the biological scientists. He seems to understand that technical skills are needed in every aspect of our work.)

LAW ENFORCEMENT - Finding problems in working the stove-pipe organization for all Law Enforcement activities. Need to have break down between investigations and routine enforcement and administrative responsibilities. Al Trujillo is working on proposal to discuss with the Appropriations Committees.

FOREST SERVICE REORGANIZATION - (Compilation of several responses throughout the meeting) There are two things we are on the line over:
Ecosystem management
Reinvention/reorganization
We need to be bold. Budget and FTE's are going down. Jack is not willing to get his "head peeled" for "minor league" issues. Therefore, we can't piecemeal reorganization. If we do, we'll get politiced to death. He assumes that a "bold" reorganization proposal will not go forward until early in 1995 and that it will be part of a larger package that will be handled in a "base closure" style. He puts alot of importance in the results of the Reinvention Team's efforts and keeps feeding them ideas.

SHOULD RF&D'S REPORT TO DEPUTIES INSTEAD OF CHIEF - Informally, that's how it works on day-to-day basis. Reinvention Team needs to look at this.

HOW CAN STAFF DIRECTORS MORE EFFECTIVELY SERVE YOU - Work longer and harder. Jack said the Staff Directors probably know the answer to this better than he does.

HOW MUCH TIME SHOULD BE SPEND INTERNALLY VERSES EXTERNALLY - Jack said he didn't think too much of this question because the answer to him was it depends on the circumstances and he depended on staff to set those priorities.

HOW CAN EFM BE MORE USEFUL - (I don't remember submitting this question) In Washington, budget is power. In the current situation of downsizing of budgets and personnel, all financial management will become more important, therefore, improving our performance in financial management is important.

CURRENT VACANCIES - Vacancies are getting filled at GS-13 and above slowly. Trying to selectively pick those positions which will not be likely to interfere with the results of reinvention. Chief see a "lump" of higher graded positions coming through the system due to upcoming retirements. This will make the vacancy situation even more difficult. He spoke very candidly to the

SES cadre. The message was, you signed up for SES. If the Service needs you to move to fill an important position, he expects the SES'er or the SES candidate to move. If the person is unwilling to fulfill that requirement which they agreed to to become a SES'er or SES candidate, they need to request getting out of SES. While not being insensitive to personal situations, he doesn't see many exceptions. Dave Unger later said that Jack was serious about this statement, but refusals had not been a significant problem to date.

ADMINISTRATION'S NATURAL RESOURCE AGENDA - While USDI Secretary Babbitt is viable in this arena, the overall roles are not clear. The issues are complex and the Administration wants to move from competition between Departments/agencies to a one government concept.

RESEARCH - Will remain independent since that's the only way our Research can remain credible. Does not mean there won't be change in structure or how research is handled administratively as a result of reinvention.

STATE AND PRIVATE FORESTRY - Jack sees an increased role over time, especially with ecosystem approach to forest management. However, he's not hung-up with current organizational structure.

CHIEF'S OPERATING STYLE - Forest Service needs to improve on briefing style. He wants crisp, well organized, visual briefings. The presentor, in their preparation, should demand to know what it is that Chief and Staff want to know. Normally it should take no more than 3 meetings to reach a decision on even complex questions. The actual briefing should be held to 15 minutes. Presentors should differentiate between "big" and "little" stuff.

Jack wants to see more passion, more aggressiveness, and more willingness to look at doing things differently. He wants to have the our people "in the trenches" see and feel something different.

He see 3 reasons for reports:
- We want to do something;
- We don't want to do something (get them out of my hair, give the a report to do)
- Empowerment - he stressed you can't have empowerment without accountability and said he felt that's been missing

He is not a task force addict. Said we have been overwhelmed with study, not action and that we have overdone program initiatives. He is supportive of marketing our programs, but thinks we have overdone the marketing. We need to "bore in" on a limited set of principles.

He believes in delegation and letting people figure out how to do their jobs.

ROLE OF THE WO - The WO needs to focus in 2 directions:
- Up Pennsylvania Avenue
- Toward the field

He thinks we have focused ourselves too much up the avenue in the past
He believes we have lost credibility and need to ensure we have accountability before we can regain our credibility. We need to reinstitute the review system. While we need to enpower our employees, we also have to make sure we have accountability.

ASSISTANT SECRETARY'S OFFICE - Things are getting better as they become staffed up. However, they aren't there yet. The Assistant Secretary had the first strategy meeting involving the Deputy Assistant Secretary designatees and the Chiefs of the Forest Service and Soil Conservation Service on January 21. Adela Backiel will be the primary contact which will help focus action. The Assistant Secretary's Office is beginning to realize that the Forest Service can do quality staff work.

TOWARD A MULTICULTURAL ORGANIZATION - There will be no diminutation of effort. However, we'll have to work harder during downsizing. Measure of accomplishment isn't the number of task force reports, but results.

OVERALL - My impression was positive. Jack has a field orientation. He said he uses two words that, to some, have a negative connotation, but he doesn't use them negatively. One is "exploit" everything we do exploits something. The other is "politics". He says he uses that in the noble sense of the art of compromise. He knows that science can't answer all the questions, but thinks it can help frame the alternatives or decision space. He says he's ego is strong and he wants to get factual information. If the news is bad, he wants to hear that. He does not take bad news personally.

He is not a supporter of any particular management school, like TQM, but reads management literature. He feels strongly about customer service, being truthful, and getting results. He believes we can do this as long as we don't weigh ourselves down with an overburden of bureaucracy. He stressed results and accountability but was critical of endless task forces and reports. He has a bent for action based on the technical expertise of the "best and brightest."

Best of all, he has a sense of humor and can tell jokes on himself.

Exhibit B to AFSEEE Supplemental Testimony

United States Department of Agriculture

Willamette National Forest

211 East 7th Avenue
Eugene, OR 97401
(PO Box 10607 97440)
Contact (503) 465-6663
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Reply To: 1730 Civil Rights
6130 Employment

Date: February 22, 1993

Subject: Review of Regional Civil Rights Impact Analysis (CRIA)

To: John Lowe, Regional Forester

The intent of this letter is to provide input to you as regards the subject document. However, before I commence, I believe it is appropriate to put my remarks in context.

The requirement to perform a CRIA is contained in Forest Service Manual (FSM) 1730 and Forest Service Handbook (FSH) 1709.11, which has as is its underlying authority Title VII of the Civil Rights Act of 1964, as amended, and related laws and Executive Orders. (FSM 1701)

The essence of those regulations are that **before** Management can implement a new employment practice that may affect 10 or more persons or entities either inside or outside the Forest Service, it **must first perform a Civil Rights Impact Analysis (CRIA)**. (FSM 1731)

On 11/24/92, I spoke in person with Regional Director of Civil Rights Robin Nimura and asked him if the CRIA had been done prior to the implementation of the Surplus Process. He replied that no, there had not been a CRIA done at all, but that Management decided to rely instead upon a document called the "White Book." I do not know the origin of the "White Book," nor can I locate anywhere in the regulations where its authorization arises--neither can anyone I've spoken to in Management or elsewhere. Mr. Nimura, nonetheless, put this document forth as meeting the regulations requiring a CRIA "in substance, if not form."

I have subsequently obtained a copy of the "White Book" from Paula Cain, Regional Office (R.O.) Personnel. Let me briefly enumerate some of the more glaring deficiencies of that document as a substitute for a mandated process and format:

1. The "White Book" is unsigned, undated, has no Manual system reference, and in no way could be identified as a document sanctioned by Management.

2. The "White Book" does not remotely resemble the suggested format of FSH 1709.11, or follow it's guidelines. It's merely a compilation of assumptions, raw unanalyzed statistics unrelated to the baseline period (i.e., before the Surplus Process began) or any other Regional numbers; discussion papers on the Civil Rights impacts of a RIF (rather than the Surplus Process), and numerous unrelated documents discussing everything from Summer Employment Programs to Heirachy of Actions.

3. In all 64 pages of it only one page is entitled "Civil Rights Impacts of Work Force Reduction," and states as its issue: "A major reduction in work force, whether or not it occurs through the usage of outplacement process or through RIF, will have a disproportionate impact on women and minorities." It goes on to conclude, "Women and minorities were disproporationately affected by RIFs."

No mention was made in the "White Book" of the Surplus Process as outlined in the Regional Forester's 10/17/91 policy letter providing guidelines for the Surplus Process as currently practiced. So, clearly, this could not be a substitute for the CRIA required by the regulations. It meets neither the "substance" nor the "form" of the requirements for a CRIA.

Also, on 11/24/92, I met with Deputy Regional Forester Dick Ferraro immediately after learning from Mr. Nimura of the "White Book" and informed him of my concerns that the Region hadn't done a CRIA and was violating the regulations and the law by not doing so. His response was surprise and I believe he said he wasn't aware that it hadn't been done.

Additionally, on 11/20/92, Greg Evans, President of the Conference of Chapters of the NAACP, wrote to Gifford Pinchot Forest Supervisor Ted Stubblefield, with a copy to the Regional Forester, expressing his organization's concerns with the failure of the Forest Service to perform a CRIA.

As I understand it from EEO Counselor/Mediator Carolyn Reynolds, very shortly after my meeting with Mr. Ferraro, he directed that a CRIA be performed. My understanding was that this action was to be performed by Susan Triplett of the RO Personnel Section, who was detailed in from the Gifford Pinchot N. F.

When I learned of Susan Triplett being assigned the responsibility for the completion of the CRIA, I contacted her via DG (electronic mail) on 12/19/92, and stated the following:

> "FSH 109.11, Subchapter 33.24 indicates that respondent contacts should be sought out and recorded. I would like to be one of those respondents interviewed when you conduct your survey pursuant to Exhibit 1 (4b) of FSH 1709.11, 33.24. Also, I would like to review the draft CRIS [CRIA] prior to its final approval."

Her reply on 12/21/92, was to say:

> "I've gotten my input from the sensing done by CRAG. The document will not be available for individual review prior to going out in January. We will, however, reflect feedback in an amendment."

To date, I have never received a copy of the CRIA from Ms. Triplett despite my expressed desire to review it. I finally received my first copy from Jean Meyers of the Willamette Personnel Section on 1/21/93, which she sent me voluntarily via DG. However, I learned in my meeting with RO Labor Relations Specialist Mike Hanemann on 2/4/93, that the copy I received via DG was likely not the complete Analysis, so he was going to send me the full copy. It was received on 2/11/93.

The following remarks are relative to the final hard copy of the CRIA:

1. FSH 1709.11, Subchapter 30.6, states, in part, that "The purpose of the impact analysis is to determine the scope, intensity, duration, and direction of impacts resulting from a proposed action." [Emphasis added]

   FSH 1709.11 Subchapter 33.11, states that in collecting and interpreting relevant data one needs to "compare civil rights conditions both **before** and after a Forest Service action..."

   THE PRIMARY AND MOST SIGNIFICANT FLAW IN THE CRIA IS ITS TIMING. It purports to review "...policies and actions we have taken from 1990 through December 1992...," but it does not.

   The CRIA acknowledges that the period to be covered began in June of 1990; yet there is no discussion of baseline data for June 1990 with which to compare civil rights conditions from June 1990 to October 1992, other than a single chart and single table (Appendix G-3). That chart is the "R6 Historical Work Force with CLF," which shows percentages of the work force from FY 89 to present, but fails to show projected or actual impacts of the implementation of the Surplus Process on work force diversity.

   By failing to perform a CRIA before implementation of the Surplus Process, Management missed the opportunity to implement serious mitigation measures to ensure that work force diversity would not be disparately impacted. **This failure has prejudiced the entire process and purpose of performing a CRIA.** However, not only an opportunity was missed...but, as the CRIA documents, minorities (with the exception of Native Americans and Asians) are seriously and disparately impacted. Indeed, according to the statistics presented in the CRIA, African American and Hispanic employees have not only been traditionally underrepresented in the Forest Service, but are now diminishing at a significant rate.

   FSH 1709.11, Subchapter 32 states, in part, that the described proposed action should "make a special effort to delineate the affected sectors of the proposed action, for example 'protected' classes..." [Emphasis added] Of course, due to the "ex post facto" nature of Management's action in performing a CRIA, it obviously has not made a "special effort to delineate the affected...'protected' classes" during the period preceding the completion of the CRIA.

   IN FACT, THERE ARE NO MITIGATING MEASURES PUT FORTH TO ALLEVIATE THE LOSSES TO WORK FORCE DIVERSITY OCCURRING IN THIS PERIOD FROM 6/90 TO 1/93, TO CORRECT THE LACK OF PROACTIVE MANAGEMENT OF THE WORK FORCE.

2. The Executive Summary of the CRIA states, in part:

"African Americans, Hispanics, American Indians, and persons with Targeted Disabilities are on the surplus list at a higher percentage than their proportion of the work force. This represents important losses to the organization.

"Continued proactive management of the surplus list and priority placement of surplus employees, has less civil rights impact on the Region's work force than RIF."

The Executive Summary talks about "proactive management of the surplus list," but my EEO Complaint letter of 12/7/92, expressed the concern that all five of the Contract Specialists on the Surplus List were minorities. Later, when the list was modified, one female minority Contract Specialist was removed, but then a disabled white male was added. This example demonstrates that there was not, and has not been, any "proactive management of the surplus list." Many other examples abound.

Within the Executive Summary itself, Management contradicts its statement about "proactive management" by stating minorities and other Protected Groups "are on the surplus list at a higher percentage than their proportion of the work force." If there were "proactive management" this would not be happening.

Also, to say that there will be "less civil rights impact on the Region's work force than RIF" is illogical and false. The Surplus List is being rolled over to be the RIF list, so they are one and the same. In that case, since they are identical, how can one be less than the other? If the intent of the Surplus Process was to downsize and minimize the impacts to Protected Groups, then by Management's own admission, it has failed. However, I suppose one could say that the impacts of RIF would be less if there are fewer minorities left to be impacted. Hopefully, that is not the intent of that statement.

3. Page 2, last paragraph: "Again, minimizing adverse impacts to the diversity of our work force was emphasized."

I would hardly call it emphasized when it was the last of 12 guidelines given, and even the Regional Forester and his staff ignored work force diversity by not performing a CRIA until complaints were received.

4. Page 3 talks about several decisions of the Regional Forester. The first was to "Implement a freeze..." However, I am aware of the freeze being violated on more than one occasion and I'm sure there are others. These exceptions were made merely for the convenience of Management rather than to minimize adverse impacts on work force diversity, e.g., a newly created position on the Willamette N. F. as a "Special Assistant to the Forest Supervisor," which was given to white male. There are other similar examples to be found throughout the Region and PNW.

A mitigation first discussed on page 3 and mentioned repeatedly through out the document is the retention of "Cooperative Education students and trainees whenever possible by not surplusing these positions..." However, anyone familiar with the retention rate of minorities in that program knows that it is abysmal. Even at page 6 the CRIA acknowledges, "Cooperative Education students and conversions are leaving the Forest Service due to their uncertainty about the future of their careers in the agency," which further exacerabates the traditional difficulty the Forest Service has had in retaining minority Co-op Ed students. To repeatedly tout this aspect as a serious mitigation is deceptive since (1) the Co-op Ed pool is very, very small compared to the overall employment in the Region; (2) the majority of the Co-op Ed's are NOT minorities; (3) the majority of minority Co-op Ed's do not stay with the Forest Service for any appreciable period; and (4) Co-op's often cite hostile or unwelcome work atmosphere as a reason not to stay with the Forest Service after graduation.

5. Page 4 states that in September 1992, more than two years after implementation, "...the Regional Forester encouraged using flexibility in the selection of surplus positions to mitigate adverse impacts..." However, this flexibility has been observed no where. Minorities are still over-represented on the Surplus List, and have been from the beginning.

6. FSH 1709.11, Subchapter 30.6, requires the CRIA to "Analyze any organizational changes for potential impacts on the public..." Yet, there is nothing at all addressing those potential impacts other than a brief, unsupported statement on page 7 regarding "Social Organization."

7. Work Force Characteristics. The table given is perhaps the most damning evidence of all of a lack of "proactive management" of the Surplus List. As a former mathematician, it was clear after a brief analysis of the table relative to the "delta" ($\triangle$%) values of the percentages given, that if there is an effort to proactively manage the diversity of the work force, that it is being done ineffectively. [Delta is the measure of change between one set of figures and another (e.g., 9/19/92 Work Force vs 9/29/92 Surplus List).]

   The following table of delta values is derived from the table on Page 8 of the CRIA:

Group	Delta	Remarks
White	-5.82%	Whites have increased in representation.
Asian	-22.47%	Asians have increased in representation.
AfrAmer	+70.54%	Blacks have decreased in representation.
Hispanic	+54.44%	Hispanics have decreased in representation.
AmerIndian	+38.72%	Native Americans have decreased in representation.
Disabled	-33.14%	Disabled have increased in representation.
Targeted	+33.06%	Targeted disabilities have decreased in representation.

What the above table tells us is those groups who are most significantly impacted, i.e., the largest positive change in percentage between the work force and the Surplus List. Their ranking is as follows:

Rank	Group	Delta	Over/Under (+/-) Representation on Sur. List
(1)	AfrAmer	+70.54%	+43.46%
(2)	Hispanics	+54.44%	+27.36%
(3)	AmerIndian	+38.72%	+11.64%
(4)	Targeted Dis.	+33.06%	+5.98%*
(5)	White	-5.82%	-32.90%
(6)	Asians	-22.47%	-49.55%
(7)	Disabled	-33.14%	-79.55%*

* Only racial groups are used in calculating the average delta ($\overline{\triangle}$%) since all disabled fall within a racial group.

Ideally, there would be a 0.0% average shift in delta if all racial groups were equally represented by proportion in the work force as on the Surplus List. In other words, there would be no difference in the percentages in the work force as there are on the Surplus List.

However, since the average delta value for the above 5 racial groups is +27.08%, this is a statistical indication that there are inequities (imbalances) between the representation in the work force versus the representation on the Surplus List.

It is clear from the above analysis that African Americans and Hispanics have borne the brunt of downsizing impacts, while Native Americans are declining, and Whites and Asians are not bearing their fair share of downsizing and increasing in proportion. Although Asians are more greatly under-represented, their actual numbers are so few that even "unsurplusing" all of them would not balance things. The most significant under-representation, of course, are Whites, given their large number and disproportionate racial under-representation on the Surplus List.

The following table tells us, in simple terms, what the mathematics tells us in the above calculations:

Group	For every 10 on the Surplus List there should have been
AfrAmer	7
Hispanics	8
AmerIndian	9
Targeted Dis.	9
White	15
Asians	20
Disabled	50

Obviously, an "ideal" situation is not probable, but certainly if there were "proactive management" of the Surplus List employing flexibility on the part of managers, then there would not be such a wide, glaring disparity between the groups, as shown above. Logically, the "important losses to the organization" of minorities lamented throughout the CRIA are likely due to a lack of "proactive management," rather than as a result of it.

However, be reminded, that the above statistical analysis is only for 1992, and there are no figures given similarly for the baseline period of 6/90 to present, which likely shows a greater impact.

Please note that African American employees are the most significantly impacted group--as the above calculations show--and they are also the smallest racial population in the Region--as the CRIA shows--so the impact is enormous, and most certainly disparate. From the diminishing curve on the chart in the CRIA for African American employees, it seems reasonable to assume that a CRIA using 6/90 baseline data would show an even more dramatic disparate impact.

Indeed, the CRIA itself acknowledges "The Region's cultural diversity is taking a step backwards." (Page 12) Keep in mind that this is after implementation of a process that purports to mitigate the impacts of a RIF on minorities and other protected groups.

6. There is no discussion or analysis of EEO Complaints and/or Union Grievances relative to the Surplus Process. Certainly such a relevant factor in gauging employees' reactions to the process should be analyzed.

7. Page 13 states that impacts to Community Economics, Community Stability, Dual Careers, and Positions Impacted by RIF are not identified; yet, FSH 1709.11, Subchapter 36, Evaluate Alternatives, requires that these social and economic civil rights effects "must" be considered. This is a clear deficiency.

8. Page 14, Mitigations. The last four paragraphs are not mitigations.

Paragraph 5 states the Region has worked actively with other Agencies, etc., but this does nothing to decrease the disproportionate loss of minorities in the Forest Service, it only places them elsewhere.

Paragraph 6 speaks to employee morale, but minorities are being displaced at disproportionate numbers...what good is morale boosting if you're gone?

The last paragraph talks about potential (not actual) 1993 Coop Ed recruitments again, which we dispelled earlier by pointing out the relatively small numbers this mitigation might represent in the future. What about now? What about the past losses?

The following page (Page 15) talks about additional mitigations such as "reevaluate and stabilize the surplus lists," and "Assess the necessity of furloughs and RIF." Again, these are not mitigations that will directly or indirectly improve the disproportionate displacement of minority employees.

9. The Appendices show several references to Early Retirement Authority, first saying it would be requested, then not doing so because of assumptions that it would not be approved. Clearly, "early out" would be a significant balancer since most would be white males, the most over-represented racial group in the work force, and, therefore, mitigating the disparate impacts to minorities. To not even ask for the authority, and support it strongly with the argument of mitigating disparate impacts to minorities, is to not be proactive in managing diversity.

10. The minutes of the Regional CRAG of 3/9/92, states that the Regional Forester said that "many Forest Supervisors have met one-on-one with each person on the list." I believe that to be an incorrect statement based upon my personal experience and contacts with others on the Surplus List.

11. FSH 1709.11, Subchapter 33.24, requires that there be personal contacts with employees and other concerned organizations. The Appendices of the CRIA does contain some summaries by the CRAG of employee interviews, but none of any outside groups.

    FSH 1709.11, Chapter 30, requires that the "Civil rights analysts must be proficient in compiling and interpreting civil rights information..." Yet, the CRIA relies solely upon third-person interviews by CRAG members who are not Civil Rights Specialists. Individuals who requested to be interviewed were not. I understand that neither BIG (Blacks in Government) members nor unit African American Special Emphasis Program Managers (SEPM) were interviewed or requested to provide input.

    The NAACP specifically requested an opportunity to provide input, but was ignored despite Exhibit 1 on page 33.24--2 of FSH 1709.11, which shows as an example of written data to be collected under Item 2f: "formal resolutions from interest groups." This is specifically what was provided by the NAACP, but is omitted from the CRIA.

    FSH 1709.11, Subchapter 33.24 states "Without use of a random sample, the responses are not representative of the total population." It appears from the small number of interviews that a representative sampling was not obtained; consequently, the respondent contacts may not be a true indication of attitudes and behavior. Questionnaires are recommended by the FSH, but to my knowledge, none were conducted.

12. In the CRAG's minutes of 8/20/92, it states as a recommendation that one of the ways to reduce impacts on individuals is to downsize equitably by eliminating staff positions along with field positions. Yet, it's very obvious on the Willamette and elsewhere that Staff Officers are not taking their fair share of the pain of downsizing.

No where is that example more glaring than the Regional Office. In a document entitled "Statistical Breakdown on the Placement of R6/PNW Surplus Employees" prepared by the R6/PNW Downsizing Team, it shows that the RO has had only 14 surplus positions identified when other units of comparable size have had 111, 93, 91 77, 45 and other large numbers surplused. I have requested but not yet received baseline information on this table which I believe will show that on a percentage basis, the RO is not bearing its fair share of the impacts in downsizing.

13. The CRAG sensing summary of 10/22/92, indicates that there has been "inconsistency in selecting unfunded positions/people." This is very true, as exampled by my own circumstances and others of which I'm aware. Guidance in selecting unfunded positions is inadequate and contributes not only to the feeling of unfairness, but also allows abuses by arbitrary and capricious managers. Many examples exist of favored employees who were placed on the Surplus List just so they could be selected for a "wired" job. An example is of a former Forest Supervisor's wife who wanted a job, but wasn't on the Surplus List and was (pre)selected nonetheless.

    No where does the CRIA indicate a desire to correct this deficiency of inadequate guidance with appropriate direction mitigating the inconsistencies. One proposal I attempted to negotiate with Management is to require that all managers provide unfunded employees with a specific explanation or analysis (rather than just saying there isn't enough money) which explains to the employee why her or his position was selected. Employees do not dispute that budgets have been reduced...we all know that.. but lack of funding is only a reason to downsize, it is not a reason why a particular position should be unfunded. That is the major thrust of my efforts in attempting a resolution with Management, i.e., that managers be directed to provide employees with a reason specific to the employee.

    This is also a right employees have under Article 32 of the Master Union Agreement.

    This same document in the CRIA states "No apparent accountability for minority retention," which is clearly true...despite statements from the Regional Forester encouraging flexibility in selecting surplus positions. (See CRAG 12/9/92) Accountability would provide an informed basis from which to work in mitigating disparate impacts to minorities. As previously stated, the CRIA fails to account for the baseline period 6/90 to 10/92.

14. All of the statistical tables presented in the CRIA are mathematically faulty since they relate to a period sometime after the baseline period of 6/90; hence, they do not show the true picture of what losses have been suffered since the Surplus Process commenced. Any Impact Analysis must begin at the beginning...at the point at which impacts begin. Otherwise, any calculations of impacts are inaccurate when the proper baseline isn't used.

15. Monitoring, which is a required portion of the CRIA, is non-existent other than to count the impacts after the fact, rather than taking a proactive role and exercising flexibility and management of the work force to sustain and enhance diversity. What Management is doing is not monitoring, but taking a "body count."

16. The entire document lacks a cogent organization with its many redundancies (e.g., putting forth Coop Ed's as mitigation) and unsupported statements (e.g., "A commonly-held perception is that an effect of downsizing will be to wipe out the Region's cultural diversity...").

17. **Amazingly, one whole protected group, Older Workers, are completely ignored and not addressed in any fashion by the CRIA, Management, or the CRAG.**

Given the foregoing, it is my opinion that the CRIA fails in its purpose "to determine the scope, intensity, duration, and direction of impacts." Clearly, when 18 months of data are ignored one has failed to properly address scope at the very least, and more likely the intensity as well. The "form" of the CRIA is sufficient, but the "substance" is entirely lacking--as demonstrated above.

It does not instill faith in the sincerity of Management to see them first willfully ignore the regulations, then put forth the "White Book" in substitute of the legally mandated process prescribed by the regulations, and finally perform a hasty, inadequate CRIA that fails to cover even the period to be studied.

THE KNOWING AND WILLFUL DISREGARD ON THE PART OF MANAGEMENT OF THE REGULATIONS AND LAWS IN MANAGING WORK FORCE DIVERSITY AND PROTECTING THE CIVIL RIGHTS OF ALL EMPLOYEES--PARTICULARLY PROTECTED GROUPS--CONSTITUTES A PATTERN OF PRACTICE OF "...RECKLESS INDIFFERENCE TO THE FEDERALLY PROTECTED RIGHTS..." OF THOSE EMPLOYEES. [42 USC 1981A(b)]

Since my Formal Mixed-Class Action EEO Complaint is currently under consideration for certification of the Class before the EEOC, a copy of this letter is being provided to them in support and supplementation of my assertion that Management knowingly and willfully failed to follow the regulations requiring the performance of a proper Civil Rights Impact Analysis, which directly resulted in the violation of the civil rights of employees of Region 6 of the USDA Forest Service.

/s/ Gerald Foster
GERALD FOSTER
Contract Specialist
Willamette National Forest

cc(via DG): D.Ferraro - Deputy Regional Forester, R6
D.Robertson - Chief, USDA Forest Service, WO
W.Riley - Director Personnel, WO
L.Burse - Director Civil Rights, WO
R.Nimura - Director of Civil Rights, R6
S.Triplett - RO, PM
D.Kenops - Forest Supervisor, Willamette NF
J.Nelson - Deputy Forest Supervisor, Willamette NF
M.Scutvick - AO, Willamette NF
M.Owen - Supervisory Contract Specialist, Willamette NF
J.Meyers - Civil Rights Specialist, Willamette NF
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News From ~~Family Meeting~~ with the Chief
MAY 18, 1994 3
1993

1. Dale said he will be briefing the secretary tomorrow. Purpose is explain the agency mission and to discuss restructuring options. Each agency head has 30 minutes. This is part of the Secretary's effort to reinvent the Department. Dale says that "We will be in a restructuring mode over the next 6 months." He did not elaborate on what he will be telling the Secretary.

2. Dale said the 3 committees developing recommendations relative to the Forest Summit should have their work done 6/1. He expressed some concern about whether the Timber Theft problem which was discussed and filmed by ABC during the House Appn hearing would be aired about that time. That could undercut the credibility fo the FS just about when the President and Cabinet will be making some important decisions involving the Forest Service.

3. He speculated that the current effort by the secretary to reorganize the Department farm service agencies might involve a discussion as to whether the S&PF program should be moved out of the Forest Service as some people see some similarity between farm services and S&PF.

4. He said that 1994 will be the 1st year of 4 year effort to eliminate below cost sales. Accordingly, the budget has been reduced by $46 million which translates into hundreds of jobs lost.

5. Dale said FS middle management is too fat. He has asked RF's to reduce RO's by 35-40%. Mentioned R2, R6, & R9.

6. Regarding the freeze, Dale said now that Asst. Secretary Jim Lyons is on board, he plans to meet with Lyons to see what can be done about the freeze. He said this meeting may not take place for another 30 to 60 days yet.

7. Dale was asked how the FS would balance diversity needs with downsizing. He responded that it would be accomplished through attrition and selective RIF's.

Bob Birnstengel

Exhibit C to AFSEEE Supplemental Testimony

Exhibit D to AFSEEE Supplemental Testimony

United States Department of Agriculture	**Forest Service**	**Washington Office**	**14th & Independence SW P.O. Box 96090 Washington, DC 20090-6090**

Reply to: 6130/6520 **Date:** December 28, 1993

Subject: Reduction of Positions, E.O. 12839

To: Deputy Chiefs, Regional Foresters, Station Directors, Area Director, and IITF Director

REPLY DUE JANUARY 14, 1994

Executive Order 12839 (OMB Bulletin 93-08) mandates that each Executive Department shall eliminate not less than 4 percent of its civilian personnel positions measured in full-time equivalents (FTE's), from September 30, 1992, to September 30, 1995. The Executive Order also states that at least 10 percent of the reductions shall come from the Senior Executive Service (SES), and GS-14 and 15 grade levels or the equivalent. Less than 2 years remain on this schedule.

In terms of the overall reduction of the work force, we don't anticipate having problems meeting the FTE reduction required by this Executive Order. Our downsizing has been driven by budget and program shifts rather than this effort to reinvent and downsize government. The Forest Service FTE level for FY 1993 was 41,155 and since October 1, 1992, our permanent force has been reduced about 1,000 positions. We will, however, continue to monitor FTE use closely. For purposes of consistency in monitoring, we use the following type of appointments: (1) career appointments and career SES, (2) career-conditional, (3) competitive taper, competitive indefinite, and competitive term.

While there has been some mention by the Administration of eliminating FTE's as a measure of work force size, we are still being asked to monitor FTE ceilings. Until there is relief, we must continue to stay within the fiscal year allocations.

More complicated is the issue of reducing positions in grade 14 and above. The OMB instructions for implementing the Executive Order require that we use the number of employees as of September 30, 1992 as our base. OPM has provided OMB with a figure of 1,115 filled positions at that time. Preliminary discussions with the Department have led us to believe that we may be able to use 1,003 grade 14+ employees as our goal for the end of FY 1995 (instead of the 950 that would be our target if the formula for computing reductions were strictly applied).

However, our number of GS-14 and above as of December 13, 1993 shows 1,143 employees on board. Included in this number are those who have been temporarily promoted into grade 14+ positions, but not included are any vacant grade 14+ positions. Our actual number to reduce over the next 21 months could be more than 150 persons. There is no way that this goal can be reached with the present attrition rate and rate of non-competitive promotions.

Deputy Chiefs, Regional Foresters, Station Directors, Area Director, and IITF Director 2

Chief and Staff have reviewed the present staffing levels and prepared an allocation for each unit (see Enclosure 1). We took into account some program shifts and organizational differences among units (for example, the grading of research scientists using the Research Grade Evaluation Guide panel process). However, every unit will need to help us address this problem.

Therefore, we are asking each of you to review your grade 14 and above needs and provide us with a staffing plan within your allocated number. (The Associate Chief, Deputy Chiefs, and I will review all SES positions.) We recognize that this will require reexamining traditional ways of doing business and great self-discipline. We also recognize that many other actions currently underway will necessitate on-going shifts in any plans that you develop, but our record over the last year shows that further delay will be very costly in terms of meeting the September 1995 deadline. This is an opportunity to take a fresh look at developing a healthy, productive, and multicultural organization that meets the mission and vision of the Forest Service as well as our legal requirements.

We need your plans by January 14, 1995. Your report must include (a) positions/employees by title, series, and grade you intend to keep within your 1995 limitations and (b) a detailed plan that shows how you will reduce the excess. Use the attached form (Enclosure 2) for reporting your plans. The allocation chart in Enclosure 1 also provides you with a work sheet that will help you determine the number you must reduce by the end of FY 1995. Please send all replies to Dale Nelson in Personnel Management, via DG to D.Nelson:W01B.

The following elements may be used as a guideline for planning your grade 14 and above adjustment.

1. Program Adjustment. Take into account both increases and decreases in FS programs, based either on targets or services produced. Include changes in programs as we move forward to ecosystem management. You should also be guided by FY 1994 program direction and proposed FY 1995 direction.

2. Organizational Adjustment. Consider efforts that you may have planned for restructuring your organization to improve operating efficiencies.

3. Classification Reviews. Many positions may meet minimal classification standards. Grade controlling duties may be fragmented in several jobs. A supervisory grade evaluation based on span of control may also be a basis for review. Use this opportunity to update position descriptions.

4. Reinventing Government. The information we are requesting is in context with meeting the Executive Order, we recognize that there are efforts underway to reorganize the Forest Service and therefore your current organization efforts undertaken should be considered an interim process. Any gain made in the reduction of these grades will aid our efforts to reorganize the Forest Service.

5. Other. There may be positions that may be abolished or re-configured and re-graded through attrition. Issues of employee performance should also be addressed.

Also enclosed (Enclosure 3) is a monitoring/placement strategy for filling positions for the remainder of FY 1994. Be aware that the Executive Order gives the reduction at grades 14 and above a high priority and that your targets are firm. However, you may want to add an explanation of negative effects of the specific reductions you decide upon. I will expect that you will have done your best to mitigate negative effects within your plans.

I am confident that working together, we can achieve the needed work force reductions. At the same time, I believe the changes can result in stronger organizations that will meet the intent of our mission, vision, and guiding principles.

I will review your recommendations carefully.

/s/ J. LAMAR BEASLEY for
JACK WARD THOMAS
Chief

Enclosures

Enclosure 1

WORKSHEET FOR REDUCTIONS OF GS-14+ POSITIONS

UNIT	(a) Sept'92 Base	(b) 9/30/95 Target	(c) 12/13/93 Current #	(d) Vacancies to Fill	(e) Total (c) + (d)	(f) # to Reduce (e) less (b)
R-1	38	32	39			
R-2	33	28	33			
R-3	41	34	42			
R-4	46	38	45			
R-5	59	49	59			
R-6	70	58	70	½ of the 3yr deadline Still no reductions		is poor ! !
R-8	50	42	45			
R-9	32	27	32			
R-10	23	19	23			
Regions Subtotal	392	327	388	only 4	reductions	!
INT	37	35	39			
NC	35	33	36			
NE	52	49	52			
PNW	59	56	58			
PSW**	27	27	33			
RM	32	30	37			
SE	34	32	39			
SO	32	30	36			
FPL	45	43	48			
STATIONS SUBTOTAL	353	340	378	INCREASE [illegible]		25

See Analysis for to [illegible]

UNIT	(a) Sept'92 Base	(b) 9/30/95 Target	(c) 12/1/93 Current #	(d) Vacancies to Fill	(e) Total (c) + (d)	(f) # to Reduce (e) less (b)
IITF						
SUBTOTAL	0	4	0			
NA						
SUBTOTAL	14	12	12			
WO NFS	140	122	134			
WO RES	35	34	42			
WO P&L	45	39	44			
WO S&PF	51	48	55			
***						
WO ADMIN	67	54	64			
WO IF	9	11	13			
CHIEF'S OFFICE	9	12	13			
WO SUBTOTAL	356	320	365	INCREASED!!!		
TOTAL	1115	1003	1143	INCREASED!!!		

Notes:

* = Vacancies that are unencumbered are the only ones that will increase the PFT of the unit over the 12/93 head count.
** = No reduction listed for PSW in column (b) due to apparent error in base year calculation.
*** = 4 grade 14 and above law enforcement positions in columns (b) and (c) were moved from Admin Deputy area to the Chief's Office in the Washington Office.
PLEASE NOTE THAT FIELD LEVEL 14+ LAW ENFORCEMENT PERSONNEL ARE STILL INCLUDED IN EACH UNITS TARGET AND CURRENT NUMBERS. THEY WILL BE MOVED WHENEVER THE FINAL ORGANIZATION IS APPROVED. BOTH THE PERSON AND THE TARGET ALLOCATION FOR THE PERSON WILL BE MOVED.

United States Department of Agriculture | Forest Service | Washington Office | 14th & Independence SW
P.O. Box 96090
Washington, DC 20090-6090

Reply to: 6130 Date: January 10, 1994

Subject: Freeze on Recruiting at Grade 13 and Above

To: Regional Foresters, Station Directors, Area Director, IITF Director, WO Staff, and PM Operations Branch

For the past several months we have not been advertising to fill vacant positions at grade 13 and above. With an increase in the number of vacancies, and the need to fill some of these to meet high priority program needs and move ahead with downsizing, you are authorized to proceed with advertising to fill vacancies under the following direction.

You may now recruit for positions that meet the standards for category 1 in the enclosed letter. At grade 14 or above, you can advertise those that are consistent with the staffing plan you submit in response to our letter of December 28 on the reduction of positions required by Executive Order 12839.

Direction in force that must be considered includes the Forest Service external freeze that requires the approval of this office before advertising a position outside the Forest Service (Interim Directive 6130-93-4), Executive Order 12839 requiring a reduction in the number of positions at grade 14 and above, and the Forest Service internal freeze (Interim Directive 6109.12-93-2) giving surplus employees first consideration.

The freeze on personnel actions at grade 13 and above remains in effect and that to request an exception you must name a selectee and submit a request categorized and documented as explained in our enclosed letter of November 19.

/s/ J. Lamar Beasley

J. LAMAR BEASLEY
Deputy Chief
Administration

Enclosure

NATIONAL FEDERATION OF FEDERAL EMPLOYEES

LOCAL 457

ALL FOR ONE - ONE FOR ALL

Re: Document for Presentation to the House Committee on Natural Resources

NFFE Local #457 strongly supports President Clinton's Executive Order No. 128394 and Vice President Gore's National Performance Review (NPR) recommendations regarding the reduction of the number of upper grade managers and the ratio of supervisors to employees. In this area, we are greatly concerned by National, Regional, and Forest Management's failure to comply with the President's policies.

Executive Order 12839 (OMB Bulletin 93-08) mandates that each Executive Department shall eliminate not less than 4 percent of its civilian personnel positions measured in full-time equivalents (FTE's), from September 30, 1992, to September 30, 1995. The Executive Order also states that at least 10 percent of the reductions shall come from the Senior Executive Service (SES), and GS-14 and 15 grade levels or the equivalent. Less than 2 years remain on this schedule.

Assistant Secretary Lyons has also established policies requiring reductions of at least 10 percent of GS-14+ employees. Yet, the trend continues in the opposite direction. Attachment No. 1 clearly demonstrates this fact. In summary of Enclosure 1 of that attachment--

Enclosure 1

WORKSHEET FOR REDUCTIONS OF GS-14+ POSITIONS

UNIT	(a) Sept'92 Base	(b) 9/30/95 Target	(c) 12/13/93 Current #
Willam-etta NF	[12/30/89] 2	?	[9/18/93] 2
R-6	70	58	70
Regions 1 - 10	392	327	388
STATIONS	353	340	378
WO	356	320	365
TOTAL	1115	1003	1143

As can be seen from the above summary, the greatest increases are at the highest levels. While Management has been charged with the responsibility of downsizing our agency, it has been preserving itself. This is the bureaucratic head cutting off its body at the expense of the workers. Lower grade employees are being released by the thousands while upper Management continues to feather their own nests with other upper grade managers in order to sustain their grades while they

lose the base of lower grade employees that originally supported the classification of their grades.

Not only does this practice create a classism between Managment and employees, but it has also had a disparate impact on minorities and women in the agency who are being released from employment at higher rates than average.

We ask that Congress--and this Committee--in its deliberations, advise the Secretary of Agriculture of these abuses, and request that it be kept apprised of the efforts made by the USDA and Forest Service to correct these injustices.

Thank you for your consideration.

AL LUCERO
President
NFFE Local #457

DONNA CLARK
Chief Steward
NFFE Local #457

Sent Via Fax

Greater Yellowstone Coalition

2/16/94

The Honorable Bruce Vento
Chairman, Subcommittee on Public Lands
U.S. House of Representatives
Washington, D.C. 20515

Dear Bruce:

I trust that your Subcommittee's oversight hearing on Forest Service reform went well. I appreciate your interest in this pressing issue and I wanted to provide you with additional views for the hearing record.

Clear back in 1986 the CRS highlighted the management problems caused by the lack of coordination and mismanagement by the federal agencies in Greater Yellowstone. Although the situation has improved somewhat, the problems persist -- even among and between neighboring national forests.

In order to remedy this situation in Greater Yellowstone, we recommend that you consider the consolidation of Greater Yellowstone National Forests under one regional office, rather than the existing three regional offices. Former Regional Forester John Mumma has recommended this approach, as well as consolidating all of the Greater Yellowstone National Forests into one National Forest (akin to the Tongass structure).

Another recommendation is to consider consolidating all public lands outside Yellowstone and Grand Teton National Parks under a new agency with a special mission and mandates, with lands to be managed by the Dept. of Interior.

The above-mentioned recommendations plus many others are found within our draft Campaign for Greater Yellowstone. A keystone recommendation in the Campaign is that Congress should take action to designate Greater Yellowstone as the nation's first National Sustainable Ecosystem. We are mailing a copy of our draft Campaign for your review.

Best regards to you, Bruce,

Bart

Bart Koehler/Associate Program Director

P.O. Box 1874 • Bozeman, Montana 59771 • (406) 586-1593 • FAX (406) 586-0851

CAMPAIGN FOR GREATER YELLOWSTONE

Draft

October 1, 1993

Campaign For Greater Yellowstone

DRAFT
Oct. 1, 1993

The Campaign for Greater Yellowstone aims to achieve meaningful conservation of this rare and extraordinary place. The challenge is to ensure that the health of the ecosystem — its natural processes, species and populations and habitats — are maintained, and restored where necessary, while cultivating communities and economies that are truly sustainable and environmentally responsible.

The Campaign for Greater Yellowstone is the product of GYC's ongoing programs, and of the Greater Yellowstone Tomorrow (GYT) Project, a five-year initiative to identify the many changes needed to sustain the Ecosystem. As part of this initiative we've assembled a lengthy and detailed set of recommendations in the GYT Blueprint.

The Campaign includes four components: 1) establishing Greater Yellowstone as a National Sustainable Ecosystem; 2) protecting and restoring the public lands; 3) sustaining communities and encouraging stewardship on private lands; 4) developing and implementing scientifically sound and comprehensive measures to maintain biological diversity.

To these ends, this Campaign calls for a broad range of approaches, including legislative and administrative reform at the federal, state and local levels, as well as a personal commitment from each of us as individuals. Change at each level is necessary if the goal of sustaining and protecting Greater Yellowstone is to be accomplished. For example, if federal land management reforms are successful, but uncontrolled subdivisions continue to sprawl on adjacent private lands, Yellowstone's future is still in peril. And if those of us who live in and visit Yellowstone country fail to accept responsibility for its future by living within the real constraints of a fragile ecosystem, the health of the whole will suffer.

The needed changes outlined in this Campaign could come in many forms, and new opportunities now lie before us. For example, with President Clinton's promise to sign the Biodiversity Convention will emerge a U.S. Biodiversity program, which could establish model ecosystem protection efforts for places such as Greater Yellowstone.

This Campaign is an ongoing and long-term effort, based on the recommendations of GYC member groups, board and individual members, agency staff and many residents of the region, as well as policy analysts and scientific experts. By incorporating your concerns during the upcoming months, we will continue to refine this effort, to ensure that it is adequately comprehensive, accurate and on target.

Please note that these initiatives encompass other important legislative actions which we will continue to be fully engaged with — such as 1872 Mining Law Reform, Endangered Species Act and Clean Water Act reauthorization, Montana, Idaho and Wyoming wilderness bills, geothermal protection, land exchange bills, etc.

Also please note that the public land initiatives could move forward as part of several different legislative scenarios: 1) Stand-alone GYE legislation; 2) As part of state-by-state efforts; 3) As part of a multi-state "big picture" ecosystems legislation; and/or 4) As part of some type of National Sustainable Ecosystem legislative effort.

The rough cut we've made on the proposed Wilderness designations are firmly grounded in years of long-running discussions with GYC member groups. We have carefully monitored newer wilderness proposals supported by these groups. This draft proposal reflects many longstanding grassroots wilderness proposals, coupled with recent judgement calls based on additional sound new information on the biological importance of certain areas. These proposals come directly from many long hours of discussions with leaders from Wyoming, Idaho and Montana.

The ideas surrounding protection of corridors and linkages have been discussed and refined over more than a decade. We believe that they are necessary actions which are based in fundamental ecological science and principles of conservation biology. The same holds true for the proposed restoration areas and wild and scenic rivers.

In the course of discussions about Yellowstone's future with a diverse collection of people, we found there is much common ground. These proposals reflect these shared concerns and a growing recognition that human activities and communities are ultimately dependent upon healthy functioning ecosystems. Many are taking

up the challenge posed by writer William Kittredge to "make use of the place where we live without killing it."

It is our hope that each of you will find this Campaign exciting and inspiring. We ask you to help give this effort more shape and focus, and to join with us in rolling up our sleeves. We can succeed if each of us shoulders part of the load, and works to ensure that we leave this special place for future generations in better ecological health than it is now. Together, we can establish Yellowstone as a living model of conservation, rather than a last refuge of imperiled species.

Problems in Greater Yellowstone

With new scientific knowledge about ecosystem functioning and extinction processes, we now know that Greater Yellowstone is on a dangerous trajectory of habitat fragmentation, degradation and isolation. We know that National Parks, even ones the size of Yellowstone, are not large enough to protect the natural processes for which they were set aside, if surrounding habitats are excessively altered and damaged. This Ecosystem is becoming an ecological island, cut off from vital nearby wildlands such as the Northern Continental Divide Ecosystem in Montana and Canada, and the Greater Salmon-Selway Ecosystem in Idaho. Unrelenting and poorly designed development activities on private, state and federal lands are acting cumulatively to increase isolation and fragmentation of these ecosystems: the first to be lost are typically the creatures at the top of the food chain, and those requiring specific habitats that are particularly vulnerable to human-caused change. With the steady deterioration of the region's ecological health, comes the erosion of the health of surrounding communities and their economies.

The slower-changing parts of this landscape — landforms, soils, lakes — are constantly touched by the quicker rhythms of wind, rain, snow, streams, rivers, fires, wildlife, and human beings. Some of these movements are visible, yet others, like the spread of rhizomes in forest soil or the underground flows that link hot springs and geysers, take place out of sight, where we can know them only through careful study. Despite its size, the Greater Yellowstone Ecosystem can no longer mask the effects of intensive human use and development: from outer space, the west edge of Yellowstone Park is a straight line resulting from a clear-cutting program of over 1 billion board feet on the Targhee National Forest. Over 7,000 miles of roads criss-cross the national forests in the Ecosystem, and nearly 1,000 more are planned in current forest plans.

And, over 4 million acres of national forest lands are open to oil and gas leasing and development; if such industrial development occurs, it can destroy water quality, wildlife habitat, unique scenery, as well as hunting and fishing opportunities, even geothermal systems. The legacy of abandoned mines in Greater Yellowstone, which number over 700, will cost hundreds of millions of dollars to reclaim, and this legacy of polluted waters, damaged soils, and scarred landscapes will continue under existing laws. A case in point is the high elevation gold mine proposed near the northeast corner of Yellowstone Park.

Water law in the West is based on the doctrine of "use it or lose it," and fails to recognize the many ecological and other beneficial values derived from keeping water in the stream. Ill-conceived water development projects and poorly managed dams are causing irreparable harm in some areas to aquatic plants, insects and fish — even on the most legendary of trout streams, the Henry's Fork.

So called "love it to death" issues — tourist booms, second home rushes and rural sprawls — are combining with the impact of resource extraction to be a serious impact on the ecosystem. As visitor numbers mushroom with no limits, four season recreation-oriented developments are also expanding inside and outside both Yellowstone and Grand Teton national parks.

Even the geysers and other geothermal features, that were the basis of Congress' decision to establish Yellowstone as the world's first National Park in 1872, are still not fully protected from development outside the Park.

Private lands, those wide open spaces that support the region's agriculture and provide critical and limited low-elevation wildlife wintering habitat, are being grid-locked with subdivisions. Over one million acres have been subdivided, threatening water quality, wildlife — and ironically the scenic vistas that newcomers are seeking.

Citizen efforts are underway to plan for economic and environmental sustainability at the local level. Some of these initiatives are meeting with success, but many are hobbled by a lack of technical and financial support. In addition, a number of existing laws and tax structures hamper planning for sustainability.

These problems are exacerbated by a lack of coordination of the more than 25 different fed-

eral and state agencies and committees which manage parts of Greater Yellowstone. A potentially precedent-setting effort to improve coordination between the Park Service and Forest Service by the Greater Yellowstone Coordinating Committee met with disaster at the hands of elected officials and the extractive industries.

In the wake of this aborted effort, the same litany of problems remain. That is why over the last several years, we have worked hard to develop a shared vision and thorough scientific understanding of what is needed to protect and sustain Greater Yellowstone. The result is the Campaign for Greater Yellowstone.

Components of the Campaign for Greater Yellowstone

Greater Yellowstone National Sustainable Ecosystem.

Congress should take action to designate Greater Yellowstone as the nation's first National Sustainable Ecosystem. As designated, this National Sustainable Ecosystem will be:

1) a prime example of conservation of one of the nation's premier ecosystems, and the maintenance of its natural processes, soils, and viable populations of plant and animal species and their habitats.

2) An area where the top priority of public lands managers is sustaining ecosystems; this would necessitate a shift from current emphasis on large-scale commodity extraction to maintaining natural integrity, from "sustained yield " to "sustainable ecological systems."

3) A place noted for creative efforts at the local community and individual levels that put into practice principles of sustainability and ecological health.

4) An area where citizens and communities learn new ways to live within the ecological constraints of the ecosystem; where people are an integral part of the ecosystem, which is managed for objectives ranging from complete protection to intensive, yet sustainable, production.

5) A place where government officials, scientists, managers and local residents cooperate in developing progressive programs for conserving land and water to meet human needs while protecting natural processes and biological resources.

6) A place where natural resource managers, industries, and commercial enterprises, rather than citizens, have the burden of proof, responsibility and obligation to show that activities on public lands will not cause damage to ecosystem functioning or imperiled species.

7) A place where wildlands and parks are dominated by natural processes, including fire and naturally occurring cycles of insects and disease, which provide for important habitat.

8) A place where land and natural resource planning occurs on the basis of ecological units, such as watersheds, that make sense from an ecosystem standpoint.

9) An area managed and protected through implementation of credible and scientifically sound plans that require agencies to monitor, maintain and restore ecological functioning, and evaluate proposed actions with the potential for environmental impacts within the context of single and cumulative impacts at the landscape level and at all levels of biodiversity.

10) A place which retains and restores its full complement of species and well-distributed habitats.

To accomplish these goals, a Greater Yellowstone Sustainable Ecosystem Steering Committee should be established by legislative and/or administrative action to oversee the activities of: 1) a Biodiversity Assessment Committee; 2) a Commission on Community Sustainability and 3) a Restoration Conservation Corps (described below). The Greater Yellowstone Sustainable Ecosystem Steering Committee could be comprised of a non-profit organization with representation from communities and the private sector, and entities representing state and federal agencies. The steering committee would formulate conservation and development goals that are shared by representative organizations on the committee, help establish the field activities required to achieve these goals, monitor and evaluate progress, and secure the funding and technical assistance needed to carry out these initiatives.

Efforts should be undertaken, ideally by the above proposed committee, to facilitate the collection and dissemination of data needed to achieve ecosystem protection and sustainable development goals and to improve coordination and communication between public and private land managers.

1) Biodiversity Assessment Committee

A multi-disciplinary Biodiversity Assessment Committee of scientific experts would be established to: 1) initiate an ecosystem wide inventory of biodiversity data needs; 2) coordinate landscape-level data collection; 3) evaluate changes and trends in habitats, species and population distribution, especially rare, threatened, endangered species, listed sensitive species,

"species of special concern," and others vulnerable to human manipulation; 4) oversee a "gap analysis" measuring the biological diversity of the protected areas system; 5) using the information described above, develop a Greater Yellowstone Biological Diversity Conservation Plan to guide public land management, and to ensure that native habitats are well distributed and represented and to maintain the viability of species and populations, especially those sensitive to human activities and development; and 6) make technical and scientific information available to interested communities and individuals, as well as other agencies.

2) Commission on Community Sustainability

Designation of the National Sustainable Ecosystem would involve the creation of a Greater Yellowstone Commission on Community Sustainability, which would be a joint effort involving state and community governments and non-governmental organizations, with representatives of the three states and twenty Greater Yellowstone Ecosystem counties. This commission would: 1) serve as a multi-state umbrella group for a number of innovative programs promoting sustainable activities in ecosystem communities; 2) offer training programs, small grants, matching grants and technical assistance to individuals and businesses interested in pursuing economic activities without environmental damage; 3) help communities pursue a wide range of private land initiatives, such as a) developing effective land use plans b) creating local land trusts to protect important open spaces and agricultural lands, c) establishing Greenway programs for local communities designed to link communities with natural areas, d) protecting river corridors as cooperative efforts between communities, agencies and private land owners.

3) Restoration and Conservation Corps

The Greater Yellowstone Restoration Conservation Corps would tackle needed environmental restoration projects such as road obliteration, riparian restoration and abandoned mine cleanup. The Corps would provide job opportunities in areas where unsustainable development activities, such as the massive clearcutting on the Targhee National Forest, have resulted in layoffs and unemployment in the wood products industry. Such efforts would also provide ecological benefits such as improved water quality and scenic values, increased fish and wildlife populations, and a broader spectrum of outdoor recreation opportunities.

I. Public Land Initiatives

The following initiatives would be implemented as part of the National Sustainable Ecosystem Program.

A. Framework for Administration of Public Lands

The public lands within the Greater Yellowstone Ecosystem are subject to fragmented management practices by agencies whose mandates often conflict. A 1986 Congressional Research Service (CRS) report and 1985 congressional hearings highlighted the problems perpetuated by the lack of coordination among agencies with differing mandates, cultures and traditions. Although there has been some progress in areas such as fire management, the agencies have largely failed to address the deficiencies cited by the CRS.

The General Accounting Office (GAO) and the CRS should recommend to Congress a new program that best focuses public land managing agencies behind the goal of maintaining the long-term health of Greater Yellowstone, and protecting its natural processes and resources as the top priorities. This would require a shift from current emphasis on commodity extraction to natural resource integrity, scientifically sound inventory and monitoring work, and restoration. The studies and development of recommendations should be pursued concurrently with other components of this Campaign.

One recommendation the CRS and GAO should consider is the consolidation of Greater Yellowstone National Forests under one regional office, rather than the existing three regional offices. Another is to consolidate all public lands outside Yellowstone and Grand Teton Parks under one possibly new agency with a special mission and mandates, with lands to be managed by the Department of the Interior.

Any management strategy needs to recognize the importance of continued and improved involvement of private landowners, and state and local governments.

B. Protecting the Core: Management Reform in the National Parks

National park efforts will be directed towards maintaining and restoring the integrity of natural resources and processes within this wildland area, improving the quality of the visitor experience, and increasing visitors' and residents' understanding of natural processes.

Yellowstone and Grand Teton National Parks should increase emphasis on resource protection in response to growing visitor pressure. Recommended actions:

• Identify seasonal carrying capacities for each park, and develop management plans in accordance with the carrying capacities. A moratorium on increased development in the parks should be imposed until the new management plans are completed.

• Avoid new developments inside the parks which further impact resources.

• Restore the balance of Park management toward resource protection which would include much greater consideration of the cumulative effects of past and present actions. Activities that affect the integrity of geothermal systems, wildlife, and fisheries must be curtailed.

• Public transportation systems must be developed to relieve congestion and enhance visitor experiences.

•Full funding and implementation of mitigation measures and restoration programs.

C. Wilderness and other Roadless Areas

The conservation of wildland areas is critical for maintaining the integrity of ecosystems, and protecting water quality and fisheries, wildlife habitat and quality hunting opportunities. Maintaining these areas in a roadless condition is particularly important since new, compelling data shows that construction of roads and the subsequent increase in human access and other development activities have long-term, adverse impacts on a variety of wildlife species, as well as fisheries and water quality.

All Roadless lands (generally undeveloped public lands of at least 5,000 acres in size) within the Greater Yellowstone Ecosystem should be maintained in roadless condition. Most Roadless areas should be designated as Wilderness. In some cases, Roadless areas within Greater Yellowstone could be designated as Wildlife Corridors and Linkage areas (discussed below) or other special management areas such as National Wildlife and Recreation Areas that recognize their wildland values or their roles as corridors to other ecosystems.

Our recommendations include:

• New Wilderness designations of more than 3.6 million acres of National Forest and BLM lands. (Also 248,000 acres which should be designated as either Wilderness or Wildlife Corridors). (See attached list).

• Wilderness designation of 2.176 million acres of Yellowstone and Grand Teton national parks back country areas, as recommended by the National Park Service.

•Protection of Roadless areas in Ecosystem Linkage Areas which are important to maintaining the natural integrity of Greater Yellowstone, connecting it with adjacent wildland ecosystems. (see attached list — these lands amount to 1.39 million acres outside the GYE which are recommended for Wilderness.)

• Protection of Roadless areas within Wildlife Corridors which provide key migration routes within Greater Yellowstone. (See list of proposed Wilderness Areas.)

D. Wildlife Corridors and Ecosystem Linkage Areas

There are a host of areas within the Ecosystem boundaries that are so biologically or ecologically significant that they merit special designation as Wildlife Corridors. These lands are essential for wildlife migration, species survival, and genetic interchange. In most cases, these areas serve as biological corridors for annual migrations or as critical winter range, calving areas, wetlands and riparian zones.

A number of areas outside the boundaries of the Greater Yellowstone Ecosystem provide vital linkages to other large wildland ecosystems in the Rocky Mountain West; providing for wildlife migration and genetic interchange, we identify these critical areas as Ecosystem Linkage Areas.

Potential Wildlife Corridors and Ecosystem Linkage Areas include Wilderness, non-wilderness roadless segments, roaded areas and various land ownerships, and should be managed as follows:

• With a few exceptions, the public lands that are Roadless should be managed as components of the National Wilderness Preservation System.

•In a few special cases, certain Roadless lands should be managed according to the provisions of the National Wildlife and Recreation Area guidelines found in the 1983 Lee Metcalf Wilderness Bill. Such a designation would protect wildlife habitat by prohibiting roads, timber harvest, mining and oil and gas activities, but could allow the use of snowmobiles and other limited motorized use within constraints of the biological standards outlined in Section IV.

•Roaded lands within these areas should be withdrawn from all mineral exploration and development. There should be no new road construction, and some selected forest system roads should be closed and obliterated. Small scale timber harvest could occur if in compliance with bio-

logical standards in Section IV.

•With state and private lands within Wildlife Corridor Areas and Ecosystem Linkage Areas, federal agencies are encouraged to enter into cooperative agreements with private landowners and states in order to maintain the natural integrity of these biologically significant areas. Cooperative agreements can take the form of land exchanges, purchases or lease of conservation easements or other measures to protect functioning of these corridors and linkage zones.

E. Rivers Protection

The major rivers which tumble off the Yellowstone Plateau and throughout Greater Yellowstone provide pristine water for wildlife habitat, a world-famous trout fishery, as well as water for downstream ranches, farms and communities. Recommended actions:

•Most of these free-flowing rivers merit designation under the Wild and Scenic Rivers Act as Wild, Scenic, or Recreational Rivers. (See list in Appendix of proposals for wild, scenic or recreational rivers.) They should be studied and awarded the appropriate designation. However, state designations, which in some cases might be more appropriate, can also be pursued.

•Interim safeguards need to be implemented to ensure that the natural integrity of these river systems are safeguarded until such time as Congress or state legislatures grant full and lasting protection to these rivers.

•Local communities should consider measures that will encourage special protection of river corridor management zones, developing programs either through incentives or special planning districts that will ensure the long-term protection of prime riparian areas. Where rivers flow primarily through private land, where possible, cooperative agreements should be developed, possibly including incentives to protect open space along river corridors.

•Comprehensive protection of rivers involves addressing many difficult issues, such as riparian management, instream flow, and water quality standards; some of these are included in Section IV.

F. New Wildlife Initiatives

Some boundaries around wildlife refuges in the Greater Yellowstone Ecosystem ignore ecological or topographical features, the result being small, nonviable ecological islands. Land management practices are fragmented, with activities on neighboring public lands often causing detrimental effects on the wildlife refuges. To remedy the existing problems, the refuge boundaries should be changed or expanded to better reflect natural topographic features and watersheds and to better protect the habitat for wildlife, for which they were set aside.

1. Red Rocks/Centennials National Wildlife Refuge

In the area around Red Rocks National Wildlife Refuge, management of public lands should be replaced by a system where public lands are consolidated and managed as one unit.

Recommended actions:

•Draw boundaries according to the logical watershed boundary on the north, east and west, and topographic boundaries along the lower slopes of the southern Centennials.

•Public lands now managed by different federal agencies should be consolidated under the USFWS. Lands from the Targhee and Beaverhead Forests, the BLM and the Agricultural Research Service's (ARS) Sheep Experiment Station would be consolidated within the new refuge boundary.

•Relocate the Sheep Experiment Station in the Centennial Mountains to a less sensitive location because of inherent conflicts with wildlife, recreation and ecosystem management goals.

•Designate qualifying BLM and Forest lands as Wilderness, such as the Centennial Mountains, and add former ARS lands in that range to this Wilderness.

•Develop cooperative agreements, where possible, with state and private landowners to protect natural integrity of the area. These include purchases of easements or simple purchase from willing sellers.

2. Northern Yellowstone Wildlife Management Unit

The importance of Yellowstone's northern range as winter habitat for ungulates migrating across the boundaries of Yellowstone Park has been apparent for decades. In 1926, Congress recognized the importance of managing the winter range for elk, pronghorn, bison and other animals and extended the Park boundary. In recent years, additional land has been protected through cooperative private, state and federal efforts.

To enhance the overall health of the Northern Yellowstone elk and bison herds, this area would be designated as a special Northern Yellowstone Wildlife Management Unit, and managed as a cooperative management unit, with participation by appropriate state and federal agencies. Comprised of what has been traditionally called the "Yellowstone Northern Range," it

would include selected lands in Yellowstone Park, Gallatin Forest, some BLM and some state and private lands.

Recommended Actions:

•A management priority shall be to accommodate wintering wildlife and their habitat through interagency agreements without changing the authority of Yellowstone National Park to manage wildlife within the Park.

•Cooperative management agreements with private landowners shall be encouraged in order to accommodate reasonable wildlife populations, while minimizing property and safety conflicts.

3. Other Wildlife Programs

Other critical wildlife areas warrant special care and protection. Following are several such areas:

a. Grays Lake National Wildlife Refuge

In order to sustain the hydrological and ecological integrity of this important Refuge, the following actions are recommended:

•Re-draw boundary to logically include the Headwaters to Grays Lake — the entire Grays Lake watershed.

•All public lands within the new Refuge boundary should be brought under management of the U.S. Fish and Wildlife Service, including consolidating portions of the Caribou Forest, and some BLM lands.

•The FWS should enter into cooperative agreements with state and private landowners to sustain the integrity of the basin, and to purchase instream flows for optimum water supplies, in order to fulfill the purposes for which the Refuge was originally established. Special efforts should be made to cooperate with the Bureau of Indian Affairs, which holds some water rights within the Refuge.

b. St. Anthony Sand Dunes Wildlife Management Unit

This area is a critical and unique winter range for elk that migrate out of the western portion of Yellowstone Park. The goal of this designation is to protect and consolidate the ownership of this critical winter range and protect the migration corridor. Most of the land should be managed by the BLM, and cooperative agreements should be sought with private landowners.

c. Cokeville Meadows National Wildlife Refuge

These wetlands and riparian areas are famous for being the largest bald eagle wintering zone in Wyoming, and are home to whooping and sandhill cranes, geese and peregrine falcons. This proposed National Wildlife Refuge will contain at least 26,000 acres of land on both sides of the Bear River. Land and Water Conservation Fund land and easement acquisition of key private lands, and cooperative management agreements should be encouraged between FWS and other federal and state agencies and private landowners to ensure that adjacent land uses do not impair the integrity of this area.

G. Withdrawals from hardrock mining and oil and gas leasing and development.

The Forest Service and BLM have the authority to withdraw areas from potential oil and gas leasing, mineral exploration and leasing for geothermal development. Selected areas of the Greater Yellowstone Ecosystem should be withdrawn from mineral development, because of their high scenic, recreational or biological or ecological values, and the irreversible adverse consequences of industrial-scale mineral development.

Areas that should be withdrawn from Hardrock mining:

•New World Mining District in Montana, the Caribou Mountain Mining District in Idaho and the Kirwin (Upper Wood River) region in Wyoming.

In addition, the Land and Water Conservation Fund should include a program to buy back patented mining claims in sensitive areas such as Emigrant Gulch in Montana and Sunlight Basin in Wyoming.

Oil and Gas leasing withdrawals to include:

•All Roadless public lands in Greater Yellowstone.

•Important wildlife habitat, such as winter range, calving areas, migration routes and summer concentration areas and occupied habitat of threatened and endangered and sensitive species.

•High soil and water hazard areas.

•Floodplain, wetlands and riparian areas.

•Visual quality retention areas, classified areas, special management and study areas, Wild and Scenic rivers, and rivers eligible for Wild and Scenic status.

•Popular travel corridors, routes and trails and recreational, historical, cultural sites and Native American religious sites.

•All public lands within 15 miles of Yellowstone National Park in order to protect geothermal features, except where modified by the Yellowstone Compact (described below).

H. Geothermal Resource Protection

Congress should pass the Old Faithful Protection Act to protect the hydrothermal system of Yellowstone National Park from the impacts of drilling and water development outside the park. The measure should control the subsurface leasing and development on lands within 15 miles of Yellowstone (except where modified in Montana by the Yellowstone Compact). Congress should retain federal oversight over any development within this protected area, including approval and monitoring of any state permitting program and research, and should allow citizen intervention in the process.

I. Acquisition of Private Lands and Easements under Land and Water Conservation Fund

Because of the biological, recreational or scenic significance or other public values of some privately owned lands, Congress should acquire such tracts of land or easements from willing sellers, and protect their natural attributes through the Land and Water Conservation Fund appropriations. Without public ownership or protective easements, in many cases key lands could be lost forever to development.

Congress needs to approve Senator J. Bennett Johnston's legislation S. 721, LWCF Emergency Funding Act. That would require a $1 billion annual expenditure from LWCF over the next five fiscal years.

One of the highest priorities for LWCF money is to complete the land purchase and exchanges in the Gallatin and Madison ranges of the Gallatin National Forest with Big Sky Lumber Co.

J. Greater Yellowstone Scenic Byway System

A Greater Yellowstone system of scenic byways should be established, which would include unique highway signs, mapping, and promotional and interpretive materials. Agencies should work cooperatively to develop criteria for determining byway status. Roadways meeting the criteria would be featured in travel promotion literature and benefit from assistance in land use planning and protection efforts along highway corridors.

K. Public Land Restoration Areas

In numerous instances, public lands have been degraded and damaged to the point where their contribution to the overall functioning of the Ecosystem has declined. National forest lands that have been heavily roaded and clearcut fail to provide adequate wildlife security and contribute to siltation in trout streams, reducing the overall diversity of the area and degrading hunting and fishing opportunities. At some abandoned mining sites, acid mine drainage threatens water quality.

There is a need to restore damaged public lands. An ambitious public land restoration effort will provide long-term employment and will allow lands to become more productive. (See list of proposed restoration areas.) In order to conduct the restoration work, the Greater Yellowstone Restoration Conservation Corps should be established.

Recommended actions:

•stabilize slopes and soils to prevent and reduce erosion, and restore lands to comparable utility and stability as that of adjacent undeveloped lands.

•rehabilitate natural fish spawning beds and restore fisheries.

•restore native vegetative cover and diversity of species and habitats.

•close roads, and restore and rehabilitate trails, campgrounds, and other recreational facilities.

L. Revision of Forest Plans

Region I has announced it will begin the process of revising its Forest Plans immediately. Regions II and IV Forest Plan Revisions will occur after that. We need to be fully engaged in these Revisions to gain the best results possible.

II. Sustaining Greater Yellowstone's Communities and Private Lands

The communities and rural private lands of Greater Yellowstone are in the midst of sweeping change. Some areas are experiencing explosive growth and development. Others face economic hardship and loss of population. Both situations have a direct impact on the ecological health of the region.

Maintaining Greater Yellowstone's economic vitality, its unique quality of life *and* its wildland character, will not happen by accident. It requires wise land stewardship, citizen involvement, and financial and technical support.

While resource extraction still plays a primary role in some communities, most local economies have expanded and diversified. One reason for this growth has been a nationwide trend for individuals and businesses to seek out quality, amenity-rich environments in which to live and work. With it clean air and water, abundant wildland and outdoor recreation opportunities, Greater Yellowstone holds a competitive advantage. Not surprisingly, regional population growth has increased dramatically in recent years. Renewable resource related industries struggle to survive in these changing conditions. They can be maintained, particularly agriculture and ranching, but only through concerted efforts to improve their economic and environmental sustainability. And while the growth of amenity-based economies represents a tremendous opportunity for ecosystem communities, it also brings with it a new set of environmental and community issues; rampant subdivision of open space and agricultural lands, increased recreational pressures, and skyrocketing housing prices are just some of these.

Citizens, businesses, and whole communities are embarking on efforts to stake their claim in this new west. Some of these initiatives have been successful, but others are hobbled by a lack of technical and financial support. In addition, economic and tax policies often hamper efforts to achieve stable, diverse economies that are environmentally responsible.

The Campaign for Greater Yellowstone will help to empower local people to more effectively meet the challenges of sustainability. In communities hit hard by a depleted natural resource base, this will require the creation of economic opportunities that are environmentally benign. In places where development and population are booming, support for efforts to protect natural amenities, open space and community character will be the priority. In the so-called "gateway communities" adjoining Yellowstone Park, emphasis will be on sustaining a tourist industry that does not harm the natural features attracting millions of visitors to the area. And in the case of renewable resource related activities, particularly agriculture, emphasis will be placed on supporting stewardship practices that are ecologically appropriate and economically competitive.

The Campaign for Greater Yellowstone will promote programs aimed at achieving sustainability, including:

- Supporting citizen-generated land use and community planning and advocating incentives for good land stewardship.
- Providing technical and financial help to businesses and industries seeking to establish operations that are environmentally sound and revising tax policies that have encouraged environmentally destructive development.
- Providing the information and data needed to develop economically viable, and environmentally and culturally sensitive development plans.
- Establishing a new regional entity that would help to facilitate all of these actions.

A. Land Use and Community Planning , and Open Space Protection

This program will help communities, counties and rural districts to more effectively deal with land use and community planning issues. The Campaign will:

- Support efforts to create and implement effective, citizen-generated community and county land use plans throughout the Greater Yellowstone region through increased technical and financial assistance.
- Work with local land trusts to conserve open spaces.
- Establish "Greenway" programs to link communities with natural areas, parks, open space and surrounding public lands.
- Advocate a "River Corridors" program, a cooperative effort among communities, agencies and private land owners to conserve open space and encourage conservation easement corridors along rivers and streams.
- Encourage state and local governments to adopt revenue-generating programs to raise funds for maintaining open space, and reducing the environmental and fiscal impacts of rural development, for example: real estate transfer taxes and development fees; transfer of development rights; earmarking a portion of bed taxes for private land protection, and others.
- Support efforts to modify the Tax Reform Act of 1986 to reduce the inheritance tax burden on agricultural families, which may force families to sell or subdivide their lands.
- Work to pass legislation to permanently remove gifts of all forms of appreciated property from the Alternative Minimum Tax preference list. The restrictions in the Tax Reform Act of 1986 have resulted in the delay or failure of some critical land conservation efforts. Under current law, donations of appreciated land have become much less attractive to potential donors.

•Help to eliminate loopholes in subdivision laws and regulations that allow land development that is costly to the environment as well as to taxpayers.

• Support the proposed Rural Land Conservation Act of 1993 which would exempt land subject to conservation easements from the taxable value of the conservation easement donors' estate. These provisions would serve as a tremendous incentive to conserve open space and agricultural land.

B. Fostering Sustainable Economies

The transition to environmentally sensitive economies would be aided by making more capital available to businesses, providing technical assistance, and changing some federal policies. The following reforms will be pursued:

• Establishing a revolving loan fund to support environmentally sensitive businesses in Greater Yellowstone. Funds could be invested in value-added industries, environmentally sound manufacturing and small businesses.

•Reforming government programs that subsidize damaging activities in Greater Yellowstone. Money should be redirected to promote sustainable activities and sound ecosystem management, such as stewardship contracts, small business loan programs, and restoration projects and incentives that encourage environmentally sustainable management practices.

•Broadening the definition of "forest dependent communities" for the Forest Service grants program which helps diversify economies of rural communities. The new definition should include communities where conservation and wildland values of public lands play an important role in the local economy, such as through tourism, recreation, dude ranching, guiding and outfitting, hunting, and fishing.

•As part of bison management plans and efforts aimed at sustainability, work with Native Americans Inter-Tribal Bison Council to re-establish bison herds for the purposes of tribal cultural preservation and subsistence, including use of bison culled from the national parks, if possible.

•Revise timber sale bidding regulations, which disproportionately affect small, independent logging operations to level the regulatory playing field. This would include amending Small Business Administration laws and regulations to establish true small business set-aside timber sales, for operations of 25 employees or less, instead of the current 500 employee limit.

• Eliminate the generous international tax provisions in the Internal Revenue Code relating to the export of raw logs. These tax breaks have encouraged timber companies to look abroad rather than concentrate on creating jobs and practicing sustainable forestry here at home.

•Appropriations which authorize the implementation of Stewardship Contracts should be expanded in the national forests of the GYE. These contracts/projects should emphasize enhancement of wildlife habitat, reforestation, recreation, and silviculture for a healthy and sustainable ecosystem.

•With the agricultural community initiate efforts to improve the economic and environmental sustainability of this industry in Greater Yellowstone. This could include involvement in the reauthorization of the 1995 Farm Bill, technical support for farmers and ranchers striving to improve land stewardship, and assistance in helping to diversify and add value to their operations.

C. Create a Greater Yellowstone Data Bank

Good land use and community development plans require extensive information on the natural, socioeconomic and cultural characteristics of a region. Such data in Greater Yellowstone is often lacking or outdated. Recommended actions:

•Create a regional data bank to collect, synthesize and widely disseminate this information.

• Establish a repository for this data, working with regional universities, state agencies and private organizations and local communities. Also establish effective mechanisms for continually collecting and delivering this information.

• Train and support local researchers at the community level who can help collect and update needed data.

D. Establishing a Greater Yellowstone Commission on Community Sustainability

No organization currently exists to coordinate and help administer many of the above described programs. Modeled after similar entities in other parts of the country, a Greater Yellowstone Commission on Community Sustainability should be created through an interstate compact and with broad representation from the 20 Greater Yellowstone counties. Similar regional commissions have received federal, state and private funding to promote these efforts. With broad local support, a commission could be created in this region, which could:

•Provide technical and financial assistance for planning and sustainable development.

•Support campaigns to reform laws and tax structures.

•Help create and implement locally gener-

ated development and land protection plans.

•Coordinate training and networking among communities.

•Establish a Greater Yellowstone data bank.

•Help communities pursue a wide range of private land initiatives. These should be supported by technical assistance and small grants programs.

IV. Management Reform to Maintain Ecosystem Health and Biodiversity

Maintaining the health of ecosystems is an enormous and complex task. The Greater Yellowstone Coalition, in its *Blueprint for the Future*, has identified hundreds of actions to foster ecosystem management.

Among these many proposed actions, there are critical management changes to protect several key species, habitats and ecosystem components, which would result in benefitting many species and ecological processes — the opposite of "killing many birds with one stone." Key areas addressed in this campaign include grizzly bears, old growth, riparian zones and watershed protection.

For example, adopting comprehensive and stringent standards for grizzly bear management would also help many other species that share habitat with grizzly bears, mostly unroaded wildland areas in Greater Yellowstone; these include big game species such as elk, and old growth-dependent species like the black backed woodpecker.

Focusing on watershed protection measures – protecting riparian zones, water quality and quantity – would likewise accomplish much on a broad landscape level. Preserving the remaining limited old growth forests is also critical to protecting dependent species which are vulnerable, since most of these ancient forests have been cut over the last several decades.

The *Blueprint* includes recommendations pertaining to the protection of literally hundreds of key ecosystem components in Greater Yellowstone. Specific recommendations for the following components are in Appendix A. Additional detail is provided for each of these recommendations in the *Blueprint*.

Watershed Protection

1. Riparian Zones

The distinctive lifeforms and physical characteristics of riparian areas makes them critically important for many ecological functions and to many plant and animal species. The integrity of these zones, and the species diversity within them, must be protected and/or restored through careful management and monitoring.

The *Campaign for Greater Yellowstone* calls for the designation of special Streamside Management Zones, where vegetative disturbances are carefully managed or, in some cases eliminated, to better protect riparian and aquatic resources.

2. Water Quality and Fisheries

The hydrological cycle provides the precious and vital water resource that sustains all life processes in Greater Yellowstone. The sparkling waters of Greater Yellowstone harbor one of the world's great freshwater sport fisheries, nourish riparian corridors and their abundance of wildlife, provide river-related recreational opportunities, and provide clean water for myriad utilitarian purposes. Key areas identified by this campaign concerning water quality and fisheries are:

- Pollution Prevention: It is essential that the high water quality presently found in Greater Yellowstone be maintained and the integrity of stream ecosystems be protected. More effective mechanisms, including federal and state laws and regulations, must be established to manage both point and nonpoint sources of pollution.

- Reserving water for instream flow through revised state laws is essential to protect fisheries and other aquatic resources.

- Federal Reserved Water Rights must be settled (between the states and the federal government) to ensure that adequate water is available on a permanent basis to protect resources within national parks, forests and wildlife refuges.

- Sedimentation standards must be established to protect aquatic health and ensure that the world-class fisheries of Greater Yellowstone are not degraded by the loss of spawning habitat.

Old Growth

Old growth forests provide unique wildlife and fisheries habitats, high soil productivity and water quality, important recreational opportunities, aesthetic values, and play a critical role in maintaining biological diversity. The remaining old growth forests in Greater Yellowstone have been fragmented to such an extent that old growth values have been threatened and the wel-

fare on many old growth dependent species is in jeopardy.

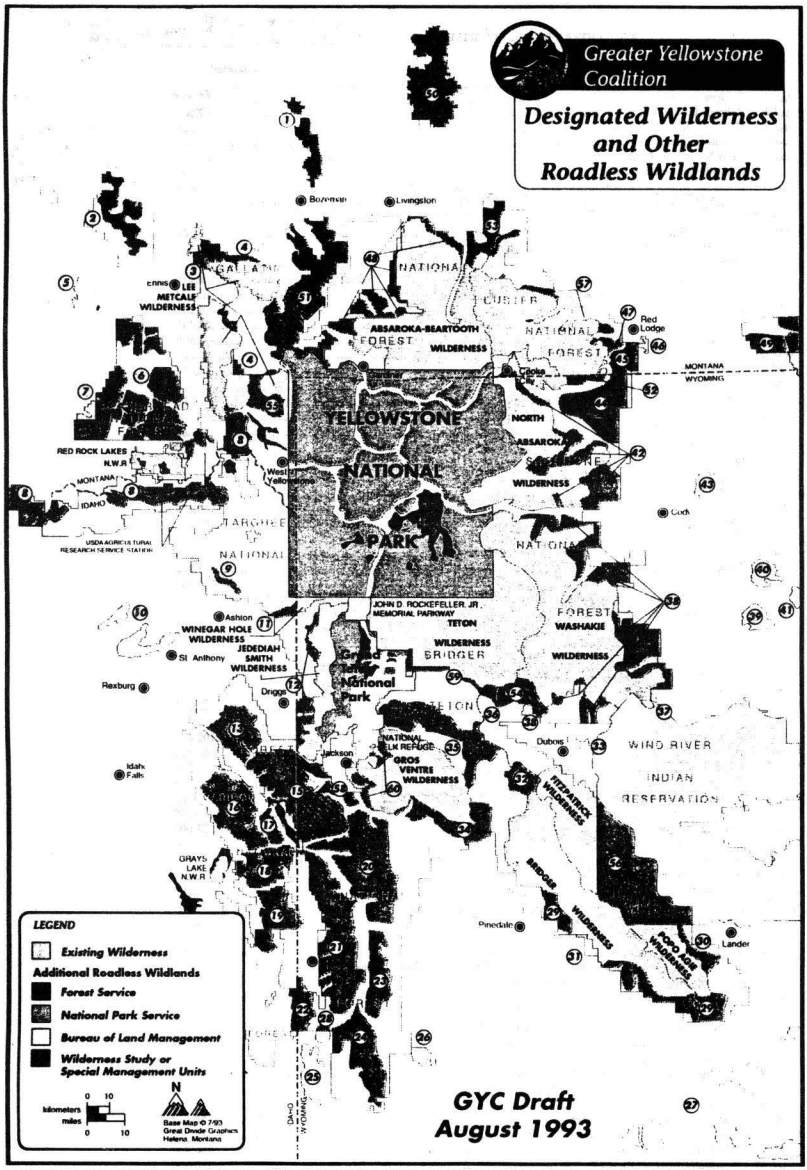
The *Campaign for Greater Yellowstone* calls for the protection of these ancient forests from timber harvest or other activities that would cause further fragmentation or impair their capacity to meet the needs of old growth dependent species.

Grizzly Bear

Yellowstone grizzlies are still in peril. Research is showing with increasing clarity that human access and high road densities increase the risks of human-caused mortality by increasing rates of habituation, displacing bears and decreasing overall habitat effectiveness. Bear habitat continues to be lost due to timber harvesting, energy exploration and commercial development. Grizzlies are still killed or displaced by human-bear confrontations and access to some important sources of food such as spawning cutthroat trout is limited by human development.

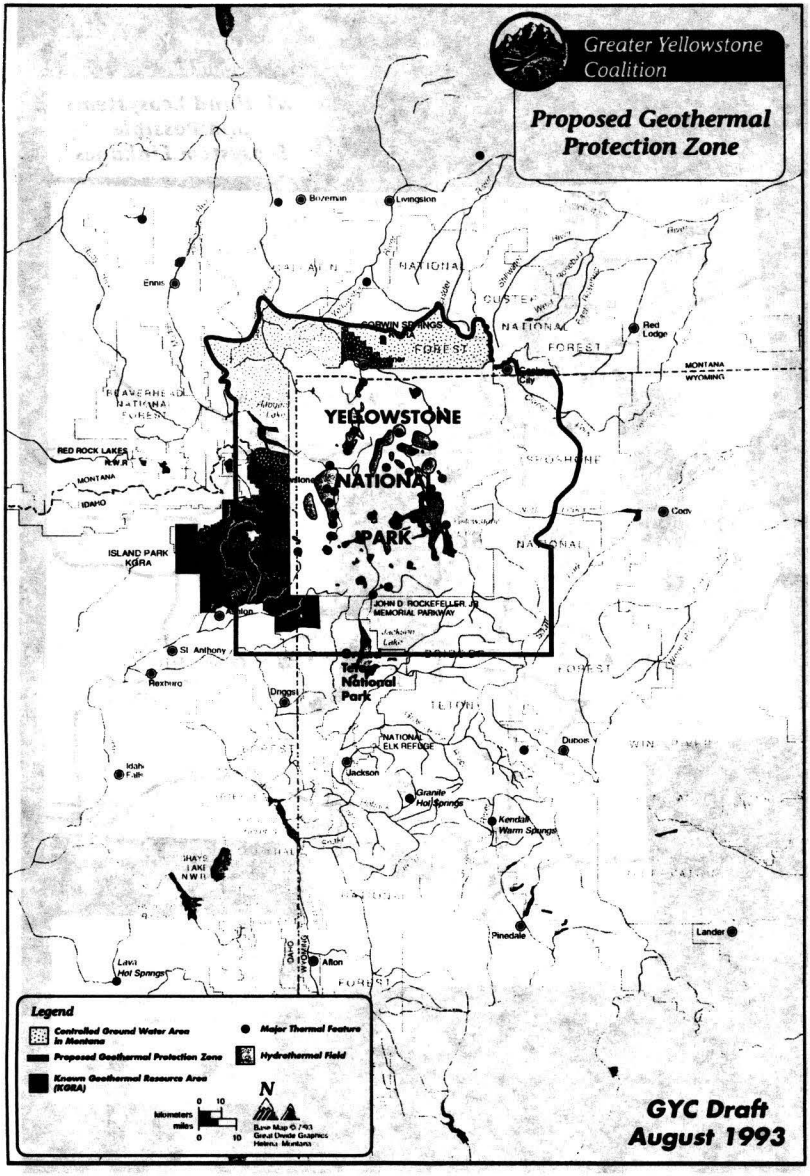
This *Campaign* recommends that 1) remaining roadless areas be protected to ensure grizzly security, and 2) more stringent standards be implemented on all public lands to regulate open road and trail densities, and other activities which limit the ability of grizzlies to fully use their available habitat; and 3) cooperative agreements be sought with landowners to ensure habitat protection on private lands.

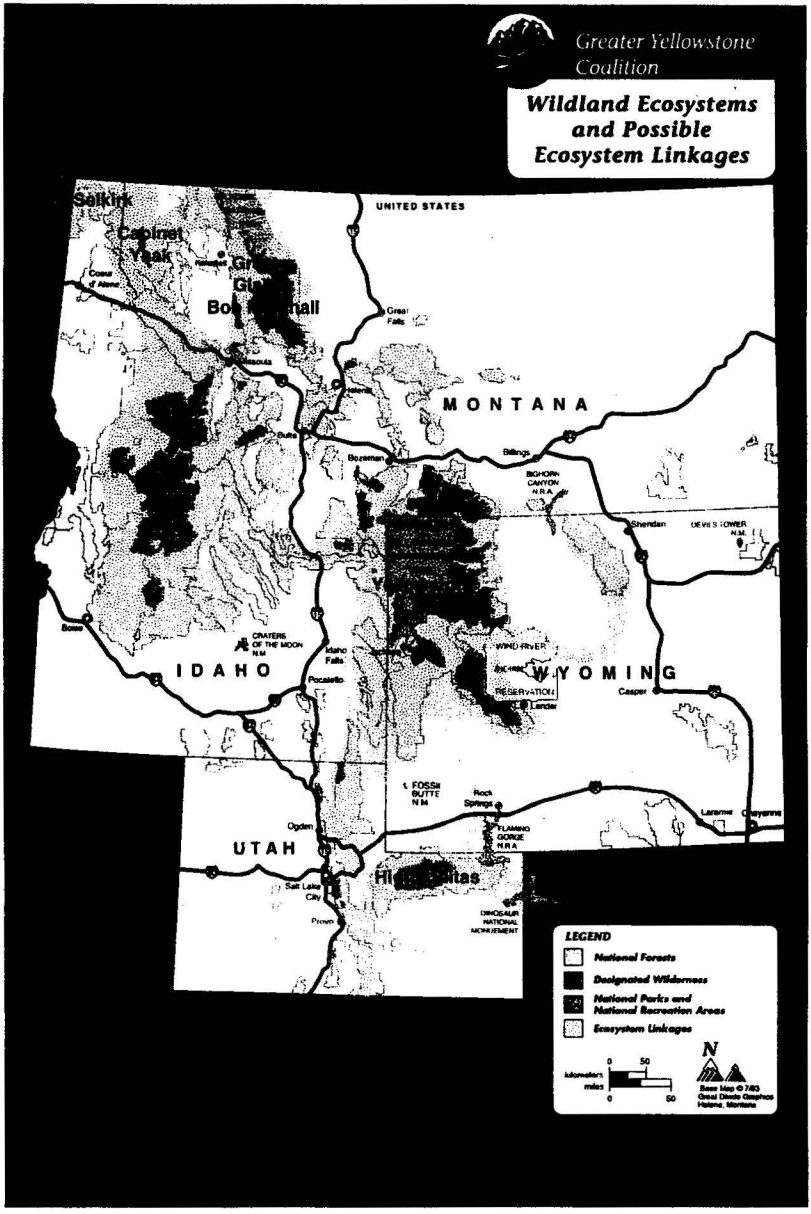


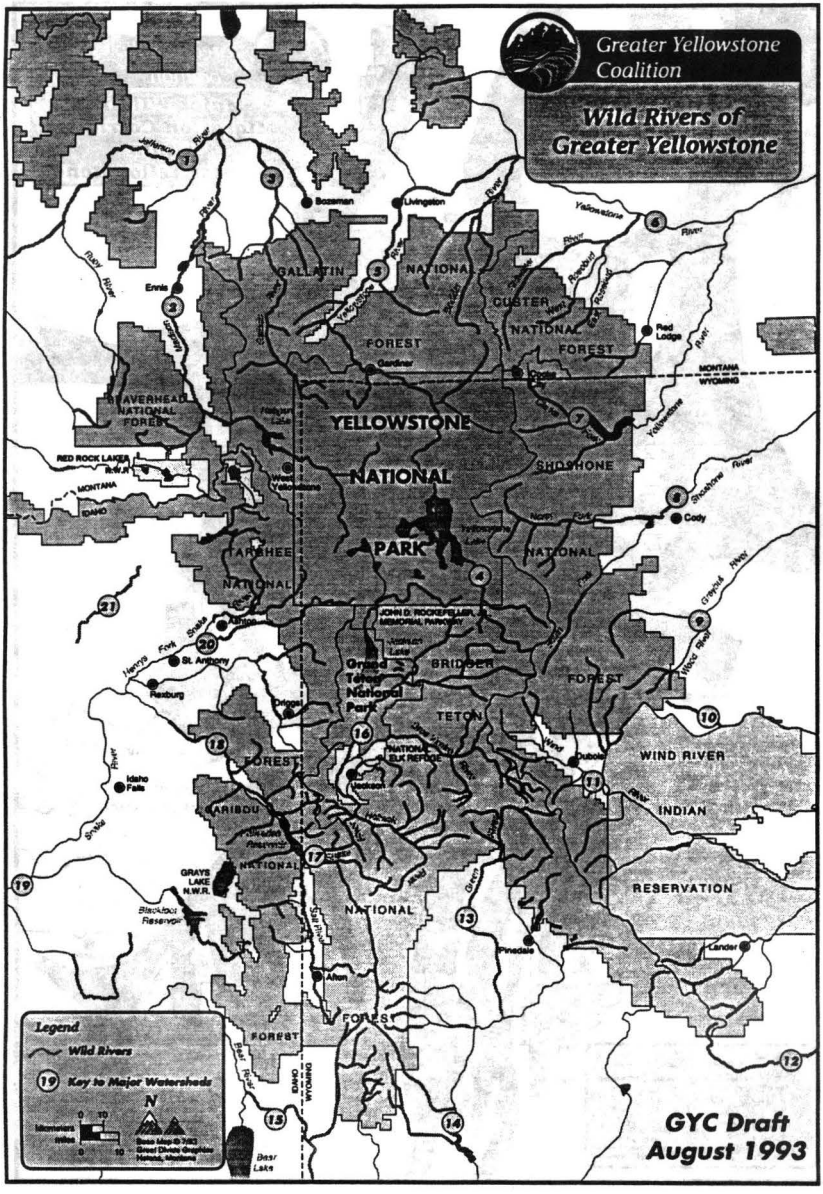

Greater Yellowstone Coalition
Designated Wilderness and Other Roadless Wildlands
YELLOWSTONE NATIONAL PARK
ABSAROKA-BEARTOOTH WILDERNESS
FOREST
NATIONAL
FOREST
WILDERNESS
NORTH ABSAROKA WILDERNESS
WASHAKIE WILDERNESS
WIND RIVER INDIAN RESERVATION
TETON WILDERNESS
BRIDGER WILDERNESS
JOHN D. ROCKEFELLER, JR. MEMORIAL PARKWAY
TETON
National Park
NATIONAL ELK REFUGE
GROS VENTRE WILDERNESS
WINEGAR HOLE WILDERNESS
JEDEDIAH SMITH WILDERNESS
LEE METCALF WILDERNESS
RED ROCK LAKES N.W.R.
GRAYS LAKE N.W.R.
USDA AGRICULTURAL RESEARCH SERVICE STATION
Bozeman
Livingston
Red Lodge
Cody
Ashton
St. Anthony
Rexburg
Dubois
Pinedale
Lander
Jackson
MONTANA
WYOMING
IDAHO
LEGEND
Existing Wilderness
Additional Roadless Wildlands
Forest Service
National Park Service
Bureau of Land Management
Wilderness Study or Special Management Units
kilometers
miles
Base Map © 1993 Great Divide Graphics Helena, Montana
GYC Draft
August 1993

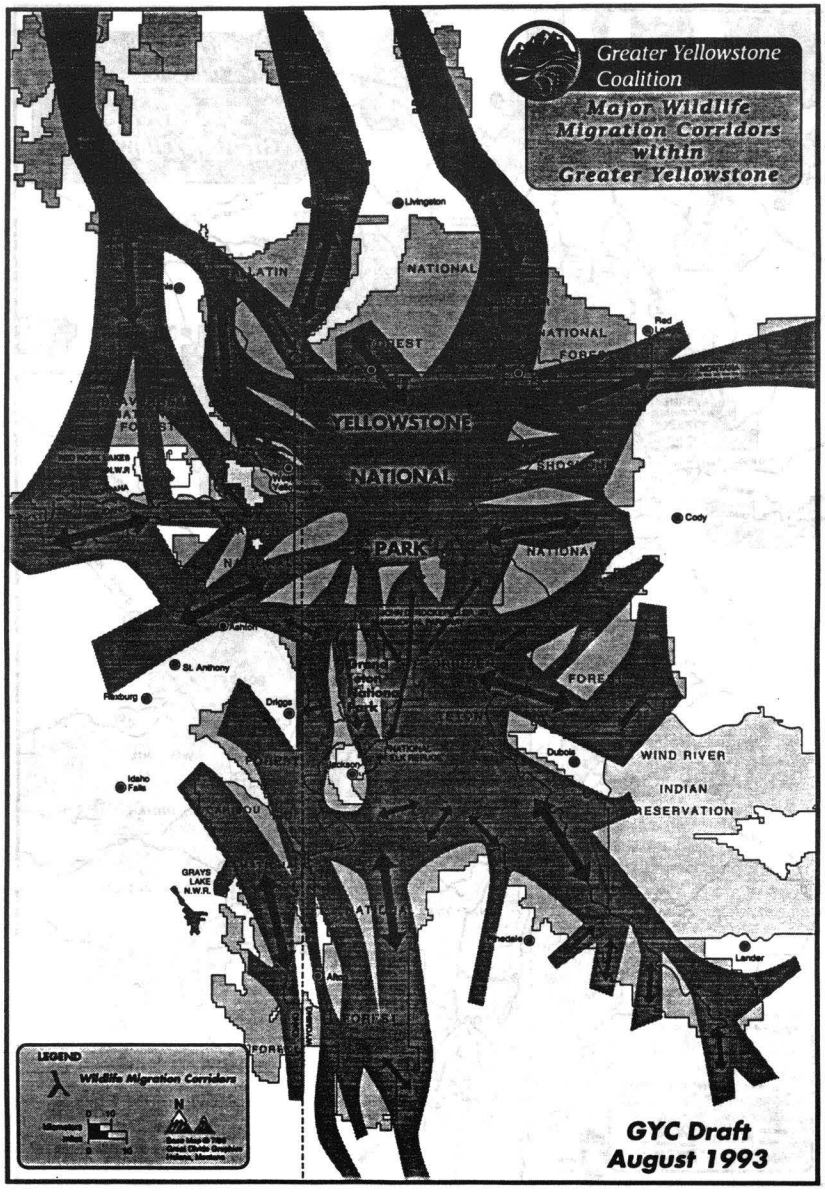
ADDITIONAL ROADLESS WILDLANDS IN GREATER YELLOWSTONE [CKMRI] [Recommended Listing]

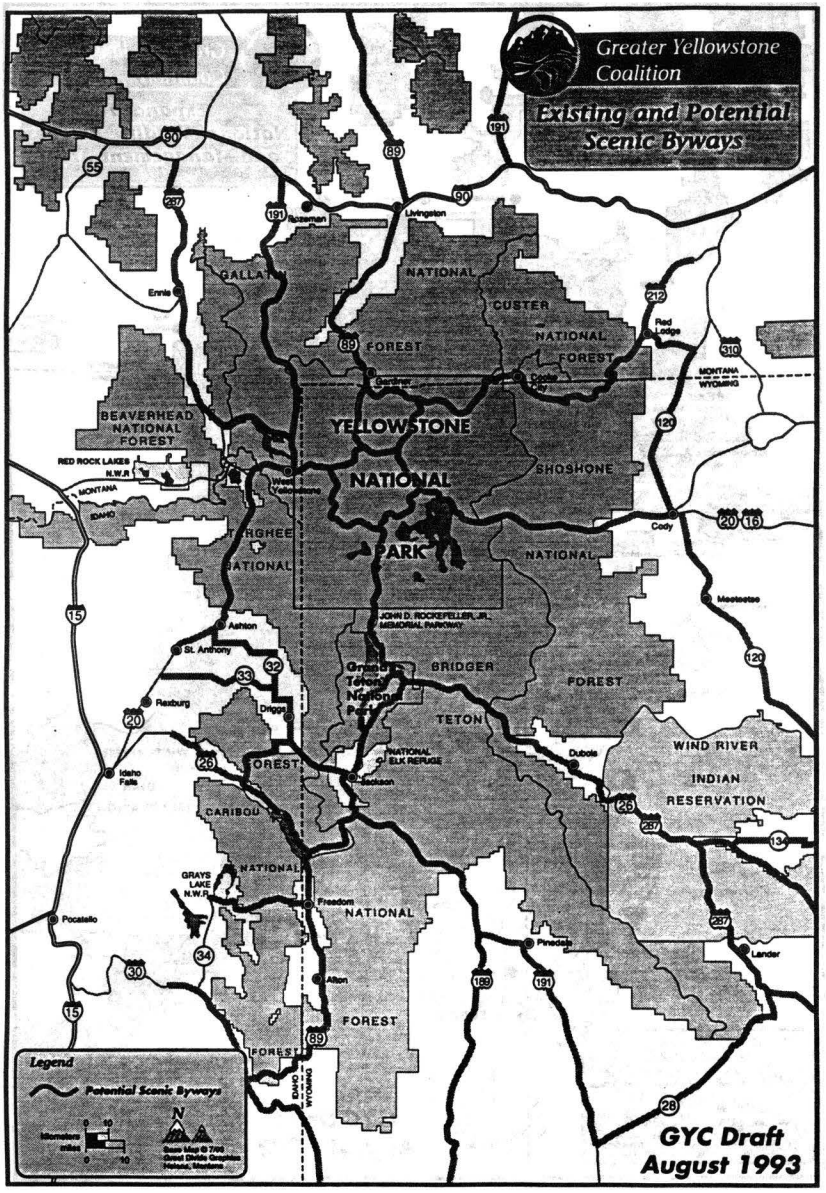
	Name	Estimated Acreage
W 1.	Bridger Range	45,000
W 2.	Tobacco Roots	57,000
W 3.	Cowboys Heaven	26,000
W 4.	Lee Metcalf Adjacent Lands	12,000
W 5.	Ruby Mountains (BLM)	25,000
6.	Gravelly Range Complex	304,000
WC → W →	(Includes: Sheep Mountain (BLM) 32,000; Axolotl Lake 7,800; Crocket Lake 6,830; Cherry Lake 12,940; Black Butte 36,000; Lone Butte 13,000; Big Horn Mountain 49,000; Freezeout 67,000; Cliff Lake 25,000)	
W 7.	Snowcrest Range	106,000
	(Includes Blacktail Deer Plateau 6,000; Snowcrest 100,000)	
W 8.	Great Divide Complex	381,200
	(Includes: Earthquake 30,200; Lionhead 17,000; Centennials 52,000 (including FS, BLM and Sheep Experiment Station); Garfield: 42,000 in MT and 47,500 in ID; Italian Peaks: 50,000 in MT and42,500 in ID; Tendoys 60,000)	
W 9.	Henrys Fork	5,000
W 10.	St. Anthony Dunes (BLM)	20,000
W 11.	Falls River Addition (to Winegar Hole)	3,500
WC 12.	Jedediah Smith Additions	50,000
W 13.	Garns Mountain	78,000
W 14.	Islands (BLM)	5,000
W 15.	Palisades (ID portion= 111,250; WY portion= 135,840)	247,090
W 16.	Bear Creek	107,000
W 17.	Poker Peak	18,560
W 18.	Caribou Mtn.	88,900
W 19.	Stump Creek/Diamond Peak	90,000
W 20.	Grayback	200,000
W WC 21.	Salt River	210,000
W 22.	Gannet Hills	45,000
W 23.	Wyoming Range	60,000
W 24.	Commissary Ridge	100,000
W 25.	Raymond Mountain and IGO Speedway (BLM)	40,000
W 26.	Lake Mountain (BLM)	18,000
W 27.	Red Desert Complex	150,000
	(Includes: Buffalo Hump 10,300; Sand Dunes 31,100; Oregon Buttes 7,000; White Horse Creek 7,000; Honeycomb Buttes 74,000; Alkali Draw 80,000; South Pinnacles 11,000; Alkali Basin 46,000; Sweetwater Canyon 9,100; [All BLM])	
W 28.	Coal Creek (FS and BLM)	30,000
W 29.	Bridger Wilderness Additions	44,000
W 30.	Popo Agie Additions	10,000
W 31.	Scab Creek (BLM)	7,700
W 32.	Seven Lakes	23,000
W 33.	Dubois Bad Lands (BLM)	5,000
W 34.	Gros Ventre Additions (includes Shoal Cr WSA)	100,000
W 35.	Mount Leidy Highlands	80,000
WC 36.	Upper Brooks Lake	7,000
W 37.	Owl Creek and Castle Rocks (BLM)	3,000
W 38.	Washakie Additions. (includes additions to Dubois SMA)	271,500
W 39.	Bobcat Badlands (BLM)	25,000
W 40.	Sheep Mountain (BLM)	25,000
W 41.	Red Butte (BLM)	12,000
W 42.	North Absaroka Additions	120,000
W 43.	McCullough Peaks (BLM)	30,000
W 44.	Deep Lake	80,000
W 45.	Line Creek	24,500
W 46.	Meeteetse Spires (BLM) Not Mapped (2) (#)	3,000
W 47.	Wapiti Additions (to AB Wilderness)	12,000
W 48.	AB Additions	69,000
	(Includes: Mystic, Burnt Mountain; Timberline Creek; Suce Creek; Deep Creek; Pine Creek; Tie Creek/Mt. Rae; Dexter Point; Dome Mtn.)	
W 49.	Pryor Mountain Complex	69,430
	(Includes: Lost Water Canyon (FS) 19,200; West Pryors (FS) 30,000; Pryor Mountain13,400; Burnt Timber 3,430; Big Horn Canyon Unit 3,400)	
W 50.	Crazy Mountains	130,000
W 51.	Gallatin Complex	210,000
	(Includes: Sawtooth 21,000; Wild Gallatin Range 180,000; South Cottonwood/Porcupine 9,000)	
W 52.	Wyoming High Lakes WSA (additions to AB Wilderness)	15,000
WC 53.	Deer Creeks	60,000
W 54.	DuNoir Special Mangement Area	28,600
W WC 55.	Cabin Creek National Wildlife and Recreation Area	38,000
56.	Wind River Indian Reservation Roadless Area	200,000
W 57.	Beartooth Adjacent Roadless	10,000
W 58.	Munger Mountain	~~12,000~~
W 59.	Teton Wilderness Adjacent Roadless	~~10~~,000
W 60.	Gros Ventre Ajacent Roadless	~~2~~0,000

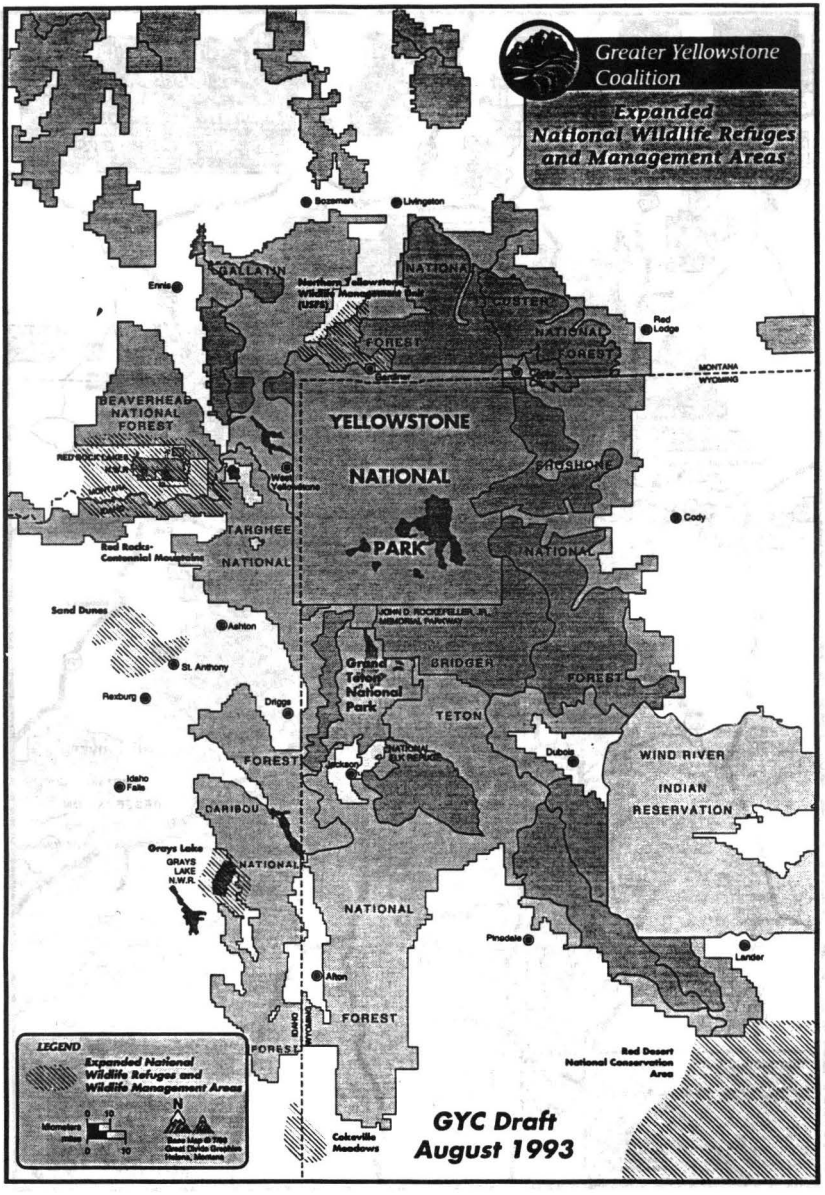

Greater Yellowstone Coalition
Proposed Geothermal Protection Zone
YELLOWSTONE NATIONAL PARK
Bozeman
Livingston
Ennis
Red Lodge
Cooke City
MONTANA
WYOMING
IDAHO
RED ROCK LAKES NWR
ISLAND PARK KGRA
JOHN D. ROCKEFELLER JR. MEMORIAL PARKWAY
St Anthony
Rexburg
Dingle
Teton National Park
Jackson
NATIONAL ELK REFUGE
Dubois
Granite Hot Springs
Kendall Warm Springs
Pinedale
Lander
Alton
Lava Hot Springs
Legend
Controlled Ground Water Area in Montana
Proposed Geothermal Protection Zone
Known Geothermal Resource Area (KGRA)
Major Thermal Feature
Hydrothermal Field
N
kilometers
miles
GYC Draft
August 1993

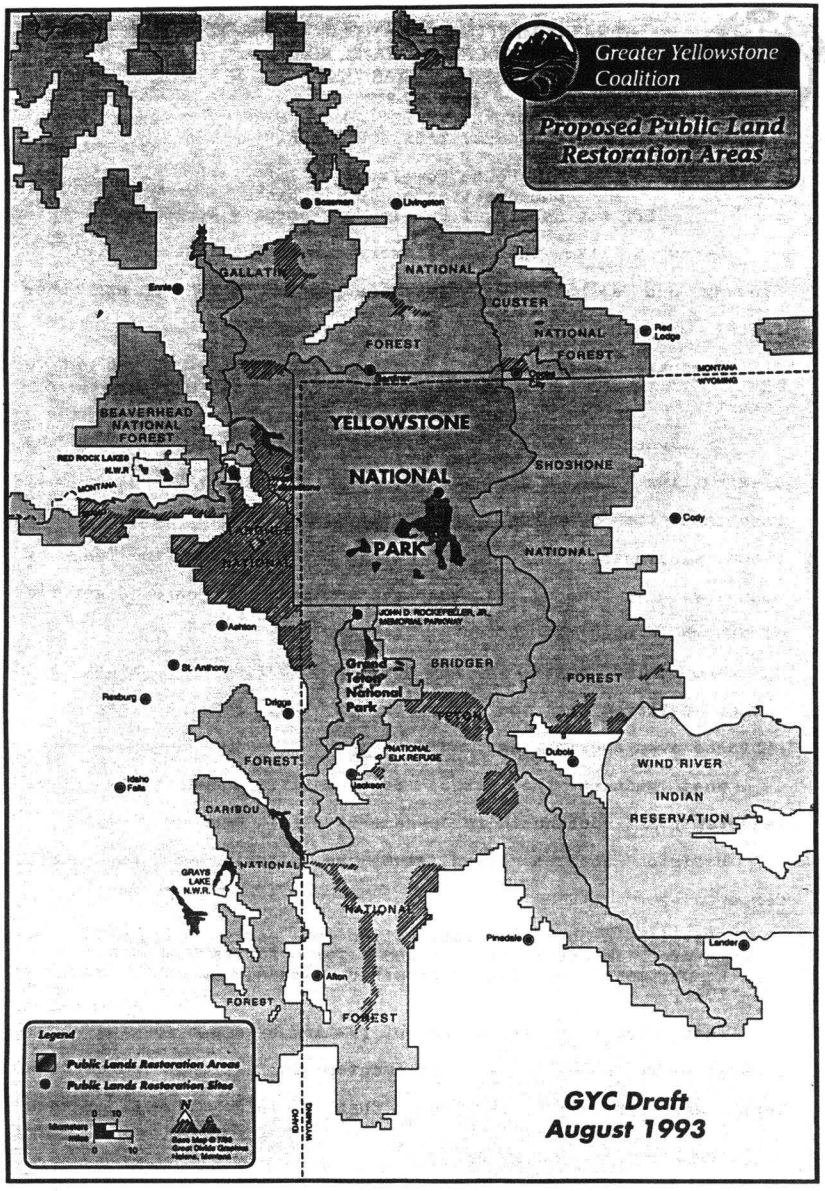

Greater Yellowstone Coalition
Wildland Ecosystems and Possible Ecosystem Linkages
UNITED STATES
MONTANA
IDAHO
WYOMING
UTAH
Salmon
Great Falls
Bozeman
Billings
Sheridan
Boise
Idaho Falls
Pocatello
Casper
Ogden
Salt Lake City
Provo
Rock Springs
Laramie
Cheyenne
BIGHORN CANYON N.R.A.
DEVILS TOWER N.M.
CRATERS OF THE MOON N.M.
WIND RIVER RESERVATION
FOSSIL BUTTE N.M.
FLAMING GORGE N.R.A.
DINOSAUR NATIONAL MONUMENT
LEGEND
National Forests
Designated Wilderness
National Parks and National Recreation Areas
Ecosystem Linkages
kilometers
miles
N


Greater Yellowstone Coalition
Wild Rivers of Greater Yellowstone
YELLOWSTONE NATIONAL PARK
GALLATIN NATIONAL FOREST
CUSTER NATIONAL FOREST
SHOSHONE NATIONAL FOREST
BRIDGER TETON FOREST
CARIBOU NATIONAL FOREST
TARGHEE NATIONAL FOREST
BEAVERHEAD NATIONAL FOREST
WIND RIVER INDIAN RESERVATION
Grand Teton National Park
National Elk Refuge
Bozeman
Livingston
Ennis
Gardiner
Cody
Red Lodge
Idaho Falls
Rexburg
St. Anthony
Dubois
Pinedale
Lander
Alton
Bear Lake
Legend
Wild Rivers
Key to Major Watersheds
GYC Draft
August 1993


Greater Yellowstone Coalition
Major Wildlife Migration Corridors within Greater Yellowstone
YELLOWSTONE
NATIONAL
PARK
Livingston
Cody
St. Anthony
Rexburg
Driggs
Idaho Falls
Dubois
WIND RIVER
INDIAN
RESERVATION
GRAYS LAKE N.W.R.
Lander
LEGEND
Wildlife Migration Corridors
GYC Draft
August 1993


Greater Yellowstone Coalition
Existing and Potential Scenic Byways
YELLOWSTONE NATIONAL PARK
BEAVERHEAD NATIONAL FOREST
CUSTER NATIONAL FOREST
GALLATIN NATIONAL FOREST
SHOSHONE NATIONAL FOREST
BRIDGER TETON FOREST
CARIBOU NATIONAL FOREST
TARGHEE NATIONAL FOREST
WIND RIVER INDIAN RESERVATION
Grand Teton National Park
JOHN D. ROCKEFELLER, JR. MEMORIAL PARKWAY
NATIONAL ELK REFUGE
RED ROCK LAKES N.W.R.
GRAYS LAKE N.W.R.
Bozeman
Livingston
Ennis
Red Lodge
Cody
Meeteetse
Ashton
St. Anthony
Rexburg
Driggs
Idaho Falls
Jackson
Dubois
Pocatello
Freedom
Alton
Pinedale
Lander
MONTANA
IDAHO
WYOMING
Legend
Potential Scenic Byways
GYC Draft
August 1993


Greater Yellowstone Coalition
Expanded National Wildlife Refuges and Management Areas
Bozeman
Livingston
GALLATIN
NATIONAL
FOREST
CUSTER
NATIONAL
FOREST
Red Lodge
Ennis
MONTANA
WYOMING
BEAVERHEAD
NATIONAL
FOREST
YELLOWSTONE
NATIONAL
PARK
SHOSHONE
NATIONAL
Cody
TARGHEE
NATIONAL
Red Rocks-
Centennial Mountains
Sand Dunes
Ashton
St. Anthony
Rexburg
Driggs
Grand
Teton
National
Park
BRIDGER
TETON
FOREST
FOREST
Jackson
Dubois
WIND RIVER
INDIAN
RESERVATION
Idaho
Falls
CARIBOU
NATIONAL
FOREST
Grays Lake
GRAYS
LAKE
N.W.R.
Pinedale
Lander
Alton
FOREST
Red Desert
National Conservation
Area
Colcville
Meadows
LEGEND
Expanded National
Wildlife Refuges and
Wildlife Management Areas
N
GYC Draft
August 1993


Greater Yellowstone Coalition
Proposed Public Land Restoration Areas
GALLATIN NATIONAL FOREST
CUSTER NATIONAL FOREST
BEAVERHEAD NATIONAL FOREST
YELLOWSTONE NATIONAL PARK
SHOSHONE NATIONAL FOREST
BRIDGER TETON FOREST
CARIBOU NATIONAL FOREST
TARGHEE NATIONAL FOREST
WIND RIVER INDIAN RESERVATION
Grand Teton National Park
JOHN D. ROCKEFELLER, JR. MEMORIAL PARKWAY
RED ROCK LAKES N.W.R.
NATIONAL ELK REFUGE
GRAYS LAKE N.W.R.
Bozeman
Livingston
Ennis
Red Lodge
Cody
Ashton
St. Anthony
Rexburg
Driggs
Idaho Falls
Jackson
Dubois
Pinedale
Lander
Alton
MONTANA
WYOMING
IDAHO
Legend
Public Lands Restoration Areas
Public Lands Restoration Sites
GYC Draft
August 1993

TEXAS COMMITTEE ON NATURAL RESOURCES
4144 COCHRAN CHAPEL ROAD
DALLAS, TEXAS 75209
(214) 352-8370

STATEMENT OF EDWARD C. FRITZ
FOREST TASK FORCE CHAIR

To The House Committee on Interior
Subcommittee on Public Lands
For the Record of Hearing of February 1, 1994

Somewhat like the way slavery cursed the Southern States a century and a half ago, even-age logging, more than any other factor, has cursed the Forest Service for 30 years.

Even-age is obviously, notoriously destructive to our native forests.

On June 4, 1992, the Chief issued a directive aimed at reducing clearcutting, the widest known form of even-age, but he left unscathed its brethren, seed tree, shelterwood, salvage, and patch clearcuts. You cannot change the Forest Service image by reducing only one of its even-aged tactics. You have to get rid of the whole even-age system.

The Chief acted in the name of ecosystem management. But nobody believed in the sanctity of that goal so long as it embraced even-age logging.

What gaineth the Forest Service if it changeth its entire leadership but continueth to degrade itself in even-age logging?

Decision notices often give the following as a top reason for even-age:

> "Develop a better distribution of early, mid, and mature successional stages for future decades." Compartment 79, Sam Houston N.F., Texas, September 23, 1991.

That objective is a way of putting even-age logging above ecosystem management. As implemented in national forests in Texas and elsewhere, it means that a large majority of each

forest is comprised of even-age stands, divided more or less equally among stands of age-class 6-10 years on up to stands of age-class 90-100 years. A balance of age classes is a goal of continuous even-age timber production, not protection of native biodiversity.

On May 12, 1993, Federal District Judge Robert M. Parker, Eastern District of Texas, put a temporary stop to even-age in the national forests in Texas by preliminary injunction until the Forest Service would "insure" that it would protect biodiversity, soil, watershed, recreation, and other resources. The judge allowed selection logging under NFMA Sec. 1604(g)(3)(B) and (F)(v).

On June 23, 1993, the Sierra Club, National Audubon Society, Wilderness Society and eight other organizations wrote the Clinton Administration asking to apply to all federal commercial timberlands the Parker ruling. So far, the Administration has ignored the request. The Forest Service appealed Judge Parker's decision, falsely claiming that the judge had interpreted the National Forest Management Act as banning even-age logging.

Why should the Administration wait to see what the courts do with this case? What should not the Administration assume the responsibility to eliminate even-age logging or to confine it to a very few specified circumstances.

We urge the Administration to direct, in all federal forests, the protection of native biodiversity, soil, watershed, fisheries, wildlife, recreation, and other resources. If this Administration does not act within one month, we urge Congress to expedite measures to accomplish this goal.

PETER A. DeFAZIO
4TH DISTRICT, OREGON

NATURAL RESOURCES
SUBCOMMITTEE
NATIONAL PARKS, FORESTS AND PUBLIC LANDS
ENERGY AND MINERAL RESOURCES
OVERSIGHT AND INVESTIGATIONS

PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE
AVIATION
SURFACE TRANSPORTATION

Congress of the United States
House of Representatives

PLEASE RESPOND TO:

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(503) 269-2909

☐ 512 S.E. JACKSON ST.
SUITE 9
P.O. BOX 2480
ROSEBURG, OR 97470
(503) 440-3523

January 14, 1994

Mr. John Lowe
Regional Forester
333 S.W. 1st Avenue
P.O. Box 3623
Portland, OR 97208

Dear Mr. Lowe:

Region 6 of the Forest Service recently received its draft final budget allocations for fiscal year 1994. I understand that the allocations contain significant new cuts in the region's budget.

The impact on individual forests is likely to be severe, particularly following the already deep cuts the region has made since 1990. The Willamette National Forest estimates that its allocation will be $8.4 million below its 1993 level. Budget cuts of this magnitude call into question the agency's ability to implement the President's westside forest plan, or any new forest plan. And there will certainly be additional demands on eastside forests as a result of the work being done under the auspices of the Columbia River Basin Ecosystem Assessment.

I'm also concerned that regulations governing the agency's downsizing do not allow you enough flexibility and often result in the loss of professional skills that are vital to implementing any new ecosystem management strategies.

I am writing to ask you for an evaluation of the likely impacts of these proposed budget cuts, both at the regional and forest levels. In particular, I would like your frank assessment as to whether the allocations for FY94 will enable your Forest Supervisors to implement, in a timely manner, new management strategies within the region.

In your response, I would appreciate receiving a comparison of your FY94 and FY93 budgets, including the effect of the additional pass-through funds that were appropriated in FY94. Also, I would like you to include the total appropriation that the Forest Service received in FY94 and FY93.

Sincerely,

PETER DeFAZIO
Member of Congress

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United States Department of Agriculture
Forest Service
Pacific Northwest Region
P.O. Box 3623
Portland, OR 97208-3623
333 S.W. First Avenue
Portland, OR 97204

Reply To: 1510

Date: January 25, 1994

Honorable Peter A. DeFazio
House of Representatives
1233 Longworth House Office Building
Washington, D.C. 20515-3704

Dear Mr. DeFazio:

I am writing in response to your January 14 letter concerning budget allocations for FY 1994.

We are in the process of reinventing the Forest Service for the 21st century nationwide. It is an unprecedented time in our history, a time of great challenge. In the Pacific Northwest, it is particularly difficult to address the organizational change necessary for the future due to the radical drop of the timber sale program--from 4.2 billion board feet in Region 6 in 1990, to 2.3 billion board feet in 1993 and 1 billion board feet in 1994--and the new work of ecosystem management. The new work derives from the President's Forest Plan on the western portion of the Region (i.e., the watershed analyses) and the ecological management framework that applies Regionwide.

Given these changes, we in Region 6 are striving to maintain the flexibility we need to meet the challenges, minimize the impact on our employees, and build a continuum to future needs. Our flexibility is actually enhanced by downsizing regulations, which allow us to change the composition of our work force and retain employees with skills needed now and into the future. Both the availability of skilled professionals and funding for ecosystem management are limiting factors to retaining specially skilled employees.

However, as you know, reductions-in-force are disruptive to the work force and very costly. The Voluntary Separation Incentive package, which was considered by Congress last fall, would have helped mitigate the adverse effects of a reduction-in-force and eased the transition of our work force.

On surface level, the Region's funding is only marginally reduced. Our fiscal year 1994 budget of $561 million is 3 percent less than the fiscal year 1993 budget of $581 million. This compares to service-wide budgets in the same program areas of $3.1 billion in fiscal year 1994 and $3.2 billion in fiscal year 1993, also a 3 percent reduction.

However, a considerable portion of the Region's funding, approximately 7 per cent of the total, is for components of the President's Forest Plan such as grants to timber dependent communities, additional research programs and watershed restoration ("jobs in the woods"). These funds are largely intended to pass through the Forest Service to communities.

Additionally, we have fixed costs such as buildings and equipment that cannot be decreased quickly to meet the lower funding level. These two things together--the pass through money and our inability to quickly decrease fixed costs--greatly magnify the effect of the Region's budget reduction.

The effects will be particularly evident on our work force, due mostly to the timing of the budget process and the federal personnel regulations. These exacerbate the problem because needed reductions cannot be completed until July 1, three quarters of the way through the fiscal year. To "catch up" with removing unfunded positions this late in the fiscal year, for every two positions we no longer need we will have to reduce three.

Such a scenario may not allow us the capability to meet the needs of new ecosystem management strategies. The agency is continuing to analyze the situation and develop options to ensure that R-6 does not reduce permanent positions below future needs.

I will contact you to share the results as well as other specific actions we are taking to meet today's challenges. I appreciate your interest and leadership in trying to resolve some difficult issues.

Sincerely,

JOHN E. LOWE
Regional Forester

cc:

Senator Slade Gorton
Senator Mark O. Hatfield
Senator Patty Murray
Congressman Norman D. Dicks

United States Department of Agriculture
Forest Service
Pacific Northwest Region
P.O. Box 3623
Portland, OR 97208-3623
333 S.W. First Avenue
Portland, OR 97204

Reply To: 1510

Date: February 2, 1994

Honorable Robert F. Smith
House of Representatives
108 Cannon Building
Washington, D.C. 20515-3702

Dear Congressman Smith:

Assistant Secretary Jim Lyons has asked me to respond to your letter regarding the Natural Resource Defense Council's (NRDC) involvement in timber-sale activity on eastside forests.

In response to new information from several sources, including Forest Plan monitoring, anadromous fish listing, the Eastside Forest Health Assessment, and the petition filed by NRDC, it became apparent that there was a need to review timber management activities on National Forest lands on the eastside of Washington and Oregon. A screening process was implemented to account for those concerns while the Eastside Ecosystem Assessment proceeds to allow timber sales to move forward with out the likelihood of legal action that would preclude all harvest activity.

Our direction to Forest Supervisors (August 18, 1993) was to implement the screening process designed to preserve options pending validation of new information and its effects on National Forest Management. I advised Forests to review the results of screening with all interested parties, which included both industry and environmental groups. Individual sales have been reviewed with both of those groups including NRDC.

The expected result of screening sales was to avoid litigation over issues brought out in the NRDC petition. To that end NRDC representatives reviewed screened sales and offered opinions on whether or not those sales met the intent of the screening process. The results of that review and whether or not an individual sale would be challenged in court were provided to the Regional Forester through the NRDC office in San Francisco. I then decided whether reviewed sales would or would not move forward.

Our intention throughout this process has been to avoid the litigation gridlock that has occurred on the westside of Oregon and Washington and its effects on timber-dependent communities. We see the screening process and the consistency of its application as having been very helpful in avoiding that situation. We also see the open communication with each of the parties to this issue as critical to avoiding that gridlock in the near future.

Sincerely,

for Richard A. Fenaro

JOHN E. LOWE
Regional Forester

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ROBERT F. (BOB) SMITH
2nd District
Oregon

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Livestock

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National Parks, Forests,
and Public Lands

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

February 1, 1994

The Honorable Mike Espy
Secretary
U.S. Department of Agriculture
12th Street & Jefferson Drive, SW
Washington D.C. 20250

Dear Mr. Secretary:

It has come to my attention that Assistant Secretary James Lyons has directed Forest Service staff to clear every timber sale on eastside forests in Region 6 through the Natural Resources Defense Council (NRDC).

While it is no surprise to me that Assistant Secretary Lyons is carrying out the bidding of NRDC, I am shocked that a high Administration official has so blatantly given control of eastside timber sales to one single preservationist organization whose primary agenda is to ensure that no federal timber is harvested.

As one Forest Service employee has stated, this activity is "immoral" if not illegal. I request that you use your authority as Secretary to halt this practice immediately. Those who allowed or assisted in developing this process, which favors one viewpoint above all others, should be removed from any dealings with the timber sale program. I also encourage you to remind Assistant Secretary Lyons that he works for the American taxpayer, not the major environmental organizations.

Please let me know immediately what actions you have taken to correct this injustice.

Very truly yours,

Bob

ROBERT F. (BOB) SMITH
Member of Congress

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