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PROPOSED FISCAL YEAR 2004 BUDGET REQUEST FOR THE FOREST SERVICE

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

TO RECEIVE TESTIMONY REGARDING THE ADMINISTRATION'S PROPOSED FOREST SERVICE FISCAL YEAR 2004 BUDGET

FEBRUARY 13, 2003



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PROPOSED FISCAL YEAR 2004 BUDGET REQUEST FOR THE FOREST SERVICE

THURSDAY, FEBRUARY 13, 2003

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 10:37 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Pete V. Domenici, chairman, presiding.

OPENING STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM NEW MEXICO

The CHAIRMAN. Good morning, everyone. Well, we are almost on time, Senator Bingaman. That is pretty good for these days.

Good morning, everyone. It is a pleasure to welcome Under Secretary Mark Rey and the Chief of the Forest Service, Dale Bosworth, to appear before the committee in general to discuss the 2004 budget request for the Forest Service.

We have had a chance to look at it, most staff have and most Senators, but obviously it is difficult for us to answer our own questions as we read it. We are going to have to ask some questions about why you did certain things. We hope you will be as frank as you can.

I can tell you at the outset I am totally aware of what went on in putting a budget together. These are difficult times. You were charged with tradeoffs and certainly in that process I do not challenge your exercise of discretion in terms of the exercise of prioritization, but I do believe that the budget before us raises some very difficult questions for us because it is pretty obvious that some of the areas that are not adequately funded are going to require funding before the year is out. We are sort of growing weary of not funding these very much needed areas, either expecting to fund them later or to get the money by trading off during the year with other accounts being used.

I myself would like very much this year, Senator Bingaman, to have this committee inform the Budget Committee what it is we think is inadequate and why, and I would like to present the case to them in the Budget Committee that if they want to be confronted with emergencies where we have to break their budget, then leave it as is. If they want to be realistic, they ought to add some things that are going to be needed that we are probably going to agree on here in the committee on a bipartisan basis.

First of all, I understand that the $604 million that you propose for fire suppression is equal to the 10-year average. I am now

speaking of the 10-year average as adjusted for inflation in the area that you have provided the $604 million that I am referring to. I am troubled by the proposal because to zero out funding in the rehabilitation and restoration line item, while I understand that these programs have always been job one and will be handled out of other line items, I worry about the consequences of other programs if we suffer a serious, bad fire season again this year. I am sure that we will get a number of questions on this issue. As soon as Senator Bingaman has made his opening remarks, I would hope that you would address that serious problem that we already see, and it is kind of a glaring problem.

I note also that there are a number of proposed reductions that I think are probably the result of what I just explained, tight budgets. But I know that you will help us understand how you made the choices. While some of us like to see important private land acquired and placed into Federal management, I think it is pretty obvious that when budgets are this tight, it comes to many of us how are we going to manage more land when we cannot manage what we have now got. I am not suggesting something as dramatic as getting rid of land, but it does seem to me that we do have a situation that cries out for some kind of solution other than business as usual on the acquisition side with little or no significant increases available to maintain what we have got.

The deferred maintenance and infrastructure improvements account. Let us talk about it. I note that we have this maintenance backlog, and that is a clear symptom of the need to focus on managing our current Federal estate.

And finally I note that you recommend funds for economic action programs and Pacific Northwest assistance programs. I hope you will describe what other Department of Agriculture programs can back-fill for these needs. Obviously, being from New Mexico, a little-known fact is it is a region that actually saw a more precipitous drop in timber sales in the mid-1990's than Oregon and Washington did. I often wondered just how long these programs could be continued.

I will first turn to our ranking member, Senator Bingaman, and indicate that it has been a pleasure working with you so far. I hope that continues throughout the year.

Senator Bingaman.

STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

Senator BINGAMAN. Thank you very much. Thank you for having the hearing.

Let me just mention a couple of items that are of concern. As a general matter, I understand the budget that we are being presented with is essentially a flat budget. That is probably about what one would expect given the fiscal situation that we are in. At the same time, the need, particularly related to the wildfire problem that we have in the West, calls for something other than that in my view. That concerns me.

As I understand what is being proposed, there is about $416 million proposed for activities to help reduce hazardous fuels in anticipation of fires. This is just a very slight increase over what was ap-

propriated in 2002. If we do have another bad fire season—all indications are that we are going to have another bad fire season—I do not think that maintaining level funding for wildfire management is going to be adequate.

This past year there was over $1 billion that had to be transferred from other accounts in order to help cover fire fighting costs. I think the omnibus appropriation bill we are going to be considering today and tomorrow contains money to try to reimburse those accounts. I do not know that they are totally reimbursed. In fact, I believe they will remain at least a couple of hundred million dollars short of the amounts that were originally appropriated for them.

The chairman mentioned the proposal to zero out funding for rehabilitation and restoration of burned areas. That concerns me as well, and I would be anxious to know the position of the Forest Service on that.

It appears that we are also moving away from giving priority to wildland-urban interface areas in the allocation of the funds. At least that is the impression I get. I would like to hear further about how the agency sets its priorities at this point. The Forest Service is proposing to treat about 170,000 fewer acres in this wildland-urban interface than is currently targeted, as I understand it.

I do think it is unfortunate that we have seen such a proposed cut in Federal land acquisition, about a 70 percent cut from what was appropriated last year. That particularly affects landowners who are, in many cases, surrounded by national forests and have been waiting a long time in an effort to sell their lands.

I do want to also ask a question, after we hear testimony regarding the concern that some have expressed about a shift toward favoring more commercial timber harvesting and see if that is something that is an explicit policy or if that is not in fact what is happening. I would like to know what the Forest Service position is on that.

I very much appreciate your scheduling the hearing, and I look forward to the testimony.

The CHAIRMAN. Thank you very much.

I was going to proceed right to the witnesses, but since there are only two Senators, it would not take too much time if you would like to make a few comments.

Senator THOMAS. Thank you very much.

The CHAIRMAN. I will be pleased to yield to you and then, Senator Johnson, we will give you an equal amount of time.

STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR FROM WYOMING

Senator THOMAS. I appreciate it and I will be brief.

Welcome, gentlemen. Delighted to have you here.

I just wanted to comment on some general areas, and perhaps as you go through your specifics, you might see how some of those dollars relate to some of the issues. Fire suppression, obviously, is one of the ones that is most important to us.

I think for those of us particularly who live where we have 50 percent Federal lands in our State, access to these lands is impor-

tant to us, whether it be roadless, whether it be wilderness. Wilderness studies seem to go on perpetually on some of those things.

Of course, management overall, but management plans, some of which go on for years beyond the 10 years that is supposed to be the case I understand.

Local cooperation and jointly working with local people and local governments. I am going to put in a bill that has to do with the cooperating agency and see if we cannot make that work a little bit better than we have in the past.

At some point we are going to be talking about fee demonstration projects in parks, and whether or not that is useful or works in the forests is interesting to me as well.

So those are the main things, and then management of course, regional level and so on is very important. So these are just things that, as I look at the budget, I will be looking to see what we can do hopefully to strengthen those.

Thank you. I look forward to your comments.

The CHAIRMAN. Thank you very much, Senator.

Senator Johnson, do you have a few observations?

STATEMENT OF HON. TIM JOHNSON, U.S. SENATOR FROM SOUTH DAKOTA

Senator JOHNSON. Just very briefly. I will submit a full opening statement.

Just let me, first, welcome Under Secretary Rey and Forest Service Chief Bosworth to the committee and express my appreciation for the personal attention that you gave to our circumstances in the Black Hills National Forest since last summer while we had two particularly large fires underway in that very unique forest with the huge amount of human interface that we have in the national forest there in South Dakota.

I appreciate what you are attempting to do. I have some differences of opinion about the budgetary aspects of what you are being asked to work with and I appreciate that those are not numbers that you chose necessarily. They were numbers that you were being asked to work with.

But government is a matter of setting priorities. That is what we do, and this is a rich country. We can do a lot of things. We cannot do everything, but we can do a lot of things. But I simply have to express some concern as we embark on the 2004 budget process here. The budget resolution—hopefully we will have one this year and more timely appropriations than we had in 2003.

But I have to share some concern about recommendations that we can apparently afford over $100 million in tax cuts this year, but we are being told that we should have a flat line budget in funding hazardous fuel reduction and zero out funding for rehabilitation of burned lands and require our Forest Service to continue to borrow from accounts falling behind, I am afraid, with the costs of the fire rehabilitation. And this worries me a great deal. We have, I am told, a 2003 shortfall of nearly $600 million from last year's fire season, and this is going to continue to cause us, I think, some serious problems.

I look forward to some questions specifically on the Black Hills Forest at the appropriate time, but welcome to this committee.

[The prepared statement of Senator Johnson follows:]

PREPARED STATEMENT OF HON. TIM JOHNSON, U.S. SENATOR FROM SOUTH DAKOTA

Thank you, Chairman Domenici and Ranking Member Bingaman, for scheduling this important hearing to receive testimony and review the Administration's Fiscal Year 2004 Forest Service budget. I appreciate Under-Secretary Mark Rey and Forest Service Chief Dale Bosworth setting aside time in their schedules to appear before this committee, and I look forward to probing the details and policy implications of the budget blueprint.

The funding priorities in the Administration's budget raise three key questions toward protecting and enhancing America's National Forest and Grassland system.

Through a series of administrative actions, the Forest Service and other federal land agencies have sought to expedite fuel reduction projects, hasten the administrative appeals process, and propose new rules for land resource management plans. Additional legislative proposals seek statutory changes that limit the public involvement in the management of public lands. Understanding how these interconnected policies improve and enhance our forests and rangelands, while protecting our communities is a key challenge for our witnesses.

The 2002 fire season burned millions of acres resulting in fire suppression costs in excess of $1.4 billion. The devastating 2002 fire season spurred action for the current basket of proposed land management policies. However, the President's budget blueprint holds the line on funding crucial hazardous fuel reduction projects and zeroed-out funding for the rehabilitation and restoration of burned lands. I am concerned that the proposed budget fails to provide adequate resources for the types of on-the-ground activities these new rules and procedures require.

Finally, to some members on the committee, the Forest Service always appears to be playing catch-up, borrowing from non-wildland fire accounts to cover the recurring, yet somehow unanticipated costs of fire. These interagency transfers result in delaying important capital improvements and disrupting the daily functions of the National Forest System. With a Fiscal Year 2003 shortfall of $600 million from last year's fire season, I am deeply concerned how this shortfall will be absorbed within the Forest Service budget.

Mr. Chairman, thank you for holding this hearing and I look forward to hearing from the witnesses.

The CHAIRMAN. Thank you very much.

Let us proceed. We will make your entire statement part of the record now as to both of you. Would you proceed to summarize them so that we will have some time left over. Thank you very much to both of you. Please proceed.

Secretary Rey, you go first.

STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL RESOURCES AND THE ENVIRONMENT, DEPARTMENT OF AGRICULTURE

Mr. REY. Thank you, Mr. Chairman, Senator Bingaman, and members of the committee. I am pleased to join you today to discuss the President's fiscal year 2004 budget for the Forest Service, along with Dale Bosworth, Chief of the Forest Service.

In my testimony, specifically I want to discuss the Healthy Forests Initiative and the President's Management Agenda. I will summarize and submit my entire statement for the record.

However, before starting on those two subjects, I would like to first congratulate you, Mr. Chairman, on assuming the leadership of the Energy and Natural Resources Committee. I look forward to working with you and have appreciated your support for Forest Service programs and those of Senator Bingaman over the last several years.

In fiscal year 2000, in particular, we were very appreciative of both of your advocacy for what was, at the time, referred to as the

"happy forest" initiative, through which you proposed significant funding increases for Hazardous Fuel Reduction. It was out of that emphasis on Congress' part, with your leadership, that the National Fire Plan emerged. As the Departments of Agriculture and the Interior developed plans to restore the health of the Nation's forests and rangelands, the Forest Service's Cohesive Strategy was developed. These efforts, in turn, later evolved into what is now referred to as the 10-year Comprehensive Strategy and Implementation Plan that was developed along with the Western Governors and other State and local cooperators.

In the late 1990's, in response to the concern over the risk of catastrophic fire, the Forest Service developed the first fire risk maps depicting condition classes of forests based upon fuel loads. What you will see on the map to your left there is the fire risk map depicting the different condition classes. Condition class 2 is in yellow. Condition class 3, which is the stands with the heaviest fuel loads, the most susceptible to catastrophic fire, are in red.

The catastrophic fire seasons of fiscal year 2000 and 2002, the serious forest health problems highlighted in these risk maps, and the initiatives to address forest health represent a cornerstone in what is now known as the President's Healthy Forests Initiative. And I want to thank you for your role in supporting key elements of the President's emphasis, and perhaps during the discussion later today we will be able to discuss the elements of the Healthy Forests Initiative in more detail.

To give you a perspective on what we see coming in this current year and in this coming fire year, the map on your right shows those areas where we predict above-normal or below-normal risk of wildfire based on long-term weather and climate predictions, as well as current readings of fuel moisture. The area in red is where we predict a higher-than-average risk of wildfire during the coming season.

There is some good news and some bad news on that map. The good news is that the Southwest—since as I am talking to two Senators from New Mexico—is predicted to be little wetter this year than it has been in years past. What that suggests is that there is a chance that the fire season will get a later start and that we will not be as involved as we were last year in the April and May fires in Arizona and New Mexico. The bad news, of course, is that there is still an extended area in the northern Rockies and in the northern plains where we anticipate a higher-than-average fire risk for the coming year.

In addition to the emphasis on healthy forests, the fiscal year 2004 program for the Forest Service provides a strong emphasis on healthy government through the President's Management Agenda. We will be working closely with the administration and the Congress to assure that the President's objectives of efficiency, performance, and accountability are reflected in Forest Service operations.

I would like to congratulate the Forest Service for its significant accomplishment in obtaining for the first time this year an unqualified audit opinion on the fiscal year 2002 financial statements. This clean opinion for the Forest Service and for the entire Department of Agriculture is important, although I must note that this

clean opinion is the minimum America's taxpayers should expect in the management of Federal funds. The Forest Service is committed to working hard to maintain this clean financial status, and we have an action plan for further improvements in accounting and reconciliation functions, as well as significantly streamlining the organization and improving the integration of budget and performance information.

With that, Mr. Chairman, I would leave the entirety of my statement for the record and then just touch on some of the areas that you raised with regard to suppression funding, fuels treatment, rehabilitation funding, and deferred maintenance.

Our suppression budget is funded, as it has been in past years, based on an average figure for wildfire costs. Obviously, we have exceeded that average in four of the last six fire seasons, and as long as we remain in a prolonged drought situation, there is no reason to believe we will not exceed it this coming year.

That brings us, I think, to an interest in working with you to see if there is a better way, with this committee and the Budget Committee, to set up a system for funding fire fighting costs that does not involve us in an annual exercise of borrowing from other accounts in order to pay for fire fighting efforts.

The CHAIRMAN. What is the dollar figure that represents that average? Excuse me. What is the dollar number?

Mr. REY. $604 million. That would be the 10-year average.

The CHAIRMAN. Yes. That is what you are asking for.

Mr. REY. Right. That is right.

The CHAIRMAN. Just to set a couple of years on record, what will last year's cost?

Mr. REY. $1.4 billion. Last year was the single most expensive year on record in terms of dollars spent, the second most significant year in terms of acreage burned. 2000 was the record year in terms of acres burned and the second most expensive fire season to date.

The CHAIRMAN. So it does not do a lot of good for you to use these percentages like we suppressed all but eight-tenths of a percent because it is the seven- or eight-tenths of a percent that has cost you this $1.4 billion. Right?

Mr. REY. That is correct, and we, I think, have a graphic to show you during the Chief's testimony to that end.

The CHAIRMAN. Why do you think we can get by with an average when things seem no different than last year? Have there been any big changes out there in the environment that might mitigate this?

Mr. REY. We are initiating a number of efforts for cost control, particularly on large fires. But heretofore, what we have done historically is try to budget a prudent amount based upon average statistics and then use the borrowing authority to supplement that. That is becoming increasingly problematic and perhaps that is a good reason for the Congress and the administration to look at some alternatives as we go forward.

With regard to fuels treatment, both of you correctly noted a modest increase in fuels treatment. That increase will be supplemented with an additional $27 million of 2002 money that was borrowed for fire fighting that I think the conferees on the omnibus bill voted to restore yesterday. So that $27 million will be added

on top for fuels treatment work during this year and into fiscal year 2004.

Also, we believe that as we get some of the administrative reforms associated with the Healthy Forests Initiative on line, we will be reducing significantly the unit cost for doing fuels treatment work and fuels treatment dollars will be stretched further as a consequence.

You also noted that we have zeroed out the rehabilitation account and wondered how we would be funding rehabilitation work. Typically, as the Chief will explain in his testimony, we draw from a number of accounts to do rehabilitation work. In fact, the emergency rehabilitation work immediately following a fire has already been done because we use suppression dollars or fire fighting dollars for that purpose. Additionally, we will have $24 million in 2002 money that will be restored to the rehabilitation account that will augment further rehabilitation work in 2003 and 2004.

With regard to the deferred maintenance question in the capital improvement account being zero, the budget this year includes a legislative recommendation to provide us the authority to convey at fair market value excess assets and facilities that are no longer of use to the Forest Service and to use that money to put into a capital improvement account.

If I can digress for just a minute to show you pictorially what we are talking about, I am going to ask the Forest Service to put up a map and then some pictures.

In the Angeles National Forest, we are faced with a situation where the communities have grown out into the forest and, as a consequence, we have isolated tracts and facilities that are no longer of any use to the Forest Service and no longer make sense for the Forest Service to own. We will point to a couple of those as we show you pictures of them. I think you have these pictures before you.

The first picture is the Sierra Madre House owned by the Forest Service in the middle of one of the Los Angeles suburbs. That came into the Forest Service's hands some number of years ago. It is still part of the Government's asset base but is in no real sense part of the national forest nor of any particular use to the Forest Service. We do rent it at probably something less than fair market value. The second picture shows you the sort of neighborhood that that house is in.

The third picture is what we call the Irwindale property, an isolated tract with no trees involved, also owned by the Forest Service in the Los Angeles Basin. It is a 9-acre site with sand and gravel quarry operations that we are currently holding for no particular purpose.

The combined value of these tracts is about $5 million. That is their current market value. With the kind of authority outlined in our proposal, should you see fit to give us that authority, we would attempt to convey these kinds of isolated and excess properties and facilities at fair market value and then use that for capital improvements, in particular, the capital improvement for the picture of the ranger district office that you are looking at which is a collection of mobile homes grafted together. So that is one way we think that, without an increase in our budget authority, we can

deal with our deferred maintenance problem. Hence, the proposal before you.

With that, I would be happy to respond to any of your questions and turn the microphone over to Chief Bosworth.

[The prepared statement of Mr. Rey follows:]

PREPARED STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

Mr. Chairman, Senator Bingaman, and members of the Committee, thank you for the opportunity to discuss the President's Fiscal Year 2004 Budget for the Forest Service. I am pleased to join Dale Bosworth, Chief of the Forest Service, at this hearing today.

OVERVIEW

In my testimony, I want to discuss the President's plans for the Forest Service with particular attention to the Healthy Forests Initiative and the President's Management Agenda. However, before addressing these two subjects, I would first like to congratulate you, Mr. Chairman, on assuming leadership of the Energy and Natural Resources Committee. I look forward to working with you and have very much appreciated the support you have given to important natural resource management issues faced by the Forest Service and bureaus of the Department of the Interior. A brief look back over the last several years clearly shows how your personal involvement and that of Senator Bingaman has provided a focus on managing natural resources today. This is especially true in the area of protecting the nation's communities and natural resources from the threat of catastrophic wildfire, a key focus of the President's Healthy Forests Initiative.

In fiscal year 2000, the nation was "awakened" by the catastrophic fire that struck the Cerro Grande area of New Mexico. I use the term "awakened," because factors that made this fire so serious had been the subject of expert prognostications for several years. As the serious wildfires continued into Montana and Idaho later in the 2000 fire season, we were very appreciative of your advocacy for what was, at the time, referred to as the "happy forest" initiative, through which you proposed significant funding increases for hazardous fuels reduction. It was out of this emphasis that the National Fire Plan emerged. As the Departments of Agriculture and the Interior developed plans to restore the health of the nation's forests and rangelands, the Forest Service Cohesive Strategy was developed. These efforts later evolved into what is now referred to as the 10-Year Comprehensive Strategy and Implementation Plan where federal, state, and local partnerships form a foundation that will lead to improved protection of natural resources and communities.

Prior to fiscal year 2000, attention was beginning to focus on the vulnerability natural resources faced from catastrophic wildfire due to the buildup of hazardous fuels. In the late 1990's the Forest Service produced risk maps that highlighted what Senator Craig referred to as a big "red blob" in Northern Idaho that represented such a fuels buildup and serious threat to forest health. Congress responded by authorizing some focused experiments to restore the health and productivity of our forests and rangelands by authorizing the Quincy Library Group activities in northern California and stewardship end results contracting demonstration authority.

The catastrophic fire seasons of fiscal years 2000 and 2002, the serious forest health problems highlighted by the risk maps, and the initiatives to address forest health, represent a cornerstone of what is now the President's Healthy Forests Initiative. I again want to thank you for your role in supporting and developing key aspects of the President's emphasis.

HEALTHY FORESTS INITIATIVE

This past August the President announced the Healthy Forests Initiative in order to reduce the risks of catastrophic wildfires to communities and the environment. With the release of the President's fiscal year 2004 budget proposal, a combination of administrative, legislative, and funding emphases is proposed to address this need. The Healthy Forests Initiative builds on the fundamentals of multiple use management principles that have guided the Forest Service since its formation. These principles embody a balance of conservation and wise stewardship of natural resources that are valid today in accomplishing the objectives of the Healthy Forests Initiative.

In the near future, the Secretaries of Agriculture and the Interior will re-propose legislation that supports the Healthy Forests Initiative. These legislative proposals and detailed attention to reducing the burden of unnecessary regulatory and administrative processes that affect management natural resource management, will over time, lead to federal, state and local forests and rangelands that are healthy and productive for the nation.

The Healthy Forests Initiative will implement core components of the National Fire Plan's 10-Year Comprehensive Strategy. Fundamental to this effort is the outstanding cooperation that exists between the Forest Service, Department of the Interior, state governments, counties, and communities in the collaborative targeting of hazardous fuels projects to assure the highest priority areas with the greatest concentration of fuels are treated. This cooperative effort will not only help protect communities, it can also serve as a model for reducing the morass of appeals and litigation that too often has prevented the efficient and cost-effective execution of projects on-the-ground. As will be discussed in detail by Chief Bosworth, the President's fiscal year 2004 budget supports the Healthy Forests Initiative.

PRESIDENT'S MANAGEMENT AGENDA

In addition to emphasis on healthy forests, the fiscal year 2004 program for the Forest Service provides strong emphasis on healthy government through the President's Management Agenda. I will work closely with the Administration and Congress to assure that the President's objectives of efficiency, performance, and accountability are reflected in Forest Service operations.

I would like to congratulate the Forest Service for its significant accomplishment in obtaining, for the first time, an unqualified audit opinion on the fiscal year 2002 financial statements. This "clean" opinion for the Forest Service and the entire Department of Agriculture is important, although I must also note that this clean opinion is the minimum America's taxpayers should expect in the management of federal funds. The Forest Service will have to work hard to maintain this clean financial status. It will have to further improve its accounting and reconciliation functions, as well as significantly streamline its organization, improve its integration of budget and performance, and improve the public's access to information through improved technology. These needs directly respond to the President's Management Agenda.

The Forest Service is making important progress in this area. As discussed in the Agency's Budget, it is improving its management of human resources by moving forward on competitive sourcing initiatives, realigning functions of the headquarters office, and consolidating financial management operations. The agency is implementing important e-government reforms, including the new National Fire Plan data base in cooperation with the Department of the Interior. A new work planning process that will tie to budget formulation and agency accounting systems will be operational in fiscal year 2004. A process for performance monitoring, reporting, and integration with financial information, called the Performance Accountability System will be implemented in 2004. Additionally, improved integration that will tie budget and performance outputs to the goals of the Forest Service Strategic Plan will be readily displayed in the President's fiscal year 2005 budget, which is now being developed at the field level.

In addition to the broad goals of the President's Management Agenda, the agency will improve its accountability in Wildland Fire Management. The Forest Service along with the Department of the Interior is the most skilled wildland firefighting organization in the world. However, recent criticism of how the agencies spend funds to suppress wildfire is of great concern to Chief Bosworth and me. In response to criticisms that occurred during this past fire season, Chief Bosworth promptly dispatched an accountability team to review specific expenses and policies that may have contributed to unnecessary expenditures. As a result of this and other efforts, new procedures have been established that will focus on "least cost suppression" alternatives in suppressing wildfire and eliminating unnecessary expenses; establish clearer financial management accountability of incident commanders and line officers; and provide for improved internal and external controls and incentives.

Additionally, the Forest Service will fully implement performance measures in cooperation with the Department of the Interior that reflect the level of risk reduced by treatments as part of the interagency effort to increase accountability of Federal wildand fire management efforts.

In implementing these efficiency measures, it is important to emphasize that firefighter safety and the protection of communities will not be compromised. As we focus on an efficient wildland firefighting organization, we must not lose sight of the fact that fire suppression often is an expensive operation where major costs will be

most substantially reduced by accomplishing the goals of the President's Healthy Forests Initiative.

CONCLUSION

Mr. Chairman, in closing let me emphasize how important the President's Budget and legislative agenda for the Forest Service is. The management of America's natural resources on federal, state, and local lands has been adversely affected by polarized views on either the use or conservation of natural resources. For many years we have been able to find only very limited middle ground. Rural economies have been adversely affected by the significant reduction in the production of products and services from these lands. Communities have been damaged and many more are threatened by the prospect of catastrophic wildfire. The President's Healthy Forests Initiative, the National Fire Plan, and legislative initiatives to improve the ability to cooperate with communities, reduce or eliminate unnecessary procedural process, and expand contracting authority are important areas of focus for the Forest Service. With your help the Forest Service can accomplish a robust performance-based program for the nation's forests and rangelands, and do so in full collaboration with state governments, communities and Congress.

I look forward to working with you in implementing the agency's fiscal year 2004 program and would be happy to answer any questions.

The CHAIRMAN. Before you proceed, let me just ask, Secretary Rey, on that last issue, can you tell me what your current estimate of that kind of property that you just described as being your recommendation? What is the estimate of how much of that there is in dollars? How many dollars' worth of property is that?

Mr. REY. I will get you a complete list. It is broken down forest by forest, but I think we are talking somewhere in the nature of $80 million to $100 million worth of excess facilities and assets. Obviously, where we have national forests that are in rapid growth areas like the L.A. Basin, but the Phoenix Basin as well, there are going to be a lot of those sorts of facilities. They will be the most valuable as well, most likely, because of real estate value in the area.

But I want to emphasize we are not talking about parcels of the national forests. We are talking about isolated tracts which have little or no value that over the years came into the Forest Service's ownership. In many cases they are facilities rather than parcels of land that we are no longer using.

The CHAIRMAN. Thank you.

Go ahead, Senator.

Senator THOMAS. Just to clarify a little, you are not talking then about 40 acres off in a forest somewhere that you might dispose of.

Mr. REY. No. These areas are all identified during the normal forest planning process and are listed in each forest plan as assets that are excess to the needs of the Forest Service and that do not have any environmental sensitivities associated with them.

Senator THOMAS. You do, from time to time, trade isolated tracts, I suppose, to make property more put together.

Mr. REY. We do have authority to do that, yes.

The Chairman: Please proceed, Mr. Bosworth.

STATEMENT OF DALE N. BOSWORTH, CHIEF, USDA FOREST SERVICE, ACCOMPANIED BY HANK KASHDAN, DIRECTOR OF PROGRAM AND BUDGET ANALYSIS

Mr. BOSWORTH. Well, Mr. Chairman and Senator Bingaman and members of the committee, I do appreciate the chance to be here

and the opportunity to talk about the President's budget for fiscal year 2004 for the Forest Service.

I also would like to point out that I have Hank Kashdan here with me. He is the Director of Program and Budget Analysis for the Forest Service.

And I would like to also affirm what Under Secretary Rey said about how much we appreciate the support that you and Senator Bingaman have given us for the National Fire Plan and for the health of the forests and the rangelands. It goes a long ways to have that kind of assistance and understanding of the difficult choices that we are making and problems we have to deal with. So thanks again.

I want to talk about healthy forests and about the National Fire Plan and our agency's priorities. I will be fairly brief, but I want to follow up a little bit on the financial management that Mark Rey mentioned.

We have to be good stewards of the land, but we have also got to be good stewards of taxpayers' funds. And I am proud of the fact that the Forest Service was able to achieve an unqualified audit opinion for the first time in our agency's history. And I would also like to thank the tremendous amount of work the Forest Service employees put forth in order for us to achieve that because we went from a disclaimer to a clean opinion in 1 year, and that was just unprecedented.

We are going to be looking at what kind of changes we need to make so that we can sustain that unqualified audit opinion into the future. It will require a number of changes because that is just our first step. We have got a lot more work to do in order to be financially healthy.

A little bit of an overview of the 2004 President's program: The realities of a flat budget for us make us sort through an awful lot of different choices. The end result, though, from my perspective, is that some of the legislative and some of the regulatory initiatives that we have have to help stretch these funds further. And that is the important thing. If we are able to accomplish the goals of the President's Healthy Forests Initiative, if we are able to accomplish some of the other objectives that we have, I do believe that we will be able to take these scarce dollars and be able to get more work done on the ground where it really makes a difference. Of course, that is what we are all after.

These initiatives and these key funding emphases are directly tied to the Healthy Forests Initiative. I have done a lot of traveling in the 2 years that I have been in this job, and I have been to the places like the Colorado front and I have been to New Mexico. I have been to the Blue Mountains in Oregon. I have been to the Black Hills. I have been to the Santa Fe area and northern Arizona. And I have seen some of the fires and I have also talked to people that live near those areas. And I have also been to the Green Knoll fire, I should say, in Wyoming. We have just got some huge problems in these areas and it is not isolated to one or two areas. It is across the board. And it is not just the West. We have a lot of problems in the South and the East as well.

The underpinning of the Healthy Forests Initiative is to reduce the threat of catastrophic wildfire. Hazardous fuels will be reduced

based upon our 10-year Comprehensive Strategy. We will be working collaboratively with communities based on criteria for project selection that emphasize the highest priority areas for treatment. The only way this will work is if we work together with the communities and with other landowners, other agencies. So the whole purpose of both the Healthy Forests Initiative, as well as the Comprehensive Strategy, is a collaborative approach.

There are also some other areas in our budget. Forest Stewardship, for example, in the State and private forestry area: We are proposing an increase there for a competitive cost-share grant process to support increased small-diameter utilization and fuels reduction on non-Federal lands so that we can work together between Federal- and non-Federal landowners.

A significant increase in fire suppression that I hope will help avoid the chaos of transfers of dollars and preserve hazardous fuel funds.

There is an increase in research targeted at Sudden Oak Death and other invasive species, and an additional increase for fire-related research.

There is an increase in range management that will help improve the health of our rangelands and help us get on top of our objectives in having decisions made for allotment management plans.

An increase for Forest Legacy to help enable the acquisition of conservation easements of some of these important tracts.

And there is an array of legislative proposals that will: streamline the appeals process; provide permanent authority for stewardship; streamline the execution of highest priority hazardous fuels reduction projects; expand partnership authorities; and make existing watershed enhancement authority, known as the Wyden Amendment, permanent.

Also important is a proposal to make the Recreation Fee Demonstration Program permanent. I believe that the large majority of people around national forests support that program.

I would like to just explain a couple of things that came up in your remarks. We have a chart that I would like to have put up that displays the costs of wildfires. The chart is there.

The point here is: on the left it shows the total number of fires. The blue is 98.2 percent of the fires. The area in pink, there, is about 1.8 percent of the fires. Now, the point is that that 1.8 percent of the fires end up—if you go to the right there—in terms of suppression costs, costing 86 percent of our suppression costs. That is huge. So 1.8 percent of the fires cost 86 percent of the suppression costs and 95.2 percent of the acres burned.

Now, of course, if you could take that small pink slice and eliminate it, then you would eliminate a huge percentage. We will never be able to eliminate that but our objective is to keep these fires small.

I should add that the blue area is what we refer to as small fires and that pink slice is what we refer to as large fires, fires that are over 300 acres in size.

The other thing that I would also mention is it came up about our rehabilitation and restoration dollars being zeroed out. I think we proposed in the past about $3.6 million in rehabilitation and

restoration funding and we are proposing to zero that out. Frankly, the reason for that is that we have huge costs. If you look at the fires of 2000 and the fires of 2001 and the fires of 2002, from a restoration standpoint, it is a drop in the bucket. The $3.6 million is really a drop in the bucket.

What we really need to do is look at other funds that we have which fit very well into restoration and rehabilitation, reprioritize those, and focus those dollars toward these areas that are burned. We can use wildlife habitat dollars. There are soils dollars that we have. There are lots of other kinds of restoration dollars that we have in our budget every year, reforestation dollars and timber stand improvement. Those dollars can be focused onto those areas where we have the highest priority in terms of restoration in these burned-over areas. That is what we are about in the Forest Service: restoring, maintaining, and taking care of these lands.

The CHAIRMAN. Why do you not do that?

Mr. BOSWORTH. That is what we will be doing. My expectation is that the regional foresters will be taking those dollars and legitimately focusing those onto those areas where we have the needs, particularly in those areas where we have had large fires.

So that is pretty much what I wanted to say in my opening remarks. I do believe it is an honor to be Chief of the Forest Service during these exciting times. I thank you for your help in solving some of these problems. I am looking forward to working with you and sorting through this fiscal year 2004 program. So I would be happy to answer any questions.

[The prepared statement of Mr. Bosworth follows:]

PREPARED STATEMENT OF DALE N. BOSWORTH, CHIEF, USDA FOREST SERVICE

Mr. Chairman, Senator Bingaman, and members of the Committee, thank you for the opportunity to discuss the President's Fiscal Year 2004 Budget for the Forest Service. I am accompanied by Mark Rey, Under Secretary for Natural Resources and Environment at the U.S. Department of Agriculture, and Hank Kashdan, Director of Program and Budget Analysis for the Forest Service. It is a great privilege to be here today. I want to affirm what Under Secretary Rey said about how much we appreciate your support, and that of Senator Bingaman, for the National Fire Plan and the health of our forests and rangelands.

OVERVIEW

Teddy Roosevelt's rich legacy includes the Forest Service, and he once observed that people should make few promises and then keep them. Our agency, which will celebrate its 99th anniversary during the 2004 budget year, has made more than a few promises. I am often asked about my vision for the Forest Service. The Forest Service must be viewed as the world's leader in natural resource management by living up to commitments, efficiently using and accounting for the taxpayer funds that are entrusted to us, and treating people with respect. My vision as we approach the centennial is to heed TR's advice. We are an agency that keeps its promises.

The fiscal year 2004 President's budget request for the Forest Service is $4.8 billion, $121 million greater than the FY 2003 President's Budget. The FY 2004 Budget provides funding to reduce the risk of wildland fire to communities and the environment by implementing the President's Healthy Forests Initiative. In addition, it provides funds to enhance the ability of the Forest Service to meet multiple demands. The major departure from fiscal year 2003 is an increase of $184 million for wildland fire suppression and additional increases in funds for forest and rangeland research, forest stewardship, forest legacy, range management, and hazardous fuels reduction.

This past August the President announced the Healthy Forests Initiative in order to help reduce the risks of catastrophic wildfires to communities and the environment. The fiscal year 2004 budget proposal contains a combination of legislative and funding priorities the President feels are necessary to address this need, as signaled

in his State of the Union message. The Healthy Forests Initiative builds on the fundamentals of multiple use management principles that have guided the Forest Service since its formation. These principles embody a balance of conservation and balanced approach to the use of natural resources that are valid today in working with local communities, States, Tribes, and other Federal agencies.

ACCOUNTABILITY

In my testimony today, I want to discuss in detail how the President's fiscal year 2004 budget and accompanying legislative initiatives will improve the health of our forests and rangelands, but first let me focus on the agency's effort to improve its financial accountability.

When I began my career, the Forest Service was viewed as a model federal agency, accomplishing our mission for the American people. I am pleased to share with you today a stride that takes us closer to the reputation of a generation ago. Through the extraordinary efforts of our employees across the nation, we and our USDA counterparts have achieved an unqualified audit opinion for 2002. This is an important step in a continuing effort to fulfill promises previous Chiefs and I have made to get the Forest Service financial house in order. To progress from no opinion to a clean opinion in just one year is unprecedented. This unqualified audit opinion sets the basis for our next steps, which include additional financial reforms to efficiently consolidate financial management personnel; improve the effectiveness of the financial management system as part of the funds control and budget execution process; and improve the quality of account reconciliation. It will take as much work to keep that clean financial opinion as it did to earn it. But, this important accomplishment of a clean audit opinion demonstrates the progress we are making in keeping our word.

PROCESS PREDICAMENT

When I met with you a year ago, gridlock and analysis paralysis directly affected our ability to deliver on many promises: to protect communities from catastrophic wildfire, to provide a sustainable flow of forest and grassland products, and to sustain the landscapes used and enjoyed by the American people. These problems still exist, but the Forest Service has taken the initiative to deal with this process predicament within its authority by proposing regulations and policies. I believe we are on the road to success. We proposed a revised planning rule to provide a more readily understood planning process—one that the agency can implement within anticipated budgets. We proposed new processes to simplify documentation under NEPA for management activities that do not significantly affect the environment—small, routine projects that are supported by local communities, such as salvaging dead and dying trees or removing insect infested or diseased trees. We propose to work with you and the American people to keep our promise that these measures are about sustainable land stewardship.

PRESIDENT'S MANAGEMENT AGENDA

The Forest Service has developed and is implementing a comprehensive strategy to achieve the objectives of the President's Management Agenda. Today, I'll highlight a few of the significant efforts we're making to improve Forest Service management and performance. In the competitive sourcing arena, we will conduct public/private competitions during fiscal year 2004, identifying the most efficient, effective way to accomplish work for the American people, as identified in the Agency's Efficiency Plan which has been submitted to the Administration. Our e-government energies will move beyond web information delivery into four important areas: incident planning and management, recreation services and information, electronic planning record, and the federal and non-federal assistance process. We are instituting critical oversight controls to keep wildfire suppression costs as low as possible while protecting communities and resources and improve our methods of reporting wildland fire suppression expenses. Several streamlining efforts are underway to reduce indirect costs and better examine the role and structure of various Forest Service organizational levels.

An element of the President's Management Agenda concerning budget and performance initiative, the Program Assessment Rating Tool (PART) analysis provides a standardized set of performance management criteria that provides a consistent evaluation process to identify areas of performance and budget integration they should improve. In FY 2004, the Wildland Fire Management and Capital Improvement and Maintenance programs of the Forest Service were selected to participate in the first round of assessments using the PART. The PART analyses for these programs indicated that funds need to be better targeted within the Wildland Fire

Management program while the annual performance measures of Capital Improvement and Maintenance program inadequately linked to ongoing management initiatives aimed at addressing the maintenance backlog.

RANGELAND MANAGEMENT

The President's budget provides a $7.3 million increase that supports a significant Forest Service promise—to make progress on completing environmental analysis on national forest rangelands. This emphasis will provide for a 30 percent increase in grazing allotments operating under completed environmental analysis. It will also enhance our capability to manage livestock and support communities where rangelands are an integral part of the economy and way of life.

FOREST SERVICE RESEARCH

Productive forests and rangelands provide wood and forage, clean water, wildlife habitat, recreation, and many other values. Key to sustained and enhanced productivity is developing and deploying integrated resource management systems based on the best science available. A $9.4 million increase in forest and rangeland research is a valuable addition to our program. Some of the increase will support research and development tools essential to prevent, detect, control, and monitor invasive species and restore impacted ecosystems. Other emphasis includes a pine bark beetle program that looks at new management strategies, better utilization of bark beetle trees, and developing additional treatment options for managers and landowners. Programs to identify new biological control agents and treatment methodology and to develop integrated pest management technology for land managers will also be accelerated. The President's Budget recognizes the need for research to support the full range of challenges faced by land and resource managers because challenges don't stop at National Forest System boundaries. Addressing the issues associated with America's forests and grasslands—including hazardous fuels, protection of communities from catastrophic wildfire, invasive species, and pathogens—doesn't depend upon who owns the ground. Keeping this promise goes beyond the basic and applied science functions of research. We also need to bridge the gap between research findings and results on the ground. The request reflects the importance of technology transfer, internally in the Forest Service and externally through our university and State and Private Forestry program partners.

STATE AND PRIVATE FORESTRY

Through close cooperation with State Foresters and other partners, our State and Private Forestry Program provides assistance to landowners and resource managers to help sustain the Nation's forests and protect communities and the environment from wildland fire. The President's budget contains an increase of over $38 million for these programs. While most of the forest health management, cooperative fire protection, and cooperative forestry programs continue at fiscal year 2003 levels, forest stewardship and the forest legacy program reflect an increase. A $16 million increase for forest stewardship supports the objectives of the National Fire Plan, the Healthy Forest Initiative, and the Forestry Title of the 2002 Farm Bill. The increase will strengthen our partnerships through a competitive cost-share program, leveraging the effectiveness of federal funds to reduce hazardous fuels, improve invasive species management, and enhance forest production from state and private lands. This increase will support increased private landowners' investment in the management of small diameter and underutilized forest products. In the forest legacy program, the President's budget proposes a $21 million increase to conserve environmentally important private forests through partnerships with States and willing landowners. The budget will support partnerships with up to ten additional States that have not previously participated in the program. We expect total conservation of more than 200,000 acres, benefiting wildlife habitat, water quality, and recreation.

THE NEXT 100 YEARS FOR AMERICA'S NATIONAL FORESTS AND GRASSLANDS

Some people and organizations still argue that timber harvest levels represent the greatest threat to the National Forests. However loudly voiced or strongly held these views may be, they are not accurate for the reality of management of the National Forests in the next 100 years. This year's budget request supports a program to offer two billion board feet including salvage sales.

The request addresses two key long-term challenges to America's National Forests and Grasslands: the build up of hazardous fuels and the spread of invasive species that seriously impair ecosystems. In August of last year, the President announced

the Healthy Forests Initiative (HFI). Its objectives include streamlining the decision-making process and continuing our long-term commitment of working with communities to achieve a meaningful level of public involvement.

We are committed to our continued partnership with those that use and enjoy America's National Forests as well as those that value them as part of our nation, no matter where they live. Although we have made progress, we must do more. Last year, the Secretaries of Agriculture and the Interior proposed new legislation to authorize permanent stewardship contracting authority, expedited review, hazardous fuels reduction projects, and address a burdensome administrative appeal process. President Bush reaffirmed his commitment to Healthy Forests during the State of the Union Address. We are committed to working with you as you consider the proposals of the Secretaries.

Hazardous Fuels

The presence of large amounts of hazardous fuels poses a tremendous threat to people and to public and private natural resources. The Budget increases emphasis on protecting communities and property from the effects of these combustible fuels—catastrophic wildfire. The budget supports the 10-year Comprehensive Strategy and Implementation Plan, developed in close collaboration with governors, communities, and the Department of the Interior. Through performance goals contained in the implementation plan, we will implement hazardous fuels reduction projects, improve fire suppression planning, expand forest product utilization, protect lands from fire related spreads of invasive species, and undertake key fire research.

The budget contains an increase of nearly $184 million for fire suppression. Wildland fire suppression costs are increasing and are having significant impact upon a wide number of Forest Service programs. The cost increases are due a number of reasons, including costs associated with national mobilization, wildland fire suppression in areas of high hazardous fuel loads, large aircraft and helicopter operations, and the increasing complexity of suppression in the wildland-urban interface. To address these increasing costs, the Budget proposes that the Forest Service and the Department of Interior (DOI): review the cost-effectiveness of large fire aviation resources; establish a review team to evaluate and develop cost containment strategies; and revise procedures to improve reporting of fire suppression spending. Together with other actions, this should enable the Forest Service to significantly improve our ability to fight wildfires without the major impacts to other programs we experienced during last year's fire fund transfers. Last year we kept our promise by aggressively fighting wildfire—long after funds appropriated specifically for fire suppression were gone and catching more than 99 percent of fires the way they all start, small. The request includes a renewed emphasis on up-to-date fire management plans and wildland fire use fires.

Accomplishing performance objectives under the National Fire Plan is also consistent with the President's Management Agenda. Reducing hazardous fuels, protecting against fire-related invasive species, and targeting adequate resources to suppress wildfire promotes improved health of Federal, State, Tribal, and local lands as well as enhancing the economies of natural resource based communities. I again urge all of us—cooperators and skeptics—to keep a focus on what we leave on the land, not what we take from it. Effective, integrated hazardous fuels reduction can leave us with clean, healthy water, improved wildlife habitat, and more satisfying recreation experiences.

Invasives

Invasive species, especially weeds, pose a tremendous threat to forests and grasslands. Whether kudzu or leafy spurge or knapweed or oriental bittersweet vine, these unwanted invasives take hold and out-compete native species, changing the look and structure of entire ecosystems. Our response to these threats needs to embrace an integrated approach. In the coming year we will improve integration of efforts among the National Forest System, Research, and State and Private Forestry, and other USDA agencies.

LEGISLATIVE PROPOSALS

The FY 2004 Budget contains several legislative proposals that significantly advance common sense forest health efforts that prevent the damage caused by catastrophic wildfires and move past "process gridlock" to improve agency land management efficiency. Four proposals, in particular, promote the President's Healthy Forests Initiative by reducing hazardous fuels; permanently authorizing stewardship end results contracting; repealing the Appeals Reform Act; and revising standards of judicial review in decisions that relate to activities necessary to restore fire-adapted forest and rangeland ecosystems.

Hazardous Fuels

As mentioned earlier, the Secretaries of Agriculture and the Interior proposed legislation that authorizes emergency fuels reduction projects in priority areas of federal forests outside wilderness areas. This will allow timely treatment of forests at risk of catastrophic fire and those that pose the greatest risk to people, communities, and the environment. Our top priorities will include the wildland-urban interface, municipal watersheds, areas affected by disease, insect activity, windthrow, and areas subject to catastrophic reburn. We would select projects through collaborative processes, consistent with the *10-Year Comprehensive Strategy and Implementation Plan.*

Fundamental to better implementation of core components of the National Fire Plan's 10-Year Comprehensive Strategy is the outstanding cooperation that exists between the Forest Service, Department of the Interior, State governments, counties, and communities in the collaborative targeting of hazardous fuels projects to assure the highest priority areas with the greatest concentration of fuels are treated.

Stewardship End Results Contracting

The complex patchwork of authorities and agreements associated with national forest management often has provided significant disincentives for private entities to engage in forest health restoration work. The fiscal year 1999 Interior and Related Agencies Appropriations Act, as amended, authorizes the Forest Service to enter into 84 stewardship end result pilot projects. The stewardship contracting authority allows the Forest Service to offset the cost of forest health work performed by the private contractor against the value of the forest products removed by the contractor. This goods-for-services approach to management has worked effectively in pilot projects. The concept embodies a promising tool to accomplish management goals without expanding current appropriations. Current authority will expire on September 30, 2004. I hope Congress will expand and make permanent this tool as proposed by the Secretaries of Agriculture and the Interior.

Repeal the Appeals Reform Act

The Forest Service is subject to procedural requirements that are not required of any other Federal agency. To address this issue, the Secretaries of Agriculture and the Interior will propose legislation to repeal Section 322 of the Department of the Interior and Related Agencies Appropriations Act of 1993 (commonly known as the "Appeals Reform Act,") that imposed these requirements that I believe limit our ability to work collaboratively with the public.

Standards of Judicial Review

To ensure that courts consider the public interest in avoiding irreparable harm to ecosystems and that the public interest in avoiding the short-term effects of such action is outweighed by the public interest in avoiding long-term harm to such ecosystems, the Secretaries of Agriculture and the Interior will propose legislation to establish revised rules for courts in decisions that relate to activities necessary to restore fire-adapted forest and rangeland ecosystems.

The President's Budget also includes legislative proposals to:

- Expand or clarify existing partnership authorities;
- Permanently authorize the Recreation Fee Demonstration program;
- Allow for the transfer of Forest Legacy titles to willing State governments;
- Promote watershed restoration and enhancement agreements;
- Authorize a Facilities Acquisition and Enhancement Fund;
- Restore eligibility for State and Private Forestry Programs of the three Pacific island entities in "Compacts of Free Association"; and
- Eliminate requirements of the Forest and Rangeland Renewable Resources Planning Act of 1974 that duplicate the Government Performance and Results Act of 1993.

CONCLUSION

We are fulfilling key promises in re-establishing sound management throughout the Forest Service. I want the Forest Service to be an organization people trust and once again point to as an example of good government. Earning this trust means becoming good stewards of not only public land and natural resources, but of public dollars, of public trust. We know the work is not complete—there are still many opportunities like large fire cost management, integrating information systems, and making organizational changes in administrative support operations-but we're making good progress.

Traditional functional and program boundaries do not serve us well—they get in the way of our ability to keep our word. I am committed to putting more effort into integrating our programs and becoming better partners with people interested in leveraging our work. The President's Healthy Forest Initiative exemplifies an integrated approach to problems that affect not just national forests or national grasslands, but America's forests and America's rangelands. It is an opportunity for our private land neighbors, for research, for partner agencies, for everyone concerned about America's forests and grasslands.

Let me reiterate the deep honor I feel in being Chief of the Forest Service in this challenging time and the equally deep sense of obligation I feel to keep our promises to the American people. I enlist your continued support and look forward to working with you toward that end.

I will be happy to answer any questions.

The CHAIRMAN. Thank you very much.

Senator Smith, would you like to make a few early observations? The other Senators had a chance to do that, and then, Senator Wyden, we will let you comment for a minute. Senator Smith?

Senator SMITH. Mr. Chairman, I had a longer statement. I will include it in the record, if I may.

[The prepared statement of Senator Smith follows:]

PREPARED STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Mr. Chairman, I appreciate your leadership in convening this hearing to examine the Administration's fiscal year 2004 budget request for the Forest Service. I also want to thank Undersecretary Rey and Chief Bosworth for being here today, and for their concerted effort to make forest management policy meet the immediate and long-term needs of the land, the environment and our communities.

Let me begin by drawing your attention to the Rough and Ready mill in Cave Junction, Oregon. This mill is one of the largest family-wage employers in the Illinois Valley, an area which was on the verge of evacuation during the Biscuit Fire last summer. It is also the last mill in Josephine County. In December, the owners of Rough and Ready announced that because of a shortage of logs, they would be closing their doors and laying off their employees. In less than a month their doors will close, and with a bitter taste of irony. Three miles from the Rough and Ready mill, lies the site of the Biscuit Fire, where over 1 billion board feet of salvageable timber lies outside of wilderness areas and other set-asides. The Forest Service tells us that the environmental impact statements for rehabilitation and salvage of the Biscuit Fire will not be prepared until later this year, and appeals and litigation will likely push projects into 2004. This is totally unacceptable.

Over the past decade, over one hundred and sixty mills have been closed in Oregon and over 30,000 jobs were lost. Let me tell you now that I cannot allow this mill and its workers to be drawn into that statistic, and into the failed forest policies that this Administration has vowed to correct.

Tomorrow, mill workers and community members are going to be holding a protest in front of the Forest Service office in Cave Junction. They will be calling on all of us, executive and legislative branches, to act.

I believe that the Forest Service is doing all that it can, within existing law and statute, to rehabilitate the Biscuit Fire and deliver volume wherever possible and appropriate. The Administration's legislative proposals and administrative actions reflect this at the national level, and I thank you for your hard work. I would, however, ask that you clarify how your funding priorities are consistent with your stated management priorities in the Pacific Northwest. Last year, the Forest Service proposed to reduce Region 6's funding by 12%. In light of the catastrophic wildfires Oregon experienced, and the Administration's goal to fully implement the Northwest Forest Plan, I trust that Region 6's funding will be enhanced in Fiscal Year 2004, not further reduced. I am also wary of your proposal to zero out the Pacific Northwest Assistance Program, which is designed to aid communities affected by reductions in harvest due to the economic impact of the Clinton Northwest Forest Plan. While it may be appropriate to phase out this program once a sustainable and predictable level of volume is delivered under the Northwest Forest Plan, it is clearly premature at this time.

On another note, let me mention that I strongly support the President's Healthy Forests Initiative and the proposals contained in the FY04 budget request. It is a well-balanced approach and it deserves quick passage by this Congress before the West is again enshrouded in smoke. But the Healthy Forests Initiative will neither

be constructive nor fiscally feasible if we continue losing the infrastructure needed to process thinned and salvaged trees. This needs to be realized immediately and I ask that you commit today to dedicating the needed resources to keep the folks in Cave Junction employed in the short term so that they can contribute in the long-term to balanced forest management.

Mr. Chairman, thank you again for holding today's hearing and for your firm commitment to addressing forest health issues during the 108th Congress.

Senator SMITH. I have some questions as well if this is the appropriate time to ask them.

The CHAIRMAN. We will get to you on the questions.

Senator Wyden, did you have some opening remarks?

STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. I will be very brief, Mr. Chairman.

First, I want to say how much I appreciate your making this a priority issue. As you know, each summer, the West faces the prospect of burning up, and we simply cannot afford to turn these rural communities into sacrifice zones. There is a tremendous backlog of work that needs to be done to promote forest health.

Mr. Chairman and colleagues, I thought we came very close last session in terms of working out a bipartisan effort. Senator Smith was involved, as were Senator Domenici and Senator Feinstein. In my view, Mark Rey was extremely cooperative in terms of working with us, and we have to continue in this manner.

I would just make one substantive point and then wait for questions, Mr. Chairman. I think that what the Chief is talking about in terms of an collaborative approach on hazardous fuels is very important. But suffice it to say we are getting a lot of flack at home that this is not being accompanied by sufficient environmental standards. I think if we are going to find the common ground—and we got very, very close last session in my view—we have to couple that collaborative approach with some concrete environmental standards. I will ask some questions about that later.

Mr. Chairman, again I thank you very much for making this a priority. We have to get this done early in this session. This is simply a matter of life and death for westerners.

The CHAIRMAN. Senator, I want to just make this observation to tell you the kind of problem I think we have as an authorizing committee. I was telling Senator Bingaman on the omnibus bill, I do not think we know as of now the extent to which this committee's authorizing jurisdiction was infringed upon in an appropriation bill. I do not use that word with any anger or recrimination, but it does seem that we have to decide whether we are authorized some of these controversial areas of not. If we are not and if we cannot, then obviously somebody will do them for us.

On the other hand, everybody is so busy that if you talk about a forest bill that would address these issues, the kind you are speaking of, the kind that was addressed in the omnibus bill by Senator Burns with reference to stewardship and partnerships, when you talk about fitting them in an agenda up here, it becomes almost imponderable how you are going to get it done.

But I told Senator Craig I would like very much to put together a forest bill this year. Obviously, every time that is done, the issue of logging, no logging, some logging comes up, and it is important

that that be looked at. But there are so many other issues where we ought to be helping them do a better job. They have expressed a couple of them here today.

We will start with money, seeing whether we can entice the Budget Committee to give us more money for the kinds of things they have been unable to fund. After that, I would hope that parallel to the energy bill, we could start putting together the fruits of some hearings on the forest problems in the country. There are a myriad of them without question.

I have maybe 10 or 15 that I am going to hold and submit at the end, but I would like to open with just a discussion with you.

It seems to me the Secretary mentioned the activities that occurred on the floor. It was also in an appropriation bill, and a very large bill was introduced—I was the prime sponsor of it—called "happy forests." It was for an amendment. It was something like $650 million or $700 million for taking care of our forests which were then at the peak of fire destruction and all the other things. We split that between Ag and Interior, and as I recall, we attached some very important amendments to that. We had to work very hard with the Clinton administration to get them in.

That bill, amendment, provided for an inventory by the Departments of the properties that were to be determined as dangerous or perilous because they were close to the forests and could be part of what you have alluded to today, the urban interface, which is apt to bring very serious and costly fires. We had some problems with that, but ultimately, it was agreed that that be done.

Is it fair to say that the areas have been identified that are urban areas of danger because of their proximity? Has that been done, Mr. Bosworth?

Mr. BOSWORTH. About last, maybe June or July, I believe, we completed the first effort, working with the State foresters and others, to identify communities at risk. There are some problems with the list. As you would expect, in some cases you can end up with every community in some States being at risk, and then in other States it is approached a little bit differently.

We have an agreement with the State foresters. The National Association of Counties, the Department of the Interior, and the Forest Service to work in a collaborative way now to establish criteria for communities—and a little more structured criteria—that would be applied State by State in an interagency way to identify where the priorities would be for doing fuels treatment across the landscape around these communities. So it is a good landscape approach. It is collaborative and it has taken sort of the next step from identifying these communities.

The CHAIRMAN. Well, it would seem to me that either that is meaningful or it is not. When you get these lists, it seems like it naturally lends itself to some prioritization. There must be some that are highly at risk, some that are not quite that much, but we have to get on with solving some of them.

Mr. BOSWORTH. The way that this would work is that we would identify those that are high, those that are moderate, and those that are low so that we can have a better way of using these criteria, have a better way of being consistent across the country in

how we are applying this so that we can get our focus on those highest priority, most important areas.

The CHAIRMAN. Well, I just want to ask about one and give you an observation regarding what I think you could help us with. Santa Fe is one, and obviously the watershed in Santa Fe must be in a high-risk area because if that burns, the water supply for this city goes. It is not a question of did I dream this up as something we need. It is right there. They have a lake. The lake yields the water supply, and the forest is right there. That has been a very slow process of fixing that. I want to ask you where we are on that and what is going to be done.

But in a general way, it would seem to me to be important to us that you tell us for the record which of these risk areas that you would like to rehabilitate have been delayed. If they have been delayed for undue lengths of time, I would like you to tell us which ones are unduly delayed and why. If they are delayed because of lawsuits, because of environmental contentions that the plans are not right, just give us a number of them and the delays and tell us why that is occurring. We continue to hear stories of why it is delayed. I think it would be good to get an official list, if you could do that, of those that have been delayed with your reasoning as to why, lack of money, cannot get it done because of this, that, or the other. Maybe roadless areas has been a problem in some. Whichever it is, would you tell us that at your leisure for the record?

Mr. BOSWORTH. First, I will respond to your question about the Santa Fe watershed and then I will try to respond to those specific areas.

We are working in the Santa Fe watershed now. We issued a contract in September 2002 for $400,000 to treat about 700 more acres. One of the difficulties in the Santa Fe watershed is that it is so critical that we want to make sure that we do not get more fuel down without treating it than what we can treat in 1 year. In other words, as we are doing the mechanical thinning or the thinning with chainsaws to get the small trees down, we need to either burn those or move them out so that we do not have an over-accumulation which would increase the hazard rather than decrease it. So they are working at that at about a 700-acre-a-year rate because they believe that that is about the amount that they can be sure that they can clean up. We would like to be able to move along at a faster rate, but it is pretty important to make sure that they stay up with that.

It took a long time to work our way through negotiations to try to avoid appeals and litigation. We, in the end, did not avoid the appeals and we worked our way through that process.

Another problem with the Santa Fe watershed is that it is expensive. It is about $1,150 an acre. Our average for fuels treatment nationwide is about $120 an acre. So you can see that it is about 10 times more. Now, it is in a wildland-urban interface, a municipal watershed which adds cost to it. It is very costly and there are a lot of reasons for that. Part of it is the difficulty. Part of it is that you negotiate away. If you negotiate enough, you add costs for mitigation to where it gets very expensive.

Now, regarding the areas around the country that we view as high-priority areas, I cannot sit here at this moment and list those

out and say how they have been delayed, but we will pull together some information and get it to you.

I can say that the purpose of the Healthy Forests Initiative—and some of the things we have been doing administratively and through regulatory proposals—is to try to help simplify those processes so we can shorten the period of time that it takes to make a decision and get more of the dollars on the ground doing fuels treatment work and do that in a collaborative way, work closely with the communities up front and get the job done. We have to be able to do it that way and we have to speed it up if we are going to be able to make a difference.

Now, the fiscal year 2003 projects that we plan on doing will be identified in May, and then we will also be very happy to share that with the committee as well when we get those identified.

Mr. REY. We can also share sort of a running tally of how project appeals and litigation is going during the course of a year. I think it is fair to say that we are seeing some increases in appellate and litigation activity as we are moving into areas that heretofore we have not done treatments in. Whether they are in the wildland-urban interface or not does not seem to be a factor in whether we are seeing appeals or lawsuits being filed.

The CHAIRMAN. Senator Bingaman.

Senator BINGAMAN. My impression is, at least in this last year, that part of the delay that you experienced in getting this thinning accomplished in some of these wildland-urban interfaces—in fact, right in the Santa Fe watershed—some of that delay was because of the need to borrow funds to do fire fighting. I remember, Chief Bosworth, we spoke about this. You arranged to shift some funding over so that the work could go forward and an effort could be made there in Santa Fe. Shortly after that, my impression was that everything had to go on hold because the money then had to be shifted out of that account and used to fight fires. So it was all delayed. I think they are supposed to get started tomorrow or something instead of last September.

Am I right that part of the problem is this constant need that you have had each year to shift funds in and out of these accounts to fight the fires?

Mr. BOSWORTH. It is correct that in fiscal year 2002, when we had all those fires, we continually transferred dollars from other accounts to fight fires. The way we prioritize it, one of the last places we wanted to take dollars was from fuels treatment funds. In the end, we transferred about $20 million out of fuels treatment into fire suppression. So out of the total, that was not a huge amount, but it did delay some projects that we would have gotten going otherwise.

Senator BINGAMAN. I am not clear, and maybe you said this in your discussion with Senator Domenici and I just did not understand it. What is your plan to fix this problem so that you do not have this drill every year where you are taking money out of these other accounts in order to fight fires? The budget proposal you have given us now, if we enact it, ensures that you are going to have to do that again.

Mr. REY. If we have a difficult fire year.

I think in last year's budget proposal, we proposed a government-wide emergency account for contingencies like this.

Senator BINGAMAN. Is that what you are suggesting to us now? Are you suggesting anything to us?

Mr. REY. I think what we are suggesting now is we would like to sit down with you all and with the Budget Committee to see if something like that can work so that we do not have a continued rotation of accounts.

Senator BINGAMAN. Yes, I think that would be a priority because I think clearly it must be frustrating to you to have to interrupt other activities that you believe are important like thinning activities in these wildland-urban interface areas because you have had to take money to do something else which was not adequately funded.

Let me ask about the roadless rule. That has been upheld at the appellate court level. Is the Forest Service proceeding to implement that, or is there an effort underway to modify that? Or what is happening with the roadless rule?

Mr. REY. The roadless rule is still the subject of a considerable amount of litigation in numerous judicial districts. We, in fact, earlier this week, argued a case in Wyoming where we can expect a decision shortly.

In the Ninth Circuit, the rule was enjoined. Upon appeal to the Ninth Circuit, the circuit court reversed the district court opinion. The plaintiff in that case, which is the State of Idaho, has filed a motion asking the Ninth Circuit for en banc review, which means all the judges in the circuit review the three-judge panel's decision. I guess everyone is waiting to see whether that will be granted.

Senator BINGAMAN. What is the position that the administration is taking in that litigation?

Mr. REY. In that litigation, we defended at the district court level and did not participate at the circuit court level, in the interest of moving on to develop a different roadless rule which we are still working on and hope to propose within the next couple of months.

In the interim, we have refrained from entering roadless areas except and unless an entry has been approved by the Chief, and I do not believe you have approved any to date.

Senator BINGAMAN. So you anticipate in the next couple of months we will get a proposal or there will be a new, modified roadless rule that you will issue.

Mr. REY. That is what we are working on right now. I am guessing that the litigation will continue simultaneously with that.

Senator BINGAMAN. Let me ask about the stewardship contract? I do not know if I am running over my time. I do not guess we are using the timer today.

The CHAIRMAN. Just kind of guessing.

Senator BINGAMAN. Okay.

The CHAIRMAN. You are getting close.

Senator BINGAMAN. Okay, let me ask one more question. Then I will desist.

On forest stewardship contracts, Senator Domenici referred to the fact that there is substantial language in this latest appropriation package, which we are hopefully going to get to see before we vote on it, that relates to stewardship contracting. My understand-

ing is that that was a demonstration program we put into place in 1998, and the idea was we would see how it worked.

Now the new language, as I am led to believe, makes it a 10-year program and eliminates the emphasis which was previously there on non-commercial contracting, non-commercial timber activity.

I would ask your advice to this committee on what should we be doing now. It does not make a lot of sense to be continuing to kid ourselves that we are having a demonstration program once we have legislated that it is for 10 years. The administration supports this presumably or it would not be in that bill.

Mr. REY. That is correct. The demonstration program has, in our mind, served its purpose. There have been two reviews of the demonstration pilot projects to date: one, an internal review by the Forest Service, another by an outside party, the Pinchot Institute, which is a not-for-profit environmental think tank. In both cases I think what we found was that there is much to be gained by broadening the stewardship authority, making it a permanent authority, and broadening it so that the Interior agencies have the same opportunity to use it as a management tool. That is why we recommended making the authority permanent, or at least longer term, last fall when we sent up a legislative proposal as part of the President's Healthy Forests Initiative.

We still look at this primarily as a way of using new contract tools to do work that would not be done on a commercial basis because most of the material that has to be thinned out of these forests is not of commercial value. So I do not see us changing the emphasis from where it is now in the pilot projects.

I think that the challenge for us, should you all pass this legislation, is going to be to reach out and involve as many people as possible in moving this project forward from a pilot project to one that we hope will allow us to do fuels treatments at a more landscape level.

Senator BINGAMAN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Thomas, you are next.

Senator THOMAS. I know that situations are all different, but sometimes it seems a little bit of a paradox to be talking about thinning and fire suppression and at the same time reducing commercial reductions. How do you react to that?

Mr. REY. Well, I guess the distinction that I make is that the purpose of the President's initiative goes to the question of what kind of forest we want to have, not what we take out of it. And the kind of forest we want to have, by virtue of what we are trying to accomplish under this initiative, is one that is fire resistant and ecologically sustainable where we can restore fire to a natural role in the ecosystem. If there is commercial material that is removed from the forest, incidental to that purpose, then we ought to use it, and I think we have been fairly forthright about saying that.

Separately, we also believe that there is a role at some level, within proper environmental constraints, for the national forests to contribute wood products to the Nation's needs. Those two are not always going to square up in the same place at the same time.

Senator THOMAS. No, I understand. But it does seem like in many cases thinning of commercial-size timber is a movement to-

ward fire suppression and the more you can get that done, as an income feature and being done in the private sector, it seems to me that makes a lot of sense.

Mr. REY. We can reduce the cost to the taxpayer of doing the forest health work that needs to be done. But the primary objective has to be——

Senator THOMAS. I understand what the objective is, but there are several ways to get to an objective sometimes.

Mr. REY. Right, exactly.

Senator THOMAS. You indicate that you are going to make some changes in the forest regulations which will shorten the process and save $300 million. Generally, what are you seeking to do in that planning process to make it more efficient?

Mr. REY. What we have proposed so far are some changes to the way we comply with the National Environmental Policy Act and the Endangered Species Act. With regard to the National Environmental Policy Act, we and the Department of the Interior are proposing two "categorical exclusions" to cover certain kinds of fuel treatment and post-fire restoration work. Those were out for public comment and review. The public comment period on those closed at the end of January, January 31. And our cursory review of the record so far showed substantial support for what we had in mind.

In addition to that change, we have undertaken 15 case studies for environmental assessments to see if we can do environmental assessments for those projects that require additional environmental analysis on a more timely basis.

The underlying philosophy here, if I can just digress for a minute, is that under NEPA, you have three levels of environmental analysis. For routine projects that you do time and time again—where you know what the environmental consequences could be with general certainty—you can use a "categorical exclusion." It is an instrument under NEPA that is allowed.

For projects that are a little more complicated, or that you are uncertain as to the environmental consequences, you have to do some additional analysis: an "environmental assessment."

An environmental assessment is supposed to be a relatively straightforward and brief analysis that is supposed to lead to one of two conclusions: Either A, that there is no significant environmental impact, in which case you move on and do the project; or B, there is a question or there is potentially some significant environmental impact, in which case you do an "environmental impact statement."

Our problem is that over time, over the 30 years we have been working with NEPA, our environmental assessments have been getting bigger and longer and more complex because, in part, some of our people have been trying to do environmental assessments as if they were environmental impact statements or, in some cases, even to avoid environmental impact statements. And that is not what you are supposed to do with an environmental assessment.

So the point of these 15 models, these case studies in the field, is to see if we can get back to doing simple, straightforward, 20- or 30-page environmental assessments instead of 200- and 300-page environmental assessments. Hopefully, most of those will lead to a finding of no significant environmental impact. For the ones

that do, then we will do an EIS, which is what the statute originally envisioned. But for the vast majority of cases, we should be able to proceed with a project under a much simpler environmental assessment. We think that can probably cut our analysis costs from $100,000 a project to maybe closer to $20,000 or $25,000 a project. So those are the NEPA changes.

We are also looking at some changes under the Endangered Species Act as well.

Senator THOMAS. That is great. All of us, of course, want to make sure that the environment is protected. I remember when Chief Thomas was here when I first came to the Senate. We talked a little bit about making sure that we were not managing because of the threat of lawsuits, that we were managing under the law and doing the best job and not because some group was going to sue us if they did not do it their way. So good.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

I think Senator Smith was here.

Senator Smith.

Senator SMITH. Thank you, Mr. Chairman.

Gentlemen, thank you for coming to this committee.

I had an opening statement that talked about some of the continuing distress of people in rural communities in the State of Oregon. There is a particular mill there, Rough and Ready Lumber. It is the last mill left in Josephine County. Over the last decade, 160 mills in Oregon have closed and over 30,000 Oregonians have been laid off of work.

The irony is that this Rough and Ready mill is just a few miles away from the Biscuit Fire, and they have announced their closure in April because they literally have no timber. I am wondering if you can tell me if anything can be done to expedite salvage at the Biscuit Fire that can help keep 30 Oregonians in work.

Mr. BOSWORTH. I would be happy to discuss that. After the Biscuit Fire, obviously there have been a lot of national forest timber that has been killed. Also, there is damage to watersheds, to wildlife habitat. We believe that the cost of the Biscuit Fire for fiscal year 2003—we need to redirect some of the work into the Biscuit Fire area from a restoration standpoint.

Now, they are also looking at how much of the timber volume can be salvaged. It would be a part of that effort to rehabilitate.

We are doing the analysis, the assessment, currently to figure out what should be done on the national forest portion of that. Some of the things that we are proposing through administrative changes, through the Healthy Forests Initiative—well, some are not even part of the Healthy Forests Initiative—such as salvage of small areas, using the categorical exclusion, 250 acres—I think is what our proposal is. When those are finalized, those will help with this kind of project where we will be able to do the analysis quicker and we will be able to get the work on the ground done quicker. That would be one example.

The region has redirected some of their dollars to the forest in the Biscuit Fire area so that they can do the assessment and get it done as quickly as we can.

I have to say, though, that part of the frustration that I have, and that many Forest Service people have, is that we do not have the processes in place yet—and the systems—working to get these projects going at the rate we would like to. We are still putting an awful lot of money, time, and effort into doing paperwork.

I am a supporter of doing analysis, the appropriate level of analysis, to make sure that we do the right things. I strongly support the need to work with the community to make sure that they understand and are a part of the decisions on what needs to be done there. That is how the region is trying to approach the Biscuit fire.

Mr. REY. I think the short of it, Senator, is that there is a considerable volume of material that likely will come off as salvage as part of the recovery effort and the restoration effort there. Whether it can be made available quickly enough to change the situation with Rough and Ready Lumber Company is one question; a second question is how much appellate and legal action there will be once we have proposals on the street for people to look at since that is not an uncontroversial portion of the world down there.

Senator SMITH. I understand that.

Mr. Chairman, I would like to introduce into the record a letter from the Rough and Ready Lumber Company to President Bush expressing their pain and their difficulty and their desire to continue employing their people and staying in their industry. If I can include that in the record, I would appreciate it.

The CHAIRMAN. It will be admitted.

[The letter of Rough and Ready Lumber Company follows:]

ROUGH& READY LUMBER CO.,
Cave Junction, OR, January 29, 2003.

DEAR PRESIDENT BUSH: Our family, the Krausses of Southern Oregon, is a member of your most committed supporters here in Oregon. Like so many Americans, your Presidency brought us hope that our country could be steered onto a track of prosperity and security. Your actions and leadership has not disappointed us. Specifically, we would like to thank you for your commitment to improving the health of our forests and rural communities. To hear you mention the Healthy Forests Initiative as a top priority in the State of the Union was appreciated and shows that you personally understand this environmental travesty Unfortunately however, we have yet to see any changes from the previous policies of the Clinton Administration.

Since 1922, our family has owned and operated a sawmill in Cave Junction, which is along Oregon's famous Illinois River. For several weeks last summer, we lived in fear that our community and sawmill would be lost to an out-of-control wildfire (the Biscuit Fire), which ultimately burned half a million acres of wilderness, roadless area, critical spotted owl habitat and key-watersheds for salmon. This fire ultimately came within four miles of our sawmill.

In August, you came to Southern Oregon and unveiled your plans to address this crisis situation. Your comments showed a clear understanding of the plight faced by our western forests and rural communities, as well as the importance of protecting wildlife habitat and watersheds. Your visit and your initiative gave us renewed confidence in our future.

Unfortunately, last month our hope turned to despair when, due to a shortage of logs, we were forced to announce the permanent closure of our mill in April. This decision was not easy. It puts 160 families in the unemployment line. It will have a devastating effect on the community of Cave Junction.

It is particularly distressing, and ironic, that within just a few miles of our sawmill stands enough fire-killed timber to supply our operation for several years. But those unacceptable policies and procedures that you propose to change continue to stand in the way of common sense and our ability to operate our family-owned business. We are being told that, despite your personal beliefs and position, persons in your Administration are standing in the way of change. We find this disheartening and have just about given up.

We have been good stewards of the land and responsible leaders in our community. We do not want to close our sawmill and lay off our employees. We want to be part of your plan to protect our forests, wildlife, watersheds and rural communities. But without a timely commitment by persons in your Administration to fix the Northwest Forest Plan, and to salvage and restore these ecosystems devastated by wildfire, we will be closing our doors permanently.

We sincerely appreciate the sacrifices you have personally made by accepting the Presidency of our great country. We wish you the very best.

Sincerely,

LEWIS N. KRAUSS
JOHN P. KRAUSS
JENNIFER KRAUSS PHILLIPPI

Senator SMITH. For fiscal year 2003, the Forest Service reduced region 6's funding by 12 percent, and can you describe how this year's request meets the needs of the State of Oregon where more acres burned than in any other State and where I believe you are trying to fulfill the Northwest Forest Plan?

Mr. REY. What you might be looking at there is a temporary phenomenon. In the work that we have got to do to get the Northwest Forest Plan back on line and working again, we have probably have got a year's worth of regulatory work that has to be completed before we are going to see on-the-ground results. So if we are going to see results in that regard, it is going to be more in fiscal year 2005 than it is 2004.

Mr. BOSWORTH. Yes. I do not have anything to add.

Senator SMITH. Pardon me, Chief?

Mr. BOSWORTH. I say that pretty much covers what I would have said.

Senator SMITH. Okay.

I just have one other question. The National Research Council recently reported an alarming decrease in the capacity for advancing the science of forestry. Is this a situation the Forest Service and its university partners can address together? Specifically are there some things you can do with places like Oregon State that have very excellent forestry programs to accomplish the research that needs to be done? Is there more or less of an outreach to places like Oregon State?

Mr. BOSWORTH. The more we can outreach to places like Oregon State, the better off we are. Oregon State actually is a very good partner with us in a number of research efforts. They also do a lot in terms of evaluating some of the programs that they place in the Forest Service, and provide advice and counsel from a scientific basis.

More and more, because of the way our research dollars have gone the last 10 to 15 years, we are trying to find ways of leveraging the dollars with universities and colleges to get more of the research at least partnered up with places like Oregon State.

Senator SMITH. I think that is smart, Chief, because my understanding is that the Forest Service is looking at significant numbers of retirements in the Forest Service that historically done this kind of work. And I was just saying that I think the way you are going in reaching out to universities is an excellent replacement for the jobs that we are losing in the Forest Service to retirement. So the more of that you can do, I think the better off we will be.

Thank you.

Senator WYDEN. Thank you, Senator Bingaman.

Chief, I want to stay with this Biscuit Fire issue because I am still really in the dark with respect to what is going to happen substantively on this issue. Senator Smith is absolutely right about the importance of it to our area. Congressman DeFazio, Senator Smith, and I wrote you recently to talk about the resources. And you have mentioned probably three times this morning how you are going to redirect money to deal with these horrendous fires, and the Biscuit Fire is the biggest fire that we had in the country last year.

I would like to know exactly from where this money is going to be redirected because, A, I am concerned that it may come from other critical projects from our region, and that would concern me, and B, I am not sure we are going to get the money at all under this kind of redirection. I would like you to tell me, so we can walk out of here today and we can tell our constituents.

The letter was sent early in February by Senator Smith, myself, and Congressman DeFazio. We have tremendous bipartisan concern in our region about where these dollars are going to come from. Douglas County, the Cow Creek Tribe, and others are trying to restore thousands of these acres. Given the fact you said money is going to be redirected, exactly where is it going to be directed from?

Mr. BOSWORTH. Well, first, I do not want to imply that dollars that will be redirected—the places they are coming from are not important places to be spending dollars. There are other good projects that are proposed that we are working on. We will move the money from those projects to these areas.

Senator WYDEN. What would those projects be?

Mr. BOSWORTH. Well, I cannot give you a specific dollar for dollar. But let me give you an example. Okay? It is not an Oregon example.

But the Apache-Sitgreaves National Forest in Arizona had a very large fire, the Rodeo Chedeski Fire, that was partially on their forest, partially on Indian reservation land, and it was almost the size of the Biscuit Fire. They were pretty similar in size. The Apache-Sitgreaves National Forest will be redirecting 50 percent of their funds to work on restoration work on their forest. Now, they had plans to do certain projects across the forest. They are going to take those dollars and reprioritize them, 50 percent of those, to do the high-priority things as a result of the Rodeo Chedeski Fire.

Then the region—and that region would be in Albuquerque, New Mexico—the regional office, then, will be looking across the board at the funds that they are distributing for the fiscal year, redirect some funds to those places that burned, and get funds to those high-priority areas.

The same thing is going to be happening in the Pacific Northwest where—between the regional office, the regional forester, and the forest supervisor—they need to look at where the dollars were going to be spent and get those moved over.

I am not holding any dollars in Washington as sort of a slush fund. We are getting all those dollars out to the regions. In some cases the regional foresters then also work together to see whether or not there are some higher priorities because of these emergency situations.

So our purpose is to try to get to the highest priority places and there are tradeoffs. I do not want to sound like I am denying that. There are tradeoffs when we do that. But it is important to get those dollars out there as quickly as we can to try to do the most important restoration work that needs to be done as quickly as we can.

Mr. REY. I think one of the reasons we are not as precise as we would like to be is that we have not done 2003 allocations yet, for obvious reasons. That is something we ought to come back and talk to you about when we are at the point of doing our 2003 allocations. We would be able to show you then precisely what projects are going to be deferred in the interest of doing rehabilitation work on the Biscuit Fire or, in the case of New Mexico, some of the New Mexico fires.

Senator WYDEN. Well, gentlemen, just put me down as a big skeptic of this whole redirection concept. I am not doubting your sincerity and your desire to figure out a way to make these tradeoffs, but I think that the chairman, Senator Smith, and all of my colleagues are coming back to the same point. We are not going to get these key projects done by osmosis. It is going to come through actual resources. Chief, I think the example you gave is well and good, and I appreciate it.

The Biscuit Fire is the biggest fire that we had, and I am still walking out of this room unclear about how the funds under this so-called redirection are going to get the work done. And still I am very concerned, as Senator Smith has correctly noted, that these dollars are going to come from other valuable projects in our region, when overall we are coming up short.

I see the light is on and I want to give you a chance to respond. Then if I might, Mr. Chairman, just touch very briefly on one other matter.

Mr. BOSWORTH. I just want to point out if you take the fires from the year 2000, the fires from the year 2001, and our estimation from the fires of 2002, and then look at the total rehabilitation and restoration inventory that we have, it is somewhere in the vicinity of $445 million. The only choices we have are to look at other places and how we can adjust those priorities to try to get that rehabilitation and restoration work done.

Senator WYDEN. With all due respect, Chief, there is another attractive choice and that is changing the policy that you all have made to zero out fire rehabilitation and restoration. I think you will see some bipartisan interest in that.

The only other question I have for you, Chief, is there is great bipartisan concern in our part of the country, amongst the rural commissioners and others, about the administration's zeroing out the economic action programs. These have really helped a lot of small communities. They get really tiny grants, by governmental standards—a few thousand dollars—and they have been able to use the segments particularly to develop new wood-related, value-added industries.

How is the administration going to take up the slack after the abolition of those economic action programs?

Mr. BOSWORTH. Well, first, I would like to say that zeroing those programs out is not intended to be a judgment on the value of

those programs. This administration's policy has been not to fund earmarks on a recurring basis. Economic action programs have historically been pretty heavily earmarked.

There are a number of other programs that we have that will also help with economic action, though. One example would be the watershed restoration authority under what we refer to as the "Wyden language" that allows us to spend dollars on private land if it is going to help national forest land and the watershed. That can also engage the community and help toward economic action.

There are hazardous fuel funds that can be spent on private lands that can also enhance some of the economic action. We have got contracting and cooperative agreement authority for hazardous fuels that is flexible for executing local preference contracts that would allow us to give preference to local people for contracts.

Also, some of the programs that came out of "Jobs in the Woods" from the Northwest Forest Plan are now embodied in other programs and other opportunities that we have that help. So there are ways that we can, I think, use the myriad programs that we have to try to achieve some help to replace some of those economic action programs. And I am sure some of them will be earmarked by Congress and we will implement those.

Mr. REY. Another opportunity is the rural development title of the farm bill, which Congress passed last June, which has a significant amount of mandatory funds for programs somewhat similar to economic action programs. And my counterpart, the Under Secretary for Rural Development, Tom Dorr, is moving aggressively to implement the farm bill's rural development title. We have talked about some of the kinds of projects that they would like to fund under that authority. That might be a different subject for a different hearing on a different day. I think, probably, Tom would be happy to come up and talk with you all about it. This is a program that is under the Ag Committee's jurisdiction but, nevertheless, does a lot of rural development work.

Senator WYDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Let me see if I can summarize on my end and see if Senator Bingaman has any additional questions.

First, we have a situation, Mr. Rey, that Senator Cantwell had requested regarding the investigative report on the Thirty Mile Fire. As we understand it, you are going to release the information to the ranking member and myself so that Senator Cantwell can review it. It still is a rather private document, but you are going to get it to us soon. Is that correct?

Mr. REY. It is more than a document. It is a record of about 4,000 pages or so. And we have talked with your committee counsel on both the majority and minority side to arrange for those documents to be provided to the committee for the committee's use.

There are materials in the record that we would be transmitting that are sensitive under both the Freedom of Information Act and under the Privacy Act. There is pending litigation against the Government on both bases at the present time.

The CHAIRMAN. Well, I was assuming that the Senator would be here, but in her absence, we thought it best to go ahead and lay this forth in the record. She will be advised of this dialogue and

that it will be forthcoming. The committee staff will arrange it in the proper manner as described by you and understood by our staff.

Having said that, let me go back to an issue that I was specific on, and maybe I would ask it in a more general way now. When some of us go home and we see a forest that had a burn 2 years ago, or 2½ years ago, 1 year ago, and we drive by it and perhaps people in the area talk with us about it up the road at a meeting, I am always hearing versions of why nothing is being done with reference to that burned piece of forest. Some have been delayed a long time. Some are very natural and time is not excessive.

I am interested in seeing what this committee can do to help the situations out there and not just let them languish with us not knowing the facts. I am interested if you could submit to us some representative proposals that you have out there for cleanup that have been delayed by outside intervention with your idea and notions as to why that has happened.

Now, I am not asking that you do that now, but I think on some of them, we ought to finally decide whether we should try to help out with some legislation or whether this is just the way it is going to be. So if there can be examples of what is causing delays that you all think are not necessary, that you would do a better job for the forest and for everyone concerned if you could proceed more expeditiously, if you could give us examples, that would be very helpful.

And at the same time, if you would submit examples to us of delays in the urban interface situations where you are proposing refurbishing and cleaning up and are being delayed by outside intervention, examples of that and why would also be helpful.

I understand there is a difference of opinion between some citizens of this country and their groups and feelings of their groups they belong to as what should or should not be done, but I think some time or another, we ought to find out what we think is right and see if there is something we should or should not be doing. So, could you do that for us?

Mr. BOSWORTH. Yes, Mr. Chairman, we would be happy to do that. I know I do not have to convince you, but I would like to just put a picture up on the easel there for a minute. I find it difficult to believe that anybody that sees the forest after a burn, and sees how this looks, could disagree with trying to do treatments in some of these areas that would help.

What this is, this is an area where the Hayman Fire last year burned. The area right in the middle that is green, that is the Polhemus prescribed burn that occurred in October of 2001. You can see that the fire was burning from the right side of the picture toward the left. It hit that Polhemus treated area, which is about 8,000 acres, and essentially split the Hayman Fire so that it went around both sides of that 8,000-acre tract. The only thing that is left out there today in this municipal watershed in this portion is the green part that we had treated. If that had been more than 8,000 acres, if it had been 20,000 acres that we had treated, that could have been enough possibly to stop the fire cold.

In the end, this is what will take care of our huge fire costs. This is the kind of thing that will take care of the problems that people

are facing. So I would be happy to get you the information if that will help to see what kind of changes we might make together so that we can get this kind of work done on the ground and change the way these fires will burn in the future.

Mr. REY. Based on the timing of that work, it was done with "happy forests" money because it was a fiscal year 2001 project.

The CHAIRMAN. Let me talk a minute about grazing permits. Every year, we are confronted with having to put a rider on an appropriations bill with reference to grazing permits that the NEPA documentation has not been completed for the renewal in a timely manner. We keep getting assurance that we will not have to do that and we keep getting attacked by those that say we should not do that because we are escaping environmental review. The way I understand it, we have to continue to do it. To do otherwise gives people an opportunity to attack grazing permittees who, through no fault of their own, just have not been given the permit.

So could you tell us where are we with reference to that program? Are we making headway? How many more years before we are able to say we are caught up?

Mr. BOSWORTH. Our original plan and expectation was a 15-year program that started in 1995 that would have gotten us caught up in 2010. We are behind in terms of the number of allotment management plans that we have, completed environmental studies on and decisions in—about 50 percent behind.

The 2004 budget proposes a $7.3 million increase which would give a 33-percent increase in terms of the number of decisions that we would get made. So we are proposing some increases. We do need to get on top of those. It is something that has to be done, and that is why we proposed the increase in the 2004 budget.

The CHAIRMAN. Has anybody thought of submitting to us justification for not having to go through with this ordeal on permits, or are we just going to admit for the future that we are going to have a NEPA requirement for grazing permits? Is that where we are?

Mr. BOSWORTH. Well, without some significant policy changes, that is where we would be. I would be more than happy to sit down and work with you on some options that would either streamline it or change it.

The CHAIRMAN. I think there are plenty of people in the Senate who would think this to be absurd. Yet, it has evolved not in this administration, but it evolved from one Department. Then the other started doing it. Now both BLM and the Forest Service are doing it which does not seem to me to have very much merit. It just delays things and spends a lot of money.

Mr. BOSWORTH. The most important thing from my perspective is that we work carefully to make sure that the grazing program that we have is of benefit to the land and to economy, and that we take the right kind of approach that does not create damage. We can do that, I think, with a whole lot less analysis and paperwork than what we are doing right now.

The CHAIRMAN. I have a last question that I am going to submit. I just want to call it to your attention as one that is important in my submissions. It has to do with the Apache-Sitgreaves and the GMUG National Forests. I will just submit it, and if you would not

mind giving that your special attention. There are some questions about the funding and the like. Would you do that please?

Mr. REY. I would be happy to respond.

The CHAIRMAN. I have no further questions.

Oh, Senator Cantwell is here. Senator, I was about to recess, and you were not yet here. In your absence we established in the record on your behalf that they are going to submit the documentation that you had sought with reference to the Thirty Mile Fire. The record now says they are going to get it to us, the full document, with the understanding that it is not to be made totally public but is for your private use for your perusal. Senator Bingaman and I will submit the request, and they already telling us the response will be to submit it.

Senator CANTWELL. Thank you, Mr. Chairman. Could I follow up with a question?

The CHAIRMAN. Yes.

Senator CANTWELL. Thank you. I know the committee's time is important here and so I apologize. I was hearing from some local constituents on this very issue and budget in my office just now.

Mr. Rey, I wonder if you could be more specific on when exactly we would get a copy of that redacted information?

Mr. REY. The record is being copied in Portland now. It is about 4,000 pages. It would be unredacted because that is what you are asking for. The total record is somewhere around 4,000 pages. So as soon as we can make the copies, execute the exchange of correspondence, you should have it. It should only be a matter of several days I would hope.

The actions were finally completed on February 6, last Thursday. So our deliberative process is completed. The 11 employees against whom actions were taken still have some rights of appeal, but at least insofar as the agency's actions, they are now final.

Senator CANTWELL. Well, we will appreciate getting that in 11 days. I just want to make clear for the record this committee has sought this information since last summer. At a previous hearing, it was promised to us in August. The committee, under the auspices of the chairman and ranking member, sent a written letter that was never responded to asking for the information.

I understand that there are sensitivities as they relate to the disciplinary action taken against individuals, but critical to this entire process is to also understand what changes have been made by the Forest Service and that a certain group of employees have not just been made scapegoats for what might be a larger systemic problem within the Forest Service.

I very much appreciate the chairman asking that question and the fact that we now have a new commitment to have that information before us for our private use. It is something to which I would like the chairman and the ranking member to continue to pay attention because I believe it is a larger problem than just that experienced at the Thirty Mile Fire.

Mr. Chairman, if I could just ask another question here about the budget and the Northwest Forest Plan because—again, pardon my absence and for not hearing your whole testimony in person—but our State has probably done the most aggressive of any work on habitat conservation plans, with various timber interests work-

ing together in the Pacific Northwest. So we are not very interested in seeing that plan opened up. Is that your intention to try to reopen the Pacific Northwest Forest Plan?

Mr. REY. Not to reopen it—to see if we can make the plan work under its original terms by modifying some of the procedural aspects of the plan. To the extent we do any of that, though, it will be through a notice and comments on rulemaking process, so everybody will get a fair chance to evaluate whether what we are proposing is not within the four corners of the forest plan or whether it is. Our intention is to stay within the four corners of the forest plan but try to get it back to the point where it was 4 or 5 years ago when it was producing not only the environmental protections that were promised, but the output commitments that were promised as well.

Senator CANTWELL. Well, I think that we have had a lot of private sector or forest owners go to great lengths to come to the table and implement plans that we think are very positive for the Northwest. There is a lot of anxiety and concern about the President's timber plan as it relates to harvesting, which might threaten clean water and salmon preservation in the Northwest. So we will be watching very diligently and believe that the plan should move ahead as is.

So thank you, Mr. Chairman.

The CHAIRMAN. Senator Bingaman.

Senator BINGAMAN. Let me ask about Community Forest Restoration very briefly. We passed the Community Forest Restoration Act back in 2000 and that established a forest health demonstration program in New Mexico that you folks have committed about $5 million a year to since that time. Do you intend to continue with that funding level in the next fiscal year?

Mr. REY. Yes. It is our anticipation to continue to fund it at current levels.

Senator BINGAMAN. Let me ask about the local hiring preference that we wrote into the law. There is a provision in the law essentially saying that local contractors are to be given some preference in performing forest health related activities.

It came to my attention that the work there at the Santa Fe watershed is not by a local contractor. I am not criticizing your choice there because I know nothing about the particular contractor that was chosen, but I was curious as to whether you are in fact taking steps to actually be sure that local contractors know about these opportunities and get every opportunity to take advantage of this local preference.

Mr. REY. The program manager for the collaborative forest restoration project is doing a significant amount of outreach to make sure that, to the extent possible, we are using local contractors for the projects.

On the Santa Fe watershed, it is my understanding that once we negotiated through the appeals process to the specific kinds of treatments that were going to be allowed, we needed some specialized equipment that local contractors did not possess.

Mr. BOSWORTH. Yes. I believe there was only one bid that was submitted on the Santa Fe watershed, is my understanding.

Senator BINGAMAN. I do think it is important to try to be sure that local contractors know about these opportunities and bid wherever possible. Obviously I do not know the specifics of this case.

Mr. BOSWORTH. And we will continue to do what we can do to try to emphasize that local aspect.

Senator BINGAMAN. One other thing I would mention. Senator Domenici and I both worked very hard to get this legislation that is going to the President presumably in the next couple of days related to the Sandia Mountain settlement, and that gives you a substantial additional responsibility to manage that new relationship. Is that something that you feel ready and willing to do?

Mr. REY. You send us laws. We are always ready and willing to implement them, Senator.

The CHAIRMAN. They relish it, Senator. They have been waiting anxiously for it.

Senator BINGAMAN. Well, we are glad they are going to get it finally.

The CHAIRMAN. We are glad we gave it to them——

Senator BINGAMAN. Right, and not us.

The CHAIRMAN [continuing]. Instead of in our offices.

[Laughter.]

Senator BINGAMAN. I agree.

The CHAIRMAN. Anything further?

Senator BINGAMAN. No.

The CHAIRMAN. Thank you, Senator.

We stand adjourned.

[Whereupon, at 12:13 p.m., the hearing was adjourned.]

APPENDIX

RESPONSES TO ADDITIONAL QUESTIONS

[Note: Responses to the following questions were not received at the time the hearing went to press].

QUESTIONS FROM SENATOR CANTWELL

PACIFIC NORTHWEST SALMON RECOVERY

The President's FY 2004 request for NOAA-Fisheries includes $90 million to recover coastal salmon runs and the Interior Department has proposed an $8 million increase in the U.S. Fish and Wildlife Service hatchery program, which will fund hatchery improvements in the Pacific Northwest. Other federal agencies have also requested funds for salmon recovery in FY 2004. The Forest Service is the single largest land manager in Washington State, yet it appears that the FY 2004 budget contains no new funding dedicated for salmon recovery.

Question 1. In addition to funding for base operations for National Forests in the Northwest, does the Forest Service's FY 2004 budget include any funding specifically intended for Pacific salmon recovery?

ASSISTANCE TO SMALL PRIVATE LANDOWNERS

I appreciate the Forest Service's commitment to working with private landowners and the proposed increase in the Forest Legacy Program. This voluntary program gives landowners the option to sell their lands or interests in their lands for conservation purposes.

However, many landowners wish to keep private lands in private ownership and be good stewards of their lands. That is why Congress last year established the Forest Land Enhancement Program (FLEP) in the 2002 Farm Bill. FLEP is a voluntary program administered through the states that is designed to provide non-industrial private landowners the tools they need to manage private lands.

Question 2. The Farm Bill authorized this program at $20 million annually, starting in FY 2003. However, on January 7, 2003, the Office of Management and Budget proposed a 40% reduction in funding for FLEP in FY 2003 to $8 million. Can you provide information as to the rationale for this cut?

PACIFIC NORTHWEST FOREST PLAN

Question 3. The 1994 Pacific Northwest Forest Plan has provided important benefits to the Pacific Northwest by providing a level of certainty and stability that did not exist immediately prior to the adoption of the plan. Mr. Rey has indicated that the Forest Service plans to propose a rulemaking "within the four corners of the plan" to provide additional timber harvest within the next year. Please provide information regarding the scope and timing of the proposed rule.

ROADLESS RULE

Question 4. Mr. Rey, you indicated that the U.S. Forest Service is currently developing a draft roadless area rule. Please provide additional information about the scope and timing of your proposed rulemaking.

HEALTHY FOREST INITIATIVE—CATEGORICAL EXCLUSIONS

In 1998, half of the Forest Service's timber harvest was categorized by the agency as furthering stewardship purposes. The principal stewardship goal of these sales was to reduce hazardous fuels.

Question 5. The Healthy Forest Initiative would allow for stewardship sales to proceed via categorical exclusions. Therefore, under the Healthy Forest Initiative, these sales would proceed without any environmental analysis or public involvement under NEPA. Further, these sales would be exempt from citizen appeal. Thus, under the Forest Service's proposal, approximately half of the Forest Service's timber program would be exempt from NEPA and administrative appeal. Is this the case?

CASCADE CONSERVATION PARTNERSHIP

Question 6. For the last several years, the Forest Service has included funds in its budget requests to acquire lands in conjunction with the Cascade Conservation Partnership. This partnership is an innovative program involving a private landowner, local conservation organizations and private donors. The FY 2004, however, included no funds for this worthy project. In addition to a general reduction in National Forest land acquisition, are there any specific reasons why the FY 2004 budget did not include funds for this program?

FUNDING FOR FIRE FIGHTER SAFETY AND TRAINING

I understand that money for firefighter safety and training is contained in the Forest Service's wildfire preparedness account. And while I'm pleased that the President's request includes more money for this function than last year, you will also recall that during this Committee's hearing on the Fiscal Year 2003 budget, I asked you whether the Forest Service tracks on a region by region basis how much it spends for safety and training purposes. You said that you would get us that information "for the record," and that "I think related to the findings of the Thirtymile incident, we will be increasing some of our safety and training programs." However, it later came to light that the Forest Service didn't actually track these figures. At a May 7 hearing on wildland fire preparedness, Mr. Joel Holtrup, the Forest Service's Deputy Chief for State and Private Forestry, told me that "we do not track specifically yet how much we invest in safety per se. We are able to get that figure, but we do not have a database that does that specifically. We are developing one that will do that . . . . but we can get back to you on that question."

Question 7. To date, I don't believe we have officially heard back on those numbers, and it's not clear from reading this budget that you have put the database Mr. Holtrup alluded to in place. Do you now keep track of those numbers? If so, how much will you spend this year on training-related activities, and how do you think this compares to previous years? If not, how can you commit to me that the Forest Service is taking the effort to refornl its firefighter safety programs seriously when the budget for fire preparedness is actually being cut?

OSHA PARTNERSHIP

Question 8. At various hearings this Committee held last year, we explored with the Forest Service the notion of entering into a partnership with OSHA to help ensure that improved safety policies and procedures were actually being implemented. At one point—a May 7, 2002 hearing on wildland fire preparedness—Mr. Jerry Williams, the Forest Service director of fire and aviation management, assured me that an OSHA partnership was an option the agency was pursuing. Mr. Williams said that "we are anxious to do anything we can to improve firefighter safety, including partnerships with OSHA." And that "we are working with the region, the region is working with the local region of OSHA, and I believe that they are pursuing this" partnership. Can you tell me whether the Forest Service has in fact entered into such a partnership. And if not, why?

QUESTIONS FROM SENATOR DOMENICI

GRAZING AND DROUGHT

Last year the drought forced some forests in New Mexico to pull the cattle and sheep off the grazing allotments, on very short notice, early in the year. We need an update on what the Forest Service plans to do if the drought continues.

Question 1. Last year, due to drought, you shut down grazing very early, and on very short notice, forcing grazing permit holders off the National Forests in New Mexico. I assume we agree that the drought is still with us. What are you planning to do about this, this year?

Question 2. What have you done to keep the permit holders up to date on your plans, so they have some time to plan alternatives if you have to close the allotments again this year?

Question 3. I also know that you understand there is a tremendous backlog of grazing permit applications that must have NEPA documentation completed before they can be renewed. Will you give me your assurance that you will not close any permits during the time it takes to clear up the backlog of these permits?

QUESTIONS FROM SENATOR WYDEN

HAZARDOUS FUELS REDUCTION

Question 1. Chief Bosworth, in your submitted testimony you discussed the "gridlock and analysis paralysis" that you feel hinders your management objectives. But how do you expect to enhance collaboration and trust when you propose sweeping changes in the expansion of Categorical Exclusions for hazardous fuels reduction projects? You set no parameters on their scope: they can be inside or outside the Wildland Urban Interface, take large and green trees—even old growth—and there are no requirements for thinning from below. How do you defend yourself to the environmental critics without environmental standards?

FIRE SUPPRESSION

Question 2. Given the National Interagency Fire Center's predictions regarding the severity of this summer's wildfire season, what steps are being taken NOW to reduce and mitigate the effects upon our most vulnerable communities in the Wildland Urban Interface?

Question 3. The Forest Service wants to spend over $1.5 billion managing wildfire in this budget. But according to a report produced last year by the Forest Service, firefighting crews were buying $10 pens, L.L. Bean tents, carpet for campsites, and getting paid overtime to go sightseeing. What are you doing to assure that such abuses of the taxpayers trust do not happen again?

Question 4. If you are going to salvage log in southern Oregon, it needs to occur only in those areas already designated as appropriate for timber harvesting—not in Wilderness, Late Successional Reserves, Riparian Reserves or other ecologically sensitive management areas. Can you provide the citizens of Oregon assurances that you will adhere to these limitations on salvage logging in southern Oregon?

Question 5. The Biscuit Fire last summer devastated almost 500,000 acres in southern Oregon, destroyed four homes, and required evacuation of 17,000 residents. Yet, the Medford airtanker base used by the Forest Service for aerial firefighting in the area remains slated for permanent closure. Many in the Rogue and Illinois valleys remain deeply concerned about the constant and serious threat of catastrophic fires in Southwestern Oregon. Don't you think it would be reckless and shortsighted to close this base?

AERIAL FIRE FIGHTER SAFETY

Question 6. During the 2002 fire season, we saw three crashes of contracted aircraft (two airtankers and one helicopter) which resulted in five fatalities. We need to be committed to doing what is necessary to avoid the senseless death of these men and women protecting our homes and our natural resources. An Interagency Blue Ribbon panel determined that aircraft age, insufficient maintenance, and insufficient oversight by federal agencies contributed to these avoidable tragedies. What is the Forest Service doing to remedy the problem?

Question 7. The Blue Ribbon panel on aerial firefighting safety raised serious concerns regarding the safety of the contracted fleet of airtankers as well as of the lead planes. In response, you permanently grounded the oldest airtankers, and temporarily grounded the remaining33 airtankers, pending analysis by Sandia labs. Recent analyses by independent labs has determined that the lead plane fleet is nearing its lifetime operating hours—and has possibly only two seasons of service left. Will your agency have the necessary aviation resources available for this year's fire season? Is there anything this committee can do to help the Forest Service assure these planes and tankers are ready for their duties in what promises to be another summer of intense fires?

Question 8. The aging airtanker fleet needs to be replaced. In your agency's response to the Blue Ribbon panel's findings, you are examining various options, including federal purchase of newer C-130-Echos with removable tanks, retaining current contractors and requiring greater oversight, purchasing new, purpose-built planes, or turning the whole aerial firefighting mission over to National Guard and

Airforce Reserve units. While I certainly agree we need to assure the wise use of our federal funds, we need to make sure that safety is not sacrificed in the name of least-cost efficiency. Where do you stand in this long range planning?

ECONOMIC ACTION PROGRAM

Question 9. Rural communities in Oregon have been able to use the EAP to build their capacity to find long-term solutions to environmental and economic problems. It has also enabled communities to be good partners with the Forest Service. A couple of years ago, this Committee's subcommittee on Forests and Public Lands Management, heard testimony regarding this program's success. Oregon's Economic Development Department testified then about how EAP had helped timber dependent communities in my state attract new businesses and develop new wood related industries. The money was small—often in grants of just a few thousand dollars. But this was often enough to leverage additional funds and provide some enterprising community member the opportunity to start a new business. In the absence of the EAP, how does the Administration and the Forest Service plan to help rural communities adjacent to National Forest lands?

Question 10. Recently, the Ecosystem Workforce Program at the University of Oregon released a report on the business and employment impacts of the National Fire Plan in 2001. The report found a small increase in the value of contracts awarded to local contractors. This is a very positive trend. However, we have heard that the use of larger contracts is increasing—making it difficult for smaller and local businesses to compete. In light of this disturbing trend, how will the Forest Service ensure we are getting the best value for the important restoration and hazardous fuel reduction work that needs to be done? Or is the National Fire Plan simply a full employment program for corporate interests?

Question 11. What do you think the impact will be from focusing all of the funding on suppression and not making investments in rehabilitation and restoration? Isn't this short-sighted? What will be the impact on the ecological landscape as well as on our communities? Dirty water? Non-native invasive species? Landslides?

Question 12. In terms of the Forest Service's stewardship contracting pilot program, there has been significant progress through the multi-party monitoring teams. It has been an important part of building trust. How does the Forest Service budget reflect its commitment to multi-party monitoring and collaboration? How will the budget reward people in the field for collaboration?

OTHER ISSUES

Question 13. Staffing on Oregon's 13 National Forests have seen dramatic cuts since 1990: over 40% on average. Some Forests, like the Siskiyou—site of last summer's 500,000 Biscuit Fire—have suffered force reductions of over 60%. Yet, your Agency proposes more active and aggressive management of these Forests in the name of restoring forest health and reducing the risk of catastrophic wildland fire. At the same time, under the Department of Agriculture's "Field Leadership Decisions Initiative," the Forest Service states a goal of competitive sourcing 11,000 positions by the end of FY 2005. What are you doing to assure that such sourcing is not compromising management goals and putting Oregon communities and our national treasures at risk?

QUESTION FROM SENATOR BINGAMAN

Question. Secretary Rey, last year I wrote to you regarding forest restoration work on the Lincoln National Forest in New Mexico. As you know, Otero County has been involved in putting together a local collaborative group to work with the local forest officials on forest health and restoration activities. You were very helpful in helping to provide initial funding for this work, as well as related work on forests in Arizona and Colorado. Last month, the Senate adopted Senator Domenici's amendment to allow hazardous fuels reduction funds to be used for this county partnership restoration program. With the fire season approaching, can you tell us if you intend to make sufficient funds available this year to maintain these collaborative efforts?

QUESTIONS FROM SENATOR SMITH

Question 1. The 2002 Biscuit Fire in Oregon resulted in a significant amount of wildlife habitat being burned but there was little impact to the marbled murrelet. According to a Forest Service wildlife biologist quoted in a news article, the primary habitat for the murrelet is in the fog zone. Yet, tens of thousands of acres inland

have been designated as critical habitat and were affected by the Biscuit Fire. Will the designation of marbled murrelet habitat be reviewed?

Question 2. U.S. Forest Service Fire and Aviation managers and the recent Blue Ribbon panel findings suggest Type 1 heavy-lift helicopters could replace some of the fixed-wing airtankers that have been grounded due to safety concerns. Has the Forest Service examined the possibility of using Type I helicopters; has any action been taken to secure the use of these helicopters during the upcoming fire season?

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