



United States General Accounting Office
Washington, D.C. 20548

July 10, 2003

The Honorable Jeff Bingaman
Ranking Minority Member
Committee on Energy and Natural Resources
United States Senate

Subject: *Wildland Fires: Forest Service's Removal of Timber Burned by Wildland Fires*

Dear Senator Bingaman:

Wildland fires burned over 8 million acres during the 2000 wildfire season, making it one of the worst in the past 50 years. As a result, a National Fire Plan was implemented beginning in 2001 to better prevent, prepare for, respond to, and repair damage caused by wildland fires. In fiscal years 2001 through 2003, Congress provided \$4.9 billion to the U.S. Department of Agriculture's (USDA) Forest Service to implement the National Fire Plan on land that it manages. Of this amount, Congress earmarked \$212 million to fund the rehabilitation of land burned by wildland fires. In general, rehabilitation covers long-term efforts to improve lands unlikely to recover naturally from wildland fire damage. In some cases, rehabilitation may include removing timber from burnt land to, among other things, reduce hazardous fuels. Questions have been raised, however, about whether it is appropriate to use rehabilitation funds for removing such timber, which can be sold.

Trees that are removed from National Forest System land can be either green and healthy or dead or dying as a result of disease or wildland fire. Depending on their value, the trees may be disposed of or sold. In general, if the trees have little or no commercial value, the Forest Service will use service contracts to have the trees removed and disposed of. If the trees have commercial value, they are considered timber, and the Forest Service will use timber sale contracts to have the timber removed and sold. Timber sale contracts generally proceed through two phases—a planning phase and an implementation and award phase. The Forest Service can use different funding sources to have timber removed depending on the reason for removal.

You asked us to determine (1) if the Forest Service uses wildland fire rehabilitation funding to remove timber from burnt land, and, if not, the source of funding the Forest Service uses as well as the types of contracts

used, and (2) why this timber is removed. For this review, we requested data from the Forest Service for calendar years 2000 through 2002, as of April 2003, on the sources of funding used to award contracts to have timber removed from burnt land, the numbers and types of contracts awarded to remove this timber, and the primary objective for removing the timber. We requested data on timber removed from burnt land in Forest Service regions 1, 3, and 4—the Northern, Southwestern, and Intermountain regions, respectively—because these three Forest Service regions received about 76 percent of the agency’s rehabilitation funds in fiscal years 2001 and 2002. We used April 2003 as our cut-off date because this date includes the most recent data available to respond to your request.

In summary, we found the following:

- The Forest Service relied exclusively on timber sale funding, and did not use wildland fire rehabilitation funding, for implementing and awarding timber sale contracts to have timber removed from burnt land. As of April 2003, 88 timber sale contracts had been implemented and awarded to remove timber from burnt land in Forest Service regions 1, 3, and 4.
- According to the Forest Service, it has timber removed from burnt land for several reasons—to reduce hazardous fuels, recover the economic value of the timber, protect public health and safety, and restore vegetation. While the Forest Service cited one primary reason for having timber removed for 69 of the contracts, it cited multiple reasons for 19 contracts.

In responding to a draft of this letter, the Forest Service agreed with the factual contents of the letter and provided us several technical changes that we incorporated, as appropriate.

Background

The Forest Service relies primarily on two types of contracts to remove trees—service contracts and timber sale contracts. Service contracts are used to remove and dispose of trees that have little or no commercial value. In contrast, timber sale contracts are used to remove and sell trees that are considered to have commercial value. Both service contracts and timber sale contracts are generally competitively bid. Winning contractors on service contracts are paid by the Forest Service to remove and dispose of trees, while winning contractors on timber sale contracts pay the Forest Service an agreed-upon price to remove and sell timber from land in the

National Forest System. A timber sale contract involves two phases—a planning phase and an implementation and award phase. The planning phase includes two steps: (1) initial planning and (2) project analysis and design, including appropriate environmental analysis and documentation. The implementation and award phase includes four steps: (1) preparing for the timber sale, (2) advertising the sale, (3) opening the bid(s), and (4) awarding the contract.

The Forest Service has several funding sources available for selling timber. Its Salvage Sale Fund provides funding for selling dead, damaged, or down timber. Salvage sale funds are intended to cover the costs of preparing for and supervising the removal of timber damaged through natural events such as insect infestation, strong winds, and wildland fires. The Forest Service uses salvage sale funds for timber sales whose sole or primary purpose is to salvage dead or dying trees, as well as those portions of sales that include salvage timber. In addition to the salvage sale fund, the Forest Service can use National Forest System and, in particular, forest product monies,¹ for timber sales that have no salvage component. A timber sale that includes both healthy and dead or dying trees may be funded entirely with forest product monies, or the funding may be split between forest product monies and salvage sale funds, in proportion to the healthy and salvage components of the sale.

In response to the 2000 wildland fire season, the administration asked USDA and the Department of the Interior to recommend how best to respond to the fires and how to reduce the effects of such fires in the future.² The resulting report—the National Fire Plan—recommended increased funding for several key activities, including rehabilitating burnt land. USDA's Office of Inspector General's report on the Forest Service's implementation of the National Fire Plan included a review of, among other things, rehabilitation projects at the Bitterroot National Forest in Montana.³

¹The Forest Service is in the process of revising its handbook on the terminology used for categorizing funding sources. One of the revisions is the use of the term "forest product" in lieu of "timber sales management" as a funding source. This funding source is to be used for expenses necessary to prepare National Forest System timber for sale and for expenses necessary to administer timber sales from the date of award to closing.

²We did not include the Department of the Interior in our review because it was not a basis for your request.

³USDA, Office of Inspector General, *Forest Service National Fire Plan Implementation*, Western Region Audit Report No. 08601-26-SF (Washington, D.C.: November 2001).

In reviewing an environmental analysis that the forest selected to fund, which was an analysis of alternative rehabilitation treatments, the Office of Inspector General noted that the environmental analysis contained, as an alternative treatment, salvaging timber burned by wildland fires during the 2000 season. While the Office of Inspector General did not question the use of rehabilitation funds for conducting the environmental analysis of alternative treatments, it had concerns as to whether rehabilitation funds should be used on projects whose primary purpose was selling timber. According to the Forest Service, because the environmental analysis had not been completed for activities on the Bitterroot National Forest, and because projects such as timber sales had not been selected for implementation, the Forest Service had not used rehabilitation funds to plan or administer a commercial timber sale on the forest.

The Forest Service Relied on Timber Sale Funds to Have Timber Removed from Burnt Land

From January 2000 through April 2003, the three Forest Service regions we reviewed used timber sale funding to implement and award 88 timber sale contracts for removing timber from burnt land. The 88 contracts were valued at about \$8 million to remove and sell about 279,000 hundred cubic feet of timber.⁴ Of these contracts, 78 were financed with salvage sale funds, while 10 were financed with forest product monies. Forests in region 1—the Northern Region—awarded most of these contracts, as shown in table 1. No rehabilitation funds were used to carry out these activities. (The enclosure to this letter provides more detailed information on the timber sale contracts awarded by the three regions and the sources of funding that they used.)

⁴The Forest Service estimates that in 1998, an average sized single-family home consisting of 2,190 square feet of living area required about 1,730 cubic feet of wood products to construct. USDA, Forest Service, *Domestic Market Activity in Solid Wood Products in the United States, 1950-1998*, PNW-GTR-524 (Portland, Oreg.: 2002).

Table 1: Number of Contracts Funded, Source of Timber Sale Funding, Value of Contracts, and Timber Included in Contracts Used in Regions 1, 3, and 4 to Have Timber Removed from Land Burned during 2000, 2001, and 2002, as of April 2003

Region	Number of contracts funded with timber sale funding		Value of contracts	Timber included in the contracts (hundred cubic feet)
	Salvage sale funds	Forest product monies		
1	60	10	\$7,289,751	231,005
3	11	0	322,797	35,719
4	7	0	447,159	12,348
Total	78	10	\$8,059,707	279,072

Source: USDA's Forest Service.

According to Forest Service officials, either salvage sale funds or forest product monies are to be used for implementing and awarding timber sale contracts. This approach is consistent with the Forest Service's "primary purpose policy," which the Forest Service adopted in fiscal year 2000. The policy requires that the Forest Service fund an activity, including any associated coordination or support activities, from the designated source of funding—the budget line item—as provided by Congress. If no specific budget line item exists to fund the activity, then the activity is to be funded according to the primary purpose or objective of the activity. Because timber sales have designated sources of funding, these sources are to be used.

The use of forest product monies was limited to those timber sales where salvage sale funds were not available or where the timber being sold did not qualify for such funding. For example, according to region 1's Gallatin National Forest in Montana, it used forest product monies to administer two contracts for removing timber from land burned by the 2001 Purdy and Fridley fires because the forest had no funds available in its salvage sale fund. A forester at region 1's Helena National Forest in Montana said that this forest used forest product monies to administer two contracts used to remove and sell timber on land burned by the 2000 Maudlow Toston and Cave Gulch fires because the timber did not meet the requirements for using salvage sale funds. The timber being sold was healthy prior to the sale, as opposed to being dead or dying. The healthy timber was quickly felled and sold in advance of the fires to create fire lines intended to slow or stop the fires.

Even though none of these sales were funded during the implementation and award phase with funds other than those from timber sales, under certain circumstances the Forest Service could have used other funding sources, such as wildland fire rehabilitation funds, in the planning phase associated with the sales. During the planning phase, the Forest Service may have to conduct an environmental analysis, such as an environmental impact statement, before deciding on the need for and extent of a sale. The environmental analysis, however, may include numerous proposed activities, only one of which may be a timber sale. Depending on the purpose of and need for the environmental analysis, under the Forest Service's primary purpose policy adopted in fiscal year 2000, funding sources other than salvage sale or forest product may have funded the analysis. For example, if the purpose of and need for the environmental analysis was wildland fire rehabilitation, those monies could be used.⁵ Of the 88 contracts, 38 required the preparation of an environmental impact statement.⁶ It is not known if funds other than salvage sale funds or forest product monies were used to fund planning activities because the Forest Service's accounting system does not track actual sale-by-sale planning or implementation and award costs.⁷

The Forest Service Cited a Variety of Objectives for Having Timber Removed from Burnt Land

The Forest Service cited a variety of objectives for having timber removed from burnt land. While it cited one primary objective for having timber removed for 69 of the contracts, it cited more than one objective for the remaining 19 contracts. The most frequently cited objective was to reduce hazardous fuels. Table 2 provides information on the primary objective cited for having timber removed. (The enclosure to this letter also includes more detailed information on the specific objective[s] cited.)

⁵According to a Forest Service budget official, the Forest Service is considering developing guidance for allocating the cost associated with completing an environmental analysis to different programs and budget line items if the environmental analysis includes multiple proposed actions that have more than one purpose and need.

⁶One environmental impact statement at a national forest could result in multiple timber sale contracts.

⁷We reported on the Forest Service's tracking of salvage sale costs in *Forest Service: Actions Needed to Ensure That Salvage Sale Fund Is Adequately Managed*, [GAO/RCED-97-228](#) (Washington, D.C.: Sept. 26, 1997).

Scope and Methodology

Table 2: Primary Objective Cited by Regions 1, 3, and 4 for Having Timber Removed from Land Burned in 2000, 2001, and 2002

Primary objective	Region 1	Region 3	Region 4	Total
Reduce hazardous fuels	29	0	0	29
Recover economic value of the timber	12	10	1	23
Protect public health and safety	7	1	6	14
Restore vegetation	3	0	0	3
Multiple objectives	19	0	0	19
Total	70	11	7	88

Source: USDA's Forest Service.

To conduct this review, we requested information from the Forest Service on contracts awarded to have timber removed from land that burned in Forest Service regions 1, 3, and 4—the Northern, Southwestern, and Intermountain regions, respectively—as of April 2003. We limited our request to these three regions because they accounted for about 76 percent of the funding provided to the Forest Service for rehabilitation in fiscal years 2001 and 2002. We also limited our request to contracts awarded to remove timber from land burned by wildland fires that occurred in calendar years 2000, 2001, and 2002 because the National Fire Plan, adopted in fiscal year 2001, began to provide additional funds for wildland fire activity, including reducing hazardous fuels and rehabilitating burnt land. We asked for the number of contracts awarded by national forest and wildland fire name, the funding source used for the contract, the type of contract, the acreage included in the wildland fire and the contract, the value of the contract, and the amount of material that could be removed under the terms of the contract. We did not request information on the source of funding that the Forest Service may have used in advance of awarding the timber sale contracts, such as funding used to conduct any required environmental analyses because, as previously noted, USDA's accounting system does not track actual sale-by-sale planning or implementation and award costs.

We also requested data on the primary objective for removing the timber. In addition, we met with officials from the Forest Service, including representatives from Forest and Rangeland Management, Policy and Budget Analysis, and the wildland fire rehabilitation program. We did not independently verify the accuracy of the reported data or otherwise

independently review contract administration or financial management data. However, we contacted officials within selected national forests to clarify data provided to us on the types of contracts and funding sources used. We conducted our work between April and June 2003 in accordance with generally accepted government auditing standards.

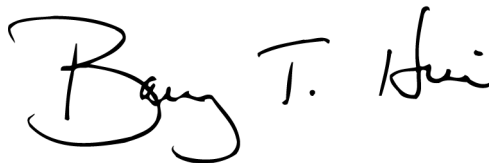
Agency Comments

We provided a draft of this letter to the Secretary of Agriculture for review and comment and obtained oral comments from the Forest Service. In commenting on the draft, the Forest Service's National Forest System Budget Coordinator and the Director of Forest and Rangeland stated that they agreed with the factual contents of the letter. The Forest Service also provided us several technical changes that we incorporated into the letter, as appropriate.

As arranged with your office, unless you publicly announce the contents earlier, we plan no further distribution of this letter until 14 days after the date of this letter. At that time, we will send copies of this letter to interested congressional committees and others upon request. In addition, the letter will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this letter, please call me at (202) 512-3841 or Chester Janik, Assistant Director, at (202) 512-6508. Major contributors to this letter include Marcia Brouns McWreath.

Sincerely yours,



Barry T. Hill
Director, Natural Resources and Environment

Enclosure

Forest Service Regions 1, 3, and 4 Timber Removal Contracts for Land Burned in Calendar Years 2000-2002

Information on Contracts Awarded by Forest Service Regions 1, 3, and 4 to Have Timber Removed from National Forest System Land Burned by Calendar Year 2000, 2001, or 2002 Wildland Fires, as of April 2003

National forest	Fire name	Total acres burned by the fire	Acreage included in the contract(s)	Contract type (and number of contracts)	Contract value	Timber included in the contract(s) (hundred cubic feet)	Funding source	Primary objective for removing timber
REGION 1								
Beaverhead-Deerlodge	Mussigbrod	46,681	473	Timbersale (1)	\$216,792	7,561	Salvage sale fund	Public health and safety
	Mussigbrod		31	Timbersale (1)	8,032	504	Salvage sale fund	Public health and safety
	Mussigbrod		1	Timbersale (1)	5,992	93	Salvage sale fund	Reduce fuels
	Mussigbrod		14	Timbersale (2)	448	167	Salvage sale fund	Restore vegetation
	Mussigbrod		5	Timbersale (10)	100	26	Salvage sale fund	Reduce fuels
	Middle Fork	5,000	14	Timbersale (1)	4,396	303	Salvage sale fund	Public health and safety
	Middle Fork		1	Timbersale (1)	20,418	221	Salvage sale fund	Reduce fuels
Bitterroot	Blodgett	11,276	415	Timbersale ^a (1)	12,294	3,034	Salvage sale fund	Reduce fuels
	Skalkaho Complex	55,252	910	Timbersale ^a (1)	8,184	6,600	Salvage sale fund	Reduce fuels
	Skalkaho Complex		920	Timbersale (1)	42,777	10,780	Forest product monies	Reduce fuels
	Skalkaho Complex		1,650	Timbersale (2)	278,519	17,693	Salvage sale fund	Reduce fuels
	Valley Complex	172,030	2,375	Timbersale ^a (2)	84,246	14,073	Salvage sale fund	Reduce fuels
	Valley Complex		794	Timbersale (3)	19,976	1,734	Salvage sale fund	Reduce fuels
	Valley Complex		2,516	Timbersale (5)	304,410	17,884	Forest product monies	Reduce fuels
Clearwater	Crooked	2,673	2	Timbersale (1)	2,747	34	Salvage sale fund	Public health and safety
Flathead	Moose	35,380	310	Timbersale (1)	117,557	1,418	Salvage sale fund	Public health and safety

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National forest	Fire name	Total acres burned by the fire	Acreage included in the contract(s)	Contract type (and number of contracts)	Contract value	Timber included in the contract(s) (hundred cubic feet)	Funding source	Primary objective for removing timber
	Moose		1,896	Timbersale (3)	700,913	26,999	Salvage sale fund	Reduce fuels, recover economic value, restore vegetation
Gallatin	Purdy	3,621	19	Timbersale (1)	1,661	195	Forest product monies	Public health and safety
	Fridley	15,577	77	Timbersale (1)	64,213	1,200 ^b	Forest product monies	Restore vegetation
Helena	Maudlow Toston	10,678	1,700	Timbersale (1)	542,358	17,876	Salvage sale fund	Recover economic value
	Maudlow Toston		40	Timbersale (1)	57,335	287	Forest product monies	Reduce fuels
	Cave Gulch	27,659	490	Timbersale (1)	173,137	4,909	Salvage sale fund	Recover economic value
	Cave Gulch		10	Timbersale (1)	5,500	74	Forest product monies	Reduce fuels
Kootenai	Stone Hill	10,960	1,407	Timbersale (4)	811,554	16,615	Salvage sale fund	Reduce fuels, recover economic value, restore vegetation, improve watershed health
	Stone Hill		52	Timbersale (3)	103,964	1,030	Salvage sale fund	Recover economic value
	Lydia Mountain	5,434	1,603	Timbersale (3)	1,611,813	23,268	Salvage sale fund	Reduce fuels, recover economic value, restore vegetation, improve watershed health
	Lydia Mountain		22	Timbersale (2)	69,388	618	Salvage sale fund	Recover economic value
	Young J	825	406	Timbersale (1)	57,832	5,698	Salvage sale fund	Reduce fuels, recover economic value, improve watershed health
	Young J		2	Timbersale (1)	15,249	211	Salvage sale fund	Recover economic value
	Cliff Point	6,627	17	Timbersale (2)	81,505	652	Salvage sale fund	Recover economic value

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National forest	Fire name	Total acres burned by the fire	Acreage included in the contract(s)	Contract type (and number of contracts)	Contract value	Timber included in the contract(s) (hundred cubic feet)	Funding source	Primary objective for removing timber
	Cliff Point		30	Timbersale (1)	8,742	109	Salvage sale fund	Public health and safety
	Upper Beaver	9,017	675	Timbersale (2)	433,501	8,187	Salvage sale fund	Reduce hazardous fuels, recover economic value, restore vegetation, improve watershed health, promote old forest, provide access, maintain wildlife security, public health and safety
	Kelsey Creek	2,769	473	Timbersale (4) ^c	644,190	10,174	Salvage sale fund	Reduce hazardous fuels, recover economic value, restore vegetation, improve watershed health, promote old forest, provide access, maintain wildlife security, public health and safety
Lewis and Clark	Lost Fork	2,323	739	Timbersale (1)	143,160	5,349	Salvage sale fund	Recover economic value
Lolo	Landowner	5,700	568	Timbersale (1)	122,907	8,599	Salvage sale fund	Reduce fuels, restore vegetation
	Idaho Gulch	9,500	49	Timbersale (1)	24,461	434	Salvage sale fund	Reduce fuels, recover economic value, restore vegetation, improve watershed health
Nez Perce	Burnt Flats	22,500	800	Timbersale (1)	489,480	16,396	Salvage sale fund	Recover economic value
REGION 3								
Kaibab	Pumpkin	16,000	35	Timbersale (1)	3,112	130	Salvage sale fund	Public health and safety
	Stooge Complex	570	228	Timbersale (1)	204,300	2,043	Salvage sale fund	Recover economic value
	Hidden	464	232	Timbersale (1)	80,000	1,011	Salvage sale fund	Recover economic value
Lincoln	Cree	8,000	500	Timbersale (1)	1,900 ^d	1,900	Salvage sale fund	Recover economic value

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National forest	Fire name	Total acres burned by the fire	Acreage included in the contract(s)	Contract type (and number of contracts)	Contract value	Timber included in the contract(s) (hundred cubic feet)	Funding source	Primary objective for removing timber
	Penasco	1,600	300	Timbersale (1)	4,750	1,900	Salvage sale fund	Recover economic value
	Scott Able	16,000	740	Timbersale (4)	8,537 ^d	8,537	Salvage sale fund	Recover economic value
Santa Fe	Viveash	30,000	1,800	Timbersale (2)	20,198 ^{d,e}	20,198	Salvage sale fund	Recover economic value
REGION 4								
Boise	Trail Creek	32,000	95	Timbersale (3)	3,700	90	Salvage sale fund	Public health and safety
Salmon-Challis	Clear Creek	208,000	260	Timbersale (3)	404,935	8,800	Salvage sale fund	Public health and safety
	Clear Creek		534	Timbersale (1)	38,524	3,458	Salvage sale fund	Recover economic value

Source: USDA's Forest Service.

^aThe timber sale contract includes a service component. Under the terms of the contract, the contractor removes and sells timber, a portion of which is in exchange for agreed-upon services provided to the Forest Service, such as reducing hazardous fuels. Congress authorized these contracts, which are termed "stewardship" contracts.

^bThis volume is over and above that volume agreed to in a previously-approved sale of healthy, green trees that were being sold to finance a land exchange with a private company. A portion of the healthy, green trees that were to have been sold to finance the land exchange were burned in the Friday Fire.

^cIncluded in these contracts is timber that was burned in the Roderick South fire.

^dThis reflects a value of \$1 per hundred cubic feet.

^eIn addition, the contractor is paying an equal amount for, among other things, road maintenance.

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