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Testimony

Before the Subcommittee on Forests and Public Lands
Management, Committee on Energy and Natural
Resources, U. S. Senate

For Release on Delivery
Expected at
2:30 p.m. EST
Tuesday
February 25, 1997

FOREST SERVICE DECISION-MAKING

Greater Clarity Needed on Mission Priorities

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the preliminary results of our work for you and other requesters on the decision-making process used by the Department of Agriculture's Forest Service in carrying out its mission. Your draft bill—entitled the Public Land Management Responsibility and Accountability Restoration Act—is designed to provide the Forest Service and the Department of the Interior's Bureau of Land Management with the authority and ability to effectively manage their lands in accordance with the principles of multiple use and sustained yield and for other purposes. It does this by supplementing the agencies' planning statutes and other laws that apply to lands managed by the two agencies. As agreed, to help frame the discussion on your draft bill, we will present our preliminary views on the underlying causes of inefficiencies and ineffectiveness in the Forest Service's decision-making process.

During hearings held during the 104th Congress, we and others testified¹ that the Forest Service's decision-making process is costly and time-consuming and that the agency often fails to achieve its planned objectives. The agency has spent over 20 years and over \$250 million developing multiyear plans for managing timber production, livestock grazing, recreation, wildlife and fish habitat, and other legislatively mandated uses on national forests. It also spends about \$250 million a year for environmental studies to support individual projects. However, according to an internal Forest Service report, inefficiencies within this process cost up to \$100 million a year at the project level alone. In addition, by the time the agency has completed its decision-making, it often finds that it is unable to achieve the plans' objectives or implement planned projects because of changes in natural conditions and funding, as well as new information and events.

In summary, Mr. Chairman, our ongoing work has identified three underlying causes of inefficiency and ineffectiveness in the Forest Service's decision-making process:

- First, the agency has not given adequate attention to improving its decision-making process, including improving its accountability for expenditures and performance. As a result, long-standing deficiencies within its decision-making process that have contributed to increased costs and time and/or the inability to achieve planned objectives have not been corrected.

¹See, for example, Forest Service: Issues Relating to Its Decisionmaking Process (GAO/T-RCED-96-66, Jan. 25, 1996) and Forest Service: Issues Related to Managing National Forests for Multiple Uses (GAO/T-RCED-96-111, Mar. 26, 1996).

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- Second, issues that transcend the agency's administrative boundaries and jurisdiction have not been adequately addressed. In particular, the Forest Service and other federal agencies have had difficulty reconciling the administrative boundaries of national forests, parks, and other federal land management units with the boundaries of natural systems, such as watersheds and vegetative and animal communities, both in planning and in assessing the cumulative impact of federal and nonfederal activities on the environment.
 - Third, the requirements of numerous planning and environmental laws, enacted primarily during the 1960s and 1970s, have not been harmonized. As a result, differences among the requirements of different laws and their differing judicial interpretations require some issues to be analyzed or reanalyzed at different stages in the different decision-making processes of the Forest Service and other federal agencies without any clear sequence leading to their timely resolution. Additional differences among the statutory requirements for protecting resources—such as endangered and threatened species, water, air, diverse plant and animal communities, and wilderness—have also sometimes been difficult to reconcile.

However, on the basis of our work to date, we believe that statutory changes to improve the efficiency and effectiveness of the Forest Service's decision-making process cannot be identified until agreement is first reached on which uses the agency is to emphasize under its broad multiple-use and sustained-yield mandate and how it is to resolve conflicts or make choices among competing uses on its lands. Disagreement over which uses should receive priority, both inside and outside the agency, has also inhibited the Forest Service in establishing the goals and performance measures needed to ensure its accountability.

The Forest Service Has Not Given Adequate Attention to Improving Its Decision-Making Process

Reducing the costs and time of its decision-making and improving its ability to deliver what is expected or promised have not been given adequate attention throughout the Forest Service. As a result, deficiencies within the decision-making process that have been known to the agency for a decade or more have not been corrected. To compensate for the increased costs and time of decision-making and the inability to implement planned projects, the Forest Service must request more annual appropriations to achieve fewer planning objectives.

The Chief Financial Officers Act of 1990 requires the agency to be more accountable for its expenditures of appropriated funds by requiring it to develop integrated accounting and financial management systems that are

to provide complete, reliable, consistent, and timely financial information. However, the Forest Service has made little progress in implementing the act's provisions. An audit of the agency's financial statements for fiscal year 1995 by Agriculture's Inspector General resulted in an adverse opinion because of "pervasive errors, material or potentially material misstatements, and/or departures from applicable Government accounting principles affecting several Financial Statement accounts."² Among the audit's findings, the Inspector General reported that the Forest Service could not account for expenditures of \$215 million in fiscal year 1995. As a result, Forest Service managers are unable to adequately monitor and control spending levels for various programs and activities relating to decision-making or to measure the extent to which changes affect costs and efficiency. Corrective actions to address accounting and financial reporting problems identified by the Inspector General are not scheduled to be implemented until the end of fiscal year 1998.

Similarly, the Forest Service has not been successful in achieving the objectives in its forest plans or implementing planned projects. For example, in response to congressional concerns about the Forest Service not being able to deliver what is expected or promised, the Chief, in the fall of 1991, formed a task force of employees from throughout the agency to review the issue of accountability. The task force's February 1994 report set forth a seven-step process to strengthen accountability. Steps in the process include (1) establishing work agreements that include measures and standards with customer involvement, (2) assessing performance, and (3) communicating results to customers. However, the task force's recommendations were never implemented. Rather, they were identified as actions that the agency plans to implement over the next decade.

The task force's recommendations, as well as those in other studies, are intended to address some of the long-standing deficiencies within the Forest Service's decision-making process that have driven up costs and time and/or driven down the ability to achieve planned objectives. These deficiencies include (1) not adequately monitoring the effects of past management decisions, (2) not maintaining a centralized system of comparable environmental and socioeconomic data, and (3) not adequately involving the public throughout the decision-making process.

For example, adequate monitoring of the effects of past management decisions is critical to accurately estimate the effects of similar future

²Audit of Forest Service's Fiscal Year 1995 Financial Statements (Audit Report No. 08401-4-At, Office of Inspector General, Department of Agriculture).

decisions, including their cumulative impact. Moreover, monitoring can be used as an effective tool when the effects of a decision may be difficult to determine in advance because of uncertainty or costs. However, the Forest Service (1) has historically given low priority to monitoring during the annual competition for scarce resources, (2) continues to approve projects without an adequate monitoring component, and (3) does not require its managers to report on the results of monitoring, as its current regulations require.

Because of the inefficiencies in its decision-making process, the Forest Service must request more funds to accomplish fewer objectives during the yearly budget and appropriation process. For example, in fiscal year 1991, the Congress asked the Forest Service to develop a multiyear program to reduce the costs of its timber program by not less than 5 percent per year. The Forest Service responded to these and other concerns by undertaking three major cost-efficiency studies and is preparing to undertake a fourth. However, with no incentive to act, the agency has not implemented any of the recommended improvements agencywide. In the interim, the costs associated with preparing and administering timber sales have continued to rise. As a result, for fiscal year 1998, the agency is requesting \$12 million, or 6 percent, more for timber sales management than was appropriated for fiscal year 1997 while proposing to offer 0.4 billion board feet, or 10 percent, less timber for sale.

The Government Performance and Results Act of 1993 is designed to hold federal agencies more accountable for their performance by requiring them to establish performance goals, measures, and reports that provide a system of accountability for results. In addition, the Clinger-Cohen Act of 1996 (formerly entitled the Information Technology Management Reform Act of 1996) and the Paperwork Reduction Act of 1995 are intended to hold federal agencies more accountable for the adequacy of their information systems and data by providing that they shall establish goals, measure performance, and report on how well their information technology and data are supporting their mission-related programs. Although it is still too early to tell what impact these laws, together with the Chief Financial Officers Act, will have on the Forest Service, they provide a useful framework for strengthening accountability within the agency and improving the efficiency and effectiveness of its decision-making.

Interagency Issues Affect the Forest Service's Decision-Making

Issues that transcend the agency's administrative boundaries and jurisdiction also affect the efficiency and effectiveness of the Forest Service's decision-making process. These issues include reconciling differences in the geographic areas that must be considered in reaching decisions under different planning and environmental laws.

The Forest Service and other federal land management agencies are authorized to plan primarily along administrative boundaries, such as those defining national forests and parks. Conversely, environmental statutes and regulations require the agencies to analyze environmental issues and concerns along the boundaries of natural systems, such as watersheds and vegetative and animal communities. For example, regulations implementing the National Environmental Policy Act require the agencies to assess the cumulative impact of federal and nonfederal activities on the environment.

Because the boundaries of administrative units and natural systems are frequently inconsistent, federal land management plans have often considered effects only on portions of natural systems or portions of the habitats of wide-ranging species, such as migratory birds, bears, and anadromous fish (including salmon). For example, the Interior Columbia River Basin contains 74 separate federal land units, including 35 national forests and 17 Bureau of Land Management districts, each with its own plan. Not analyzing effects on natural systems and their components at the appropriate ecological scale results in duplicative environmental analyses—in individual plans and projects—increasing the costs and time required for analysis and reducing the effectiveness of federal land management decision-making.

Addressing issues that transcend the administrative boundaries and jurisdictions of the Forest Service and of other federal agencies will, at a minimum, require unparalleled coordination and cooperation among federal agencies. However, federal land management and regulatory agencies sometimes do not work efficiently and effectively together to address issues that transcend their boundaries and jurisdictions. Disagreements often stem from differing evaluations of environmental effects and risks, which in turn reflect the agencies' disparate missions and responsibilities.

Effective interagency coordination, in turn, requires comparable environmental and socioeconomic data. However, the data gathered by

federal agencies are often not comparable, large gaps in the information exist, and federal agencies lack awareness of who has what information.

Over the past few years, several major studies have examined the need to reconcile the differences in the geographic areas that federal agencies must consider when reaching decisions.³ Among the options that have been suggested are changes to the Council on Environmental Quality's regulations and guidance implementing the procedural provisions of the National Environmental Policy Act. According to Council officials, changes to the act's regulations and guidance are not being considered at this time. Instead, the Council plans to rely primarily on less binding interagency agreements. However, since federal agencies sometimes do not work efficiently and effectively together to address issues that transcend their boundaries and jurisdictions and often lack the environmental and socioeconomic data required to make informed decisions, strong leadership by the Council would help to ensure that interagency agreements accomplish their intended objectives.

Differences in Laws Affect the Forest Service's Decision-Making

Finally, differences in the requirements of numerous planning and environmental laws, enacted primarily during the 1960s and 1970s, produce inefficiency and ineffectiveness in the Forest Service's decision-making. Differences among their requirements and differing judicial interpretations of their requirements have caused some issues to be analyzed or reanalyzed at various stages in the Forest Service's decision-making process, as well as in the decision-making processes of other federal agencies, without their timely resolution, increasing the costs and time of decision-making and reducing the ability of the Forest Service and other land management agencies to achieve the objectives in their plans.

New information and events can affect the outcomes of the Forest Service's decisions and prevent the agency from achieving the objectives in its forest plans or implementing planned projects. For instance, the listing of a species as endangered or threatened under the Endangered Species Act after a forest plan has been approved requires the Forest Service to reinitiate formal consultations with the Fish and Wildlife Service and/or the National Marine Fisheries Service to amend or revise

³See, for example, *The Ecosystem Approach: Healthy Ecosystems and Sustainable Economies*, Volume II - Implementation Issues, Report of the Interagency Ecosystem Management Task Force (Nov. 1995); *Ecosystem Management: Additional Actions Needed to Adequately Test a Promising Approach* (GAO/RCED-94-111, Aug. 16, 1994); and *Final Report of Recommendations: Project-Level Analysis Re-Engineering Team*, Forest Service (Nov. 17, 1995).

the plan. The listing may also prohibit the agency from implementing projects under the plans that may affect the species until the new round of consultations has been completed. For example, recent federal court decisions required the Forest Service to reinstate consultations on several approved forest plans after a species of salmon in the Pacific Northwest and a species of owl in the Southwest were listed as threatened under the Endangered Species Act. The courts' rulings prohibited the agency from implementing projects under the plans that might affect the species until the new rounds of consultations with the Fish and Wildlife Service and/or the National Marine Fisheries Service had been completed.

Additionally, through differing judicial interpretations of the same statutory requirements, the courts have established conflicting requirements. For example, three federal circuit courts of appeals have held that the approval of a forest plan represents a decision that can be judicially challenged and prohibited from being implemented. Conversely, two other federal circuit courts of appeals have held that a forest plan does not represent a decision and that only a project can be judicially challenged, at which time the adequacy of the plan's treatment of larger-scale environmental issues arising in the project can be reconsidered.

Requirements to consider new information and events, coupled with differing judicial interpretations of the same statutory requirements, have made it difficult for the Forest Service and other federal agencies to predict when any given decision can be considered final and can be implemented. Agency officials perceive that the same issues are recycled under different planning and environmental laws rather than resolved in a timely manner.

In addition, environmental laws generally address individual resources, such as endangered and threatened species, water, and air. Conversely, planning statutes generally establish objectives for multiple resources, such as sustaining diverse plant and animal communities, securing favorable water flow conditions, and preserving wilderness. These different approaches to achieving similar environmental objectives have sometimes been difficult for the Forest Service and other federal agencies to reconcile, at least in the short term. For example, prescribed burning to restore the forests' health and to sustain diverse plant and animal communities may be appropriate under the National Forest Management Act but may be difficult to reconcile in the short term with air quality standards under the Clean Air Act.

In March 1995, the Secretary of Agriculture pledged to work with the Congress to identify statutory changes to improve the processes for implementing the Forest Service's mission. However, neither his analysis nor options for changing the current statutory framework suggested by the Forest Service in 1995 have been sent to the Congress. Administration officials have said that they are hesitant to suggest changes to the procedural requirements of planning and environmental laws because they believe that the Congress may also make substantive changes to the laws with which they would disagree.

The Forest Service Needs Guidance on How to Resolve Conflicts Among Competing Uses

On the basis of our work to date, we believe that statutory changes to improve the efficiency and effectiveness of the Forest Service's decision-making process cannot be identified until after agreement is reached on which uses the agency is to emphasize under its broad multiple-use and sustained-yield mandate and how it is to resolve conflicts or make choices among competing uses on its lands.

Our report to you and other requesters, to be issued this spring, will identify the increasing shift in emphasis in the Forest Service's plans from producing timber to sustaining wildlife and fish. This shift is taking place in reaction to requirements in planning and environmental laws—reflecting changing public values and concerns—and their judicial interpretations, together with social, ecological, and other factors. In particular, section 7 of the Endangered Species Act represents a congressional design to give greater priority to the protection of endangered species than to the current primary missions of the Forest Service and other federal agencies.⁴ When proposing a project, the Forest Service bears the burden of proof to demonstrate that its actions will not likely jeopardize listed species.

The increasing emphasis on sustaining wildlife and fish conflicts with the older emphasis on producing timber and underlies the Forest Service's inability to achieve the goals and objectives for timber production set forth in many of the first forest plans. In addition, this attention to sustaining wildlife and fish will likely constrain future uses of the national forests, such as recreation. The demand for recreation is expected to grow and may increasingly conflict with both sustaining wildlife and fish and producing timber on Forest Service lands.

⁴*TVA v. Hill*, 437 U.S. 153, 185 (1978).

While the agency continues to increase its emphasis on sustaining wildlife and fish, the Congress has never explicitly accepted this shift in emphasis or acknowledged its effects on the availability of other uses on national forests. Disagreement over the Forest Service's priorities, both inside and outside the agency, has not only hampered efforts to improve the efficiency and effectiveness of its decision-making but also inhibited it in establishing the goals and performance measures needed to ensure its accountability.

If agreement is to be reached on efforts to improve the Forest Service's decision-making and if the agency is to be held accountable for its expenditures and performance, the Forest Service will need to consult with the Congress on its strategic long-term goals and desired outcome measures, as the Government Performance and Results Act requires. Such a consultation would create an opportunity for the Forest Service to gain a better understanding of which uses it is to emphasize under its broad multiple-use and sustained-yield mandate and how it is to resolve conflicts or make choices among competing uses on its lands.

In summary, Mr. Chairman, the Forest Service's decision-making process is broken and in need of repair. While much can be done within the current statutory framework to improve the efficiency and effectiveness of the process, strong leadership, both throughout the Forest Service and within the Council on Environmental Quality, will be required. Moreover, sustained oversight by the Congress will also be important.

Differences among the requirements of planning and environmental laws also need to be addressed. However, at a June 1996 hearing at which both you and we testified,⁵ you stressed that "form must follow function" and that the immediate priority is to clarify the Forest Service's functions. We agreed with you then, and we agree with you now. Clarifying priorities within the Forest Service's multiple-use and sustained-yield mission should provide the agency with a better understanding of which uses it is to emphasize under its broad multiple-use and sustained-yield mandate and how it is to resolve conflicts or make choices among competing uses on its lands. Once this is done, the legislative changes that are needed to clarify or modify congressional intentions and expectations can be identified.

⁵See Transcript of Proceedings, U. S. Senate, Committee on Governmental Affairs, Improving Management and Organization in Federal Natural Resources and Environmental Functions (June 27, 1996) and Federal Land Management: Streamlining and Reorganization Issues (GAO/T-RCED-96-209, June 27, 1996).

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