

**Statement of
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Before the

**House Natural Resources Committee
Subcommittee on National Parks, Forests and Public Lands
United States House of Representatives**

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Concerning

**Secure Rural Schools Reauthorization and Forest Management Options for a
Viable County Payments Program**

Good morning Mr. Chairman and members of the Subcommittee. I am Duane Vaagen, President of Vaagen Brothers Lumber, a family-owned forest products company located in Colville, Washington. I am here today to discuss the urgent need to restore responsible, sustainable management to our federal forests for the sake of our forests and rural communities.

Vaagen Brothers Lumber was founded by my father and uncle in the early 1950s and has survived over the years by focusing on technological advancements, ecologically-minded forest management and a commitment to healthy forests and rural communities. We currently own and operate two sawmills in northeast Washington, employ over 175 people and contribute \$75 million to the local economy. We once employed 500 people and operated another two sawmills here in northeast Washington.

Today our mills predominantly rely on small diameter timber, the primary bi-product of forest thinning operations. We also fully utilize the biomass component of forest management activities through a biomass co-generation plant. Unfortunately, for the past 15 years we have continually struggled to secure an adequate timber supply to ensure our continued operation. The primary reason for this shortage of raw materials is a lack of management and timber coming from the 1.1 million acre Colville National Forest (Colville NF).

Declining Forest and Community Health

The health of our nation's forests continues to decline and federal forests are most at risk due to overstocking, disease, drought, insect infestations and catastrophic wildfires resulting from a lack of sound management. In fact, the Forest Service classifies 60-80 million acres of National Forest land as being overstocked and at particular risk. Just last week a Forest Service report indicated that 50 million acres of forests in the continental US were killed or seriously damaged by insects between 2003 and 2007, which was a three-fold increase over the previous five year period. This represents 8-percent of the total forested acres in the lower 48. As you know, federal forests throughout the West have been ravaged by the pine beetle.

Meanwhile, over the past 30 years we have gone from over 700 lumber manufacturing mills in the West to a current level of approximately 120. Many areas of the country, including Arizona, Utah, New Mexico and Colorado, are largely devoid of the forest products industry infrastructure (mills, loggers, etc) needed to restore and maintain the health of our forests and provide employment opportunities in rural communities. Here in northeast Washington we still have the integrated sawmill, logging, biomass and paper mill industries that are needed to effectively maintain the health of the forest and generate economic benefits for rural communities. Unfortunately, if something isn't done to increase the level of management on the Colville NF we will continue losing mills, jobs and our ability to treat the threats facing this forest. The recent fires in Arizona and New Mexico provide perfect examples of the consequences of inaction as well as benefits of treating the forest.

As you know, the health of our rural communities also continues to decline. Unemployment in our local tri-county area currently sits at 14-percent. It is not a coincidence that many of the counties with the highest unemployment rates in the country also happen to be those surrounded by federal forests. Many of these rural communities have lost their historical heritage as well as generations of forest stewards. I believe it will require decisive action now if we want to restore the health of our rural communities and our federal forests.

Collaboration

Over the past decade my company has invested significant time, energy and money into collaboration. In fact, we helped form the Northeast Washington Forestry Coalition (NEWFC), which is comprised of the forest products industry, conservationists, local businesses and other stakeholders. The NEWFC has been a success – we haven't had a timber sale or stewardship project litigated on the Colville NF in nearly 10 years. We've had only one appeal. The Coalition has helped bring once warring sides together to find forest management solutions on the Colville NF built around a blueprint that identifies areas most appropriate for active forest management, restoration treatments and meeting conservation objectives.

Despite agreement from all interested parties we have not seen meaningful progress from the Forest Service to restore the health of the forest or meet the needs of local industries and communities by offering an adequate supply of timber. We continue to support collaboration as an important component of federal forest management, but it alone does not address many of the current barriers to implementing a sustainable and predictable timber management program.

Secure Rural Schools/County Payments Program

The Federal Government has actually been making payments to counties to make up for lost 25-percent timber receipts since the early 1990's following the listing of the Northern Spotted Owl in Washington, Oregon and California. The current Secure Rural Schools program was first enacted in 2000 and has been extended twice since then. As you know, the program has provided billions of dollars to counties and schools over its lifetime. Our company has supported the National Forests Counties & Schools Coalition, the primary advocate of the Secure Rural Schools program. We've supported their efforts because we believed that one of the primary goals of the program was to transition back to the sustainable management of our federal forests. After nearly twenty years of experience in the Pacific Northwest and over a decade nationwide, it is clear that the program as currently designed will not address the fundamental threats to our federal forests and rural economies. The program has primarily succeeded at treating just one symptom of the illness, a lack of funding for local government services and schools due to the paralysis affecting federal land management. While we all support efforts to meet these critically important needs, I believe our political leaders can no longer avoid confronting the fundamental problem by treating just one symptom.

As a resident of a rural community I certainly understand the dependency of many local governments on this funding to provide public sector jobs and services. Unfortunately, the overall health of many rural, forested communities has further declined over the past two decades due to our inability to rebuild private sector employment. In many forested communities the forest products industry is one of the few industries capable of providing meaningful employment opportunities and the tax base needed to provide long term economic and social stability.

As Congress considers legislation to address the pending expiration of the Secure Rural Schools program I encourage you to seek a comprehensive solution to the illness and not just one symptom of it. We are running out of time to restore the health of our forests and maintain the industries important to the economies of rural communities.

Snapshot of the Colville National Forest

The Colville NF provides a perfect example of how we can balance sustainable forest management, revenue generation and rural economic development with other objectives,

including conservation. I have provided the Subcommittee pictures that show the type of responsible forest management we are advocating.

As I mentioned the Colville National Forest is comprised of 1.1 million acres. There is a strong consensus within our coalition for managing 500,000-600,000 acres for a mix of active management (timber, etc) and restoration objectives. Meanwhile, there is an urgent need to accelerate commercial thinning treatments on at least 250,000 acres of overstocked and beetle infested forest at risk to catastrophic wildfire. In recent years less than 4,000 acres have been mechanically thinned despite the support of the Coalition to treat between 15,000-20,000 acres annually. I actually believe we should be restoring the health of the forest even more aggressively in the short term.

My testimony includes charts that compare estimated outcomes of the Forest Service's current management with the approach supported by the Coalition in terms of the pace of forest restoration, timber value generated, jobs created and potential county receipts. These are estimates and can vary year to year based on market conditions, the use of stewardship contracting and other factors, but they provide a good snapshot of the opportunity that exists.

The key to success is the existence of an integrated forest products industry, which allows treatments to actually generate revenue (approx \$750 per acre) to be used for county receipts, on-the-ground restoration activities or the Treasury by removing enough merchantable material in the form of sawlogs. This is not the current reality in areas where the industry no longer exists and the taxpayer is picking up the tab to thin the forests at a cost of as much as \$1,000 per acre.

Legislative Recommendations

As your committee considers legislative options for restoring sustainable management to our federal forests as a key component of reauthorizing Secure Rural Schools, I would like to provide the following suggestions. These suggestions are based on the following assumptions: 1) securing significant increases in Forest Service appropriations to fund their current approach to managing these forests is unlikely under current and future budget realities; 2) the Forest Service and the federal government have a responsibility to the rural communities surrounded by our federal forests; and 3) we must significantly increase the pace of treatments if we are serious about getting ahead of the forest health crisis.

- Reduce the time and cost of Forest Service project planning requirements, particularly in areas where consensus exists. A NEPA Environmental Assessment or Environmental Impact Statement on a single forest management project can take years to complete and cost \$500,000-\$1 million to prepare. Real progress is unlikely until the agency's project planning costs are significantly reduced.

- Legislation could be passed to give projects that meet a certain criteria for responsible management and/or enjoy collaborative support some relief from appeals and/or litigation if those are limiting the sustainable management of some forests.
- Enact legislation to hold the Forest Service accountable for managing forests to maintain forest health, generate economic activity and provide a minimum level of receipts for local governments. The Forest Service needs clear direction from Congress.
- Amend the Stewardship Contracting Authority to give counties the option of receiving 25% of the retained receipts and specifically give the agency the authority to use retained receipts for future project planning costs.
- Consider reforming the Forest Service to separate fire fighting and forest management functions. The Forest Service has largely become a fire fighting agency, not a land manager.
- Divert a portion of ever-increasing wildfire suppression costs to actually get ahead of the problem through increased forest management. This will create additional funding and certainty to help bring new industry infrastructure (and jobs) to the forests and rural communities where it has been lost.
- If the Forest Service is unwilling or unable to deliver these relatively modest economic returns to local communities and improvements to forest health then states or counties should be given the authority to plan and implement forest management projects.

I appreciate the opportunity to appear before the Subcommittee today. I would be happy to answer any questions you may have.

Attachments:

- (1) Bark Beetle Infestation in the West, USDA FY12 Budget Justification
- (2) National Forest Growth, Removals and Timber Volume Sold Graphs
- (3) Colville National Forest Management Outcomes Graphs
- (4) Pictures of Forest Treatments on the Colville National Forest