

**Statement of
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Before

**THE HOUSE COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS**

Concerning

**FOREST SERVICE
FISCAL YEAR 2008 BUDGET**

February 27, 2007

Mr. Chairman, Mr. Bishop, and members of the Subcommittee, it is a great privilege to be here today to discuss the President's budget for the Forest Service in fiscal year 2008. Let me also say, having been Chief of the Forest Service for just a month, I am deeply honored to have this opportunity.

First, I want to express my gratitude to Secretary Johanns for his confidence in me, and to thank the dedicated, hard-working employees of the Forest Service for their support and encouragement. Let me also express my appreciation in advance to you Mr. Chairman, to you Mr. Bishop, and members of the Subcommittee for working with the Forest Service and me during this transition.

I will begin by saying a few words about myself and my long-time commitment to the Forest Service. I have worked in the Forest Service for more than 30 years. I started as a seasonal employee and went on to serve as Forester, Planner, District Ranger, Forest Supervisor, Regional Forester, and Associate Deputy Chief, among other positions. I have worked in Oregon, Washington, Colorado, Alaska, Wyoming, Montana, and Washington D.C. Equipped with these experiences, I am eager to lead the Forest Service into its second century of service, and am humbled by the duties entrusted in me as Chief.

For those new members who may be unfamiliar with our agency, the U.S. Forest Service works to sustain the health, diversity, and productivity of the Nation's 193 million acres of national forests and grasslands. We not only steward the National Forest System, but also provide states, Tribes, and private forest landowners with technical and financial assistance. Moreover, we are the world's largest forestry research organization.

In its second century of service, the Forest Service faces diverse challenges. These include restoring fire-adapted forests to more resilient conditions, providing natural resource raw materials to the American public, providing sustainable recreation opportunities, mitigating the loss of open space, addressing the spread of invasive species, restoring watershed health, and more—all during a period of rapid fragmentation, intensive development, and landscape-scale

change. These challenges occur at a time when our nation is pursuing deficit reduction goals. The Forest Service is responding, adapting, and modernizing in response to the complex and evolving environment in which we operate.

Before I begin my testimony on the 2008 Budget however, I would like to reflect on Chief Bosworth's leadership and some of his many achievements during these past six years.

The Forest Service under Chief Bosworth

When Chief Bosworth took the helm of the Forest Service, the agency's finances were in disarray. The General Accountability Office had listed the Forest Service among agencies at high risk for waste, fraud, and abuse. Under Dale Bosworth's leadership, the agency progressed from being "in receivership," to achieving five consecutive clean audit opinions from the USDA Office of the Inspector General. Chief Bosworth reduced overhead costs, reorganized the Deputy areas by eliminating two Deputy Chief positions and reducing staff, and guided the agency through the centralization and reengineering of its business processes —whose net cost reductions will approach \$100 million by fiscal year 2008. The Forest Service's improved business policies, processes, and organization have enhanced internal controls, eliminated duplication, and created accurate and complete financial data. Under the President's Healthy Forests Initiative, Chief Bosworth oversaw hazardous fuels reduction on more than 8.5 million acres. Further, the Chief responded with confidence and composure to such momentous challenges as September 11th; the Space Shuttle Columbia disaster; Hurricanes Katrina and Rita; and a period of wildland fire frequency and severity heretofore unprecedented in the modern era. Chief Bosworth skillfully ushered the Forest Service into the 21st Century's complex and demanding environment.

Forest Service fiscal year 2008 Budget

This budget request must be viewed in the larger context of the overall federal budget in which it is presented. Like other non-defense domestic discretionary programs, the Forest Service faces a constrained budget. And the results of the Administration's policies on economic growth and fiscal restraint include cutting the deficit in half, three years sooner than originally predicted. The fiscal year 2008 President's Budget request for the Forest Service is \$4.127 billion, which is approximately the same level of funding as fiscal year 2006 and a modest reduction below fiscal year 2007. However, within that total are some important shifts: the budget makes important changes to the Wildland Fire account, maintains funding for Healthy Forests including the commitment to fully fund the Northwest Forest Plan to provide 800 million board feet of timber, and emphasizes public health and safety by proposing a significant increase in the Law Enforcement Operations budget. These increases are offset by reductions in other programs so that wider administration goals of supporting the Global War on Terror and sustaining the momentum of the economic recovery can continue. The President's Budget addresses reductions by continuing or implementing new cost saving measures and by enhancing efficiencies and streamlining management and organization.

Wildland Fire. During the 2006 fire season the United States experienced more than 95,000 wildfire ignitions, and more than 9.9 million acres burned. Of those 9.9 million acres burned,

approximately 5 million acres were on Federal lands and the balance on non-Federal lands. The Forest Service continued its excellent track record in protecting lives, property, and the environment. However, as occurred in 4 of the last 7 years, in 2006 the Forest Service spent over \$1 billion for suppression activities—a record \$1.5 billion. The increasing frequency of “billion dollar” fire-fighting years is driving up the 10 year average suppression cost figure, which is used to determine annual suppression funding levels.

The 2008 Budget responds to escalating fire costs in three important ways. First, the budget provides funding for suppression at the 10 year average level, adjusted for inflation. The 2008 Budget funds Suppression at \$911 million—a 23 percent increase over 2007 levels of \$741 million. Further, the 2008 Budget reflects refinement of the concept of “appropriate management response” toward a risk-informed fire suppression approach. Under the risk-informed approach, wildland fire will be managed on a priority basis as determined by considering private property, infrastructure, and human values most at-risk and resource benefits associated with the incident. In 2008 we will increase our decision support for this refined approach. New tools, including improved fire behavior monitoring and prediction, and costs and benefits of alternative suppression strategies will help managers decide how to respond to fires. In addition, the 2008 Budget pursues a more efficient and precise budget structure by establishing a separate account for “firefighter” expenditures. The 2008 Budget requests \$220 million for this new appropriation, which will fund salary and training for 10,000 firefighters and 67 type I hot shot crews.

Healthy Forests. The Healthy Forests Initiative (HFI) was launched in 2002 to reduce administrative process delays to implementing projects, and Congress passed the Healthy Forests Restoration Act (HFRA) in 2003. The Act provides improved statutory processes for hazardous fuel reduction projects on certain types of at-risk National Forest System and Bureau of Land Management lands and also provides other authorities and direction to help reduce hazardous fuels and restore healthy forest and rangeland conditions on lands of all ownerships. The 2008 Budget maintains funding throughout the programs that support the Healthy Forests Initiative, including Hazardous Fuels, Forest Products, and applied Fire Science and Silvicultural Research. At least 40 percent of hazardous fuels funding will be used on projects that contribute to the goal of improving condition class on at least 250,000 acres by the end of the fiscal year through the use of HFRA and HFI authorities. In addition, the Budget supports a hazardous fuels reduction target of 3 million acres, a timber sales target of 3.5 billion board feet, and fully funds the Northwest Forest Plan, including a significant increase in Capital Improvement and Maintenance (Roads) to maintain the road infrastructure needed to support Northwest Forest Plan timber sales.

Law Enforcement Operations. The 2008 Budget proposes a \$13 million increase in Law Enforcement Operations. Recent years have seen a significant increase in crime on National Forests, causing resource impacts and increasing risks to public and employee safety. Agency law enforcement officers are increasingly responding to violent crimes, including rape, homicide, domestic disputes, assault, robbery, drug manufacturing and trafficking, and other serious felony crimes. In addition, law enforcement officers routinely respond to traffic accidents, search and rescue, medical or emergency assistance, hazardous materials spills, domestic terrorist activity, large group events and gang activity. In addition to reducing the impacts on natural resources and avoiding the associated costs of restoration, the requested funding increase will enable the

Forest Service to maintain public and employee security and reduce illegal occupancy of National Forests.

In order to fund these high priority programs, the Budget makes hard tradeoffs to other programs. Moreover, efficiencies gained through the centralization of Business Operations, Planning Rule revisions, and renewed focus on collaborative management will help offset reductions under the fiscal year 2008 Budget request. In fiscal year 2008 and fiscal year 2009, the agency will further its efforts to optimize organizational efficiency by restructuring leadership and program management functions at its National and Regional Offices. In order to provide additional funding for on-the-ground performance, many headquarters and regional activities will be consolidated on a centralized basis, and appropriate program management functions will be zoned across multiple regions. The Forest Service will realize personnel cost decreases of approximately 25 percent in National and Regional Office operations by the end of fiscal year 2009. An executive Steering team, led by Eastern Regional Forester Randy Moore, has been appointed to oversee the reorganization effort.

I will now discuss program changes of the Research, State and Private Forestry, National Forest System, Capital Improvement and Maintenance, and Land Acquisition accounts.

Forest & Rangeland Research

The Forest Service Research Program is a globally recognized leader at exploring the fundamental ecological, biological, social, and economic questions and issues challenging natural resource management and conservation in the modern era. Not only do Forest Service research efforts inform Forest Service management, conservation, education, and outreach activities; but importantly, our Research programs inform the conservation activities of the global community.

The 2008 Budget funds Research at \$263 million. This is a 7 percent decrease from the 2007 funding estimate of \$280 million. The budget eliminates funding for un-requested Congressional earmarks and employs investment criteria to ensure alignment between research projects and strategic priorities. Funding priorities within the request include continued research to improve large fire decision support, particularly with respect to improving managers' ability to predict probability of fire occurrence and spread related to values at risk, long-term integrated planning, successful collaboration with communities, and further development of improved tools for integrated risk analysis. The invasive species program area includes new funding for research on biological control of invasive weeds. To help meet the Nation's energy needs there is an increase of \$1.3 million to enhance research on wood-based bio-fuels development and conversion processes, bio-refinery applications, energy efficient housing, and processing and manufacturing energy reduction, life cycle analysis of wood, and marketing analysis for energy and bio-based products. The 2008 Budget also retains support for Forest Inventory and Analysis, which is of great importance in the context of tracking today's dramatic ecological changes and their effects on forest resources.

Forest Service Research and Development has focused on strengthening the conformance of its research program with the President's Management Agenda criteria for Federal research

agencies: quality, relevance and performance. Research has identified 7 Strategic Program Areas (SPA), and developed strategic plans for each one. Further, Research plans to conduct national external panel reviews of each SPA, as well as reviews of each Research Station's alignment with the SPAs. These include periodic peer review and evaluation of all scientist positions through the Research Panel Process, peer review of proposed study plans and manuscripts for publication, and periodic updating of station quality assurance and quality control plans. During 2006, a restructuring of the Research headquarters staff was initiated to improve responsiveness, quality, relevance, performance and efficiency.

State & Private Forestry

The State and Private Forestry program is a critical component of the Forest Service's conservation mission in that it connects the agency's research and federal public lands-based programs to those of states and private individuals and entities. State and Private Forestry programs work across boundaries to conserve forested landscapes and open spaces, and protect the ecological services they provide. State and Private Forestry programs assist successful conservation of the nation's natural resources by enhancing cooperation between individuals, non-governmental organizations, states, and the federal government.

The 2008 Budget funds State and Private Forestry at \$203 million, an 11 percent decrease from 2007 funding levels of \$229 million. Funding will be focused on priority activities in the Forest Health and Cooperative Fire programs.

The Forest Health program will receive more than \$90 million and provide for treatments of invasive and native pests on more than 600,000 acres of priority forest and rangelands. When combined with funds received under the National Fire Plan, the total acreage will increase by almost one-third and will yield close to 800,000 acres of treatments. Attention will be placed on priority pests such as the southern pine beetle, the western bark beetle and slowing the spread of gypsy moth. In fiscal year 2008, the Forest Health program will emphasize increased early survey and monitoring efforts against invasive species. These activities are important and integral to the overall program - increasing the agency's ability to prevent and detect problems early is a more cost-effective way to deal with invasives than treatments after wide spread infestations have occurred.

The Cooperative Fire program will receive more than \$42 million and will help more than 9,800 communities protect themselves from disastrous wildland fires. The majority of funds allow the Forest Service to provide financial assistance to state and local fire agencies, which in turn use the grant monies to develop and implement cooperative wildland fire preparedness programs and conduct hazardous fuel treatments around communities. A very successful program funded under the Cooperative Fire activity is *Firewise*, which emphasizes individual responsibility for fire hazard mitigation on community and private property. The program provides education and support to community leaders, and assistance with mitigating wildland fire hazards around structures. Moreover, the program leverages \$4 dollars in local matching funds for every federal dollar spent, allowing the program to assist more communities.

Finally, more than \$66 million in the State and Private Forestry program will fund priority Cooperative Forestry programs including the Forest Legacy Program, which will receive \$29 million. These funds will be used on 14 projects and which are expected to conserve 97,000 acres of important forest resources. To date, more than 1.4 million acres of environmentally important private lands have been protected through the Forest Legacy Program and with more than 429 million acres of the Nation's forest held in private ownership this program continues to be important to prevent critical forest lands from being converted or fragmented.

The balance of funding in the Cooperative Forestry program will fund Forest Stewardship and Urban and Community Forestry activities. All State and Private programs will focus on national goals to produce public benefit outcomes. State-developed resource plans will identify priority response to national goals. This approach is designed to connect with all ownerships in a collective effort to achieve healthy forest objectives and protect human communities from wildland fire.

National Forest System Appropriations

The National Forest System account provides funds for the stewardship and management of National Forests and Grasslands. The 2008 Budget requests \$1.344 billion for this account, which is a net programmatic reduction of \$67 million or 5 percent from the fiscal year 2007 estimate. This decrease from prior year levels reflects greater efficiencies gained through organizational restructuring of leadership and program management functions at the National and Regional Offices. In order to provide additional funding for on-the-ground performance, many headquarters and regional activities will be consolidated on a centralized basis, and appropriate program management functions will be zoned across multiple regions. Moreover, efficiencies gained through the centralization of Business Operations, Planning Rule revisions, and renewed focus on collaborative management will help offset reductions under the fiscal year 2008 Budget.

As discussed previously, the fiscal year 2008 Budget supports full funding for the Northwest Forest Plan and emphasizes public safety. Specifically, the National Forest System 2008 Budget proposes \$319 million for Forest Products, an increase of 5 percent. Funds allow for the continued full implementation of the Northwest Forest Plan and support an overall timber sales target of 3.5 billion board feet, including 800 million board feet from the Northwest Forest Plan. The Budget also proposes an increase of \$13 million to Law Enforcement for a total of \$124 million. The increased funding will be used to hire, train, and equip 47 new law enforcement officers and special agents. Increased visibility of law enforcement will improve public and employee safety and address foreign drug trafficking organizations on the National Forests.

The 2008 Budget proposes to hold funding in Grazing Management at prior year levels for a total of \$47 million. Maintaining this level will enable the Agency to comply with the Rescissions Act of 1995 by completing the backlog of NEPA-based environmental analysis.

Funds are available to other programs in the National Forest System account to address highest priority needs. The 2008 Budget proposes funding for Land Management Planning at \$53 million, a decrease of 6 percent. Funds will be used to support work to complete 16 Land

Management Plan revisions and continue work of another 16 plan revisions, all of which are being developed using the new Planning Rule. The fiscal year 2008 Budget also proposes \$146 million for Inventory and Monitoring programs, a decrease of 10 percent. Funds will focus on forest plan monitoring and establishing Environmental Management Systems on 50 National Forest units, which completes the requirement of the 2005 Planning Rule. Environmental Management Systems are a comprehensive approach to improving the management of environmental issues and performance on individual units.

The 2008 Budget proposes funding for Recreation, Heritage, and Wilderness at \$231 million, a decrease of 9 percent. In fiscal year 2008, the agency will continue to emphasize implementation of the travel management rule in order to address issues of unmanaged recreation, visitor safety and resource protection. By fiscal year end, the agency will have 48 percent of National Forest System lands covered by travel plans. Program funds will permit continued operation of recreation sites, although some reduction in seasons and hours for visitor information services may occur in some locations. National Forests are currently undertaking a process to analyze their recreation facilities and evaluate the future needs of the recreating public. The process, the Recreation Site Facility Master Planning, is an analysis tool, to encourage dialogue amongst a variety of interested communities on the changing demands for recreation facilities on national forests and what options may exist to respond to those changes.

The recreation program will continue to strengthen relationships with private, volunteer-based, and nonprofit organizations to ensure some capacity levels are maintained and more particular to make programs and services relevant to youth in diverse and underserved populations.

The fiscal year 2008 President's Budget requests \$71 million for Minerals and Geology Management program, a decrease of 14 percent. The energy component of the program will focus on increasing opportunities for environmentally sensitive development and supply of oil and gas, coal, and geothermal resources from Federal lands in support of the Energy Policy Act of 2005. Funding levels to support environmental compliance and environmental restoration will continue at prior year levels to ensure required audits are continued and to focus on cleaning up publicly accessible abandoned mines and other contaminated sites in high priority watersheds.

The budget also proposes funding for Wildlife and Fisheries Management at \$118 million, a decrease of 8 percent, and for Vegetation and Watershed Management at \$154 million, a program decrease of 12 percent. Focus in the wildlife and fisheries program will be on improving fish and aquatic passage, recovery of the Columbia basin salmon, and on-going recovery efforts of other species including the Bighorn Sheep.

In addition to efficiencies garnered through organizational alignment and greater use of the new Planning Rule, the Forest Service will continue to achieve efficiencies by centralizing Business Operations, utilizing email and video conferencing to lower travel costs, realigning the Agency, and will see these efficiencies and reduced costs continue over time. The net result is to maintain our foremost commitment to the land and focus funding on where the work gets done.

Capital Improvement & Maintenance

The Capital Improvement & Maintenance Program provides for, and maintains, the infrastructure for many Forest Service programs including; the transportation networks upon which many of our management operations, projects, and users depend; the recreational infrastructure, including trails that serve many diverse populations; and facilities that house Forest Service employees.

The 2008 Budget funds Capital Improvement & Maintenance at \$422.5 million, a net programmatic increase of \$15 million. To support the goal of selling 3.5 billion board feet of timber, the 2008 Budget requests an additional \$17 million for Road Improvement and Maintenance. In addition to this request, the Forest Service will continue to receive revenues from sites conveyed under authorities provided by the Facility Realignment and Enhancement Act, which has to date provided \$34 million in receipts to convey unneeded administrative sites and retain the proceeds for building maintenance, rehabilitation, and construction.

Land Acquisition

Land covered by urban areas has more than doubled over the last 40 years, and more than 44 million acres of private forests are at-risk of being developed by 2030. The Land Acquisition account enables the Forest Service to perennially stay abreast of, and act upon, the changing land-use patterns, demographic trends, and ecological changes. The Land Acquisition program allows us to pursue landscape connectivity, by purchasing in-holdings and keystone habitat parcels, and to manage the national forests as ecosystems rather than simply as real estate.

The 2008 Budget funds Land Acquisitions at \$16.99 million. This includes \$8 million to purchase land and \$7.7 million for acquisition management. The funding will allow us to move forward with 7 high priority acquisitions. The funding request continues a trend of declining budgets for land acquisition. However, the Budget also contains a legislative proposal that permits the Forest Service to retain upwards of \$400 million in land sales for acquisition of national forest lands. The parcels to be sold have already been identified as suitable for sale or exchange because they are isolated or inefficient to manage. Lands with high environmental value will not be offered for sale, while acquisitions would focus on parcels that enhance the environmental integrity of our National Forests. Given the importance of maintaining assets already in federal ownership, the Budget strikes a good balance with the need to acquire and preserve special places.

Conclusion

Priority forest management issues such as reducing hazardous fuels in the Wildland Urban Interface and prevention of property destruction by catastrophic wildfires will be increasingly integrated with other pressing policy issues, including sequestering carbon, preserving open space, improving watershed health, and other mission-driven goals. We are addressing the costs of wildland fire suppression to mitigate constraints on other Forest Service programs. Our risk-based suppression approach and Healthy Forests Initiative fuels reduction work—much like our Business Operations centralization and collaborative management efforts—will reap tremendous

mid- and long-term efficiencies in the contexts of agency budgets and reducing risk to human communities posed by wildland fire. The 2008 Budget reflects the President's commitment to providing the critical resources needed for our Nation's highest priorities. The 2008 Budget also responds to the national need for deficit reduction while preparing the Forest Service for a new, more collaborative, era of natural resource management. With this Budget, the Forest Service will continue to identify and support more efficient and effective methods of pursuing its mission. This will be accomplished through increased collaboration, the use of legislative authorities, expanded program efficiencies, and improved organizational and financial management. Through these efforts the Forest Service will continue to sustain the health and productivity of the Nation's forests and grasslands.

Thank you for this opportunity to discuss the President's Budget. I look forward to working with you to implement our fiscal year 2008 program, and I'm happy to answer any questions that you may have.