

**Statement of
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Before the
House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

**Effect of the President's FY 2016 Budget and Legislative Proposals for the Bureau of Land
Management and the U.S. Forest Service's Energy and Minerals Programs on Private
Sector Job Creation, Domestic Energy and Minerals Production and Deficit Reduction**

March 26, 2015

Mister Chairman and members of the Committee, thank you for inviting me to testify on the President's Budget request for the Forest Service for fiscal year (FY) 2016. I appreciate the support this committee has shown for the Forest Service in the past. I look forward to continuing to work with members of the Committee to ensure that stewardship of our Nation's forests and grasslands serve the desires, expectations, and interests of the American people. I am confident that this budget, paired with the passage of a wildland fire suppression budget cap adjustment, will allow the Forest Service to meet the increasingly complex challenges of natural resource management while fostering efficiency and demonstrating cost-effective spending.

Budget Request and Focus Areas

The President's proposed overall budget for discretionary funding for the Forest Service in FY 2016 is \$4.9 billion. That is \$130 million less than the FY 2015 enacted level, but it reflects strategic investments to increase forest restoration and reduce wildfire threats to communities. This Budget focuses on five key areas: restoring resilient landscapes, building thriving communities, managing wildland fires, promoting safety, and building diversity and inclusiveness. It proposes a fiscally responsible funding strategy for wildland fire management, contributes to long-term economic growth, and continues our efforts to achieve the greatest benefits for the taxpayer with the most cost-effective approach. This budget will enable us to more effectively reduce fire risk, manage landscapes more holistically, and increase the resiliency of the Nation's forests and grasslands as well as the communities that border them.

Restoring Resilient Landscapes

The Forest Service responds to the many stressors affecting our landscapes and watersheds by working to restore healthy, resilient forests and grasslands. By restoration, we mean re-establishing the functions and processes characteristic of healthier, more threat-resistant, and more resilient ecosystems, even if they are not exactly the same ecosystems that existed before. These efforts reduce carbon emissions and make forests and grasslands more resilient in the face of climate change as well as climate-related disturbances, such as wildfires and insect outbreaks. Our goal is to protect and regain the ability of America's forests and grasslands to deliver all the social, economic, and ecological values and benefits that Americans want and need, both now and for generations to come.

In FY 2012, Congress authorized a pilot program where multiple budget line items were combined into a single line item, Integrated Resource Restoration, in three Forest Service regions. Combining funds from multiple budget line items allows us to better integrate and align

watershed protection and restoration into all aspects of our management. Results from the pilot program consistently show that budget planning is simpler and managers have more flexibility to complete restoration work. When programs are better integrated, it is easier to establish goals and set priorities. Given the demonstrated success of this approach in the three pilot regions, we propose to fully implement Integrated Resource Restoration across the entire Forest Service in FY 2016, with a budget of \$822 million. This level of funding and the associated outputs below are dependent on the passage of a fire suppression cap adjustment and will help us implement restoration projects to address insect and disease outbreaks in areas designated under the 2014 Farm Bill and to work with the States under our new Good Neighbor Authority. If funded at the requested budget level, we will use the Integrated Resource Restoration line item to treat 2.9 million acres to improve watershed function and resilience, sell 3.2 billion board feet of timber, maintain over 52 percent of the watersheds across the National Forest System at a properly functioning condition, and improve the condition of up to an additional 20 watersheds.

Created in 2009, the Collaborative Forest Landscape Restoration Program encourages collaborative, science-based ecosystem restoration of priority landscapes. The program currently supports 23 large-scale projects for 10-year funding to implement priority restoration projects on National Forest System lands while engaging local communities and leveraging partner resources through collaboration, implementation, and monitoring. The projects support an array of restoration activities, including reducing hazardous fuels, restoring watershed function and resilience, increasing pollinator habitat, and improving forest vegetation and wildlife habitat. These collaborative projects help local economies by creating and maintaining jobs in rural communities, generating commercial timber and biomass for energy production, and restoring forest health while reducing the need for fire suppression in overgrown forests. The FY 2016 President's Budget for the Forest Service includes a proposal to eventually increase funding authority for the program from \$40 million to \$80 million, with funding in FY 2016 requested at \$60 million. The funding increase will allow us to pursue up to ten additional projects. Accordingly, the budget proposes extending authority for the program through 2024 to allow for full completion of new projects.

The FY 2016 President's Budget for the Forest Service sets the stage for restorative actions, providing the necessary infrastructure as well as the needed scientific and organizational foundations for ecological restoration. Our researchers will provide managers with the knowledge they need to make sound risk-based decisions to take restorative actions, partly through the Regional Hubs for Risk Adaptation and Mitigation to Climate Change. The FY 2016 President's Budget funds Forest Service Research and Development at \$292 million. That includes \$83 million for Forest Inventory and Analysis, an increase of \$13 million from the FY 2015 enacted level. This additional funding will allow us to inventory the vast, remote forests of interior Alaska for the first time using state-of-the-art remote sensing technology combined with field teams to verify our initial results.

It will also allow us to address five of the 11 provisions in the Forest Inventory and Analysis strategic plan, developed pursuant to direction in the 2014 Farm Bill. These provisions include improved forest carbon and biomass estimation, enhanced forest ownership study, improvements in land use and land cover research, annualized forest products monitoring, and inventorying the full base target of 15 percent of plots in the East and 10 percent of plots in the West annually.

Building Thriving Communities

The Forest Service works to build thriving communities across the Nation by providing communities with the many economic benefits that result from sustainable multiple-use management of the national forests and grasslands, helping urban communities reconnect with the outdoors, and expanding the benefits that both rural and urban residents get from outdoor recreation. Rural communities rely on the landscapes around them for hunting, fishing, and various amenities.

Forest-dependent rural counties and communities have long benefited from Forest Service payments to support rural schools, including payments under the Secure Rural Schools and Community Self-Determination Act of 2000. We propose reauthorizing the act through 2019. This will help timber-dependent rural communities transition to a more diverse, resilient economic model that is less reliant on the receipt of Federal financial support.

Jobs and economic benefits stem from our administration of the National Forest System, including its multiple uses, as well as from investments in the activities, access, and infrastructure needed to deliver essential public services such as clean water, electrical power, and outdoor recreational experiences. The FY 2016 President's Budget for the Forest Service will focus on building thriving communities by providing jobs and benefits in two key areas: outdoor recreation and forest products. We will also continue to issue and renew grazing permits, execute timber sales, and permit other commercial uses of forests and grasslands nationwide.

Jobs and Benefits from Outdoor Recreation

Spending by visitors engaging in recreation activities, including skiing, hiking, hunting, and fishing, supports more jobs and economic output than any other activities on the National Forest System. In 2012, outdoor recreation on the National Forest System supported around 190,000 jobs and contributed about \$13 billion to the Nation's gross domestic product.

We offer a range of recreational opportunities across the National Forest System to connect people with nature in an unmatched variety of settings and through a plethora of activities. We will expand programs that demonstrate success and explore new partnerships that will leverage resources to help get more kids outdoors, up close and personal with nature. We will also reconnect visitors with America's outdoor heritage and help them learn about the Great Outdoors, improving their quality of life as they become citizen-stewards of their public lands. The FY 2016 President's Budget would fund the Recreation, Heritage, and Wilderness program at \$263.9 million. Reauthorization of the Federal Lands Recreation Enhancement Act through FY 2017 would help us meet public demand for sustainably managed recreational facilities.

We manage our infrastructure to ensure safety, protect water quality, and conserve wildlife habitat, especially threatened, endangered, and sensitive species. The FY 2016 President's Budget includes a \$33 million investment in Deferred Maintenance and Infrastructure Improvement to address the backlog of maintenance and repair of Forest Service facilities.

Jobs and Benefits from Timber, Grazing, and Other Uses

Through work on National Forest System lands, the timber and forest products industries, livestock producers, and minerals/energy production collectively support about 118,000 jobs. Each year, these industries contribute about \$11.5 billion to America's gross domestic product.

In rural areas in particular, these uses deliver sustained social and economic benefits to communities.

Our restoration work will create local jobs and help sustain communities, as will the sale of restoration byproducts. We will use traditional timber sales as well as our stewardship contracting authority to restore watersheds and healthy, resilient forested landscapes on National Forest System lands while engaging communities in management of their public lands. Our FY 2016 target for timber volume sold is 3.2 billion board feet, up from 2.9 billion board feet in FY 2015. We will promote woody biomass utilization and biomass markets and facilities, providing jobs and other community benefits. Local communities will also benefit from fuelwood, special forest products, and safe drinking water supplies from the national forests.

However, the national forests account for only 20 percent of the Nation's forested lands. The remainder is under State, private, Tribal, municipal, or other Federal ownership. Private forests alone supply almost 30 percent of the Nation's surface drinking water, provide habitat for 60 percent of at-risk species, and furnish more than 90 percent of domestically produced timber. Accordingly, our responsibilities to support sustainable forest management go far beyond the National Forest System lands.

We will continue to support sustainable forest management on a landscape scale through a variety of educational and technical assistance programs for private forest landowners. Rural communities benefit from nearby forests, which provide local jobs, bolster rural economies and community infrastructure, and furnish opportunities for rural Americans to connect with the Great Outdoors. The FY 2016 President's Budget proposes maintaining our investment in forest landowner assistance through \$23 million in funding for the Forest Stewardship program.

Land Acquisition and Improved Public Access

We join the U.S. Department of the Interior in requesting \$400 million in discretionary funding and \$500 million in mandatory funding for the Land and Water Conservation Fund in FY 2016, with all \$900 million coming from mandatory funding in FY 2017. Full funding for the Land and Water Conservation Fund supports the President's agenda of improving public access. Accordingly, we will work with partners to protect critical forested landscapes from conversion to developed uses through \$61 million in discretionary funding for the Forest Legacy Program, \$8 million more than the FY 2015 enacted level.

Our Land Acquisition Program will provide access for people, protect critical ecosystems, and prevent habitat fragmentation. Land acquisitions provide proven value for the taxpayer, making it easier and less expensive for people to access their public lands—and easier and less expensive for the Forest Service to manage and restore the lands entrusted to our care. An analysis by The Trust for Public Land showed that every \$1 invested in Federal land acquisition returns \$4 to the taxpayer. The FY 2016 President's Budget proposes \$63 million in discretionary funding for our Federal Land Acquisition program, an increase of \$15.5 million from the FY 2015 enacted level. Five million dollars of the discretionary funds will be used to acquire tracts to improve sportsman and recreational access to National Forest System lands.

In and around our cities, we will work with partners to sustain and restore urban forests. This not only helps ensure widespread access to green space, but provides other vital benefits such as

energy savings, flood and pollution control, and climate change mitigation. The vast majority of Americans live in urban areas and urban and community forests cover about 130 million acres, an area larger than California. Tree-lined streets and open spaces improve quality of life for millions of Americans and we will work with urban communities to protect and expand these amenities. The FY 2016 President's Budget funds Urban and Community Forestry at \$23.7 million.

Managing Wildland Fires

Increasingly severe fire seasons are one of the greatest challenges facing the Nation's forests. The Forest Service will continue to collaborate with its Federal, State, local, and Tribal governments, partners, and stakeholders on the implementation of the National Cohesive Wildland Fire Management Strategy to safely and effectively extinguish fire when needed, use fire where allowable, manage our natural resources and, as a Nation, live with wildland fire.

The Forest Service has one of the most effective fire organizations in the world and continues to keep almost 98 percent of the wildfires we fight very small. However, the few fires that do escape initial response tend to grow much larger far more quickly than ever before. In addition, the cost of fire suppression has soared in the past 20 years.

We are again proposing a revised funding strategy for wildfire suppression. The FY 2016 President's Budget proposes discretionary funding for suppression at a level represented by 70 percent of the 10-year average of fire suppression costs. This level of funding provides for suppression of 99 percent of the fires we fight¹. In addition, up to \$855 million would be made available under a disaster funding cap adjustment to meet funding needs for fire suppression above the base appropriation. This strategy would provide increased certainty in addressing growing needs for fire suppression funding while better protecting non-suppression programs from funding transfers that diminish their effectiveness. Moreover, it would allow us to stabilize our investments in restoring forested landscapes, helping forests adapt to the growing effects of climate change, and preparing communities in the wildland/urban interface for future wildfires.

Restoring Fire-Adapted Ecosystems

Fire plays a beneficial role in maintaining the ecological stability of many landscapes, and the Forest Service is working with partners to restore healthy, resilient, fire-adapted ecosystems. Our goal, especially near homes and communities, is to prepare forests and grasslands to resist stresses such as drought and recover from disturbances, including wildfires. Our large-scale restoration projects are designed in part to restore fire-adapted forest types across large landscapes, including the reintroduction of periodic wildland fire where safe and effective.

Developing new markets for the low-value woody materials we remove during restoration and hazardous fuels treatments will help offset the costs of these activities while providing new revenue streams for private landowners. Therefore, this remains a top priority for the Forest Service. We will continue to provide grants and other forms of assistance for wood-to-energy initiatives, and to help projects compete for other sources of funding. We will also provide

¹ A joint analysis between the Department of Agriculture and the Department of the Interior found that one percent of fires are responsible for 30 percent of suppression costs.

technical assistance to help facilities that convert wood to energy become or remain financially viable.

Building Fire-Adapted Human Communities

More than 46 million homes in the United States, or about 40 percent of our Nation's housing units, are located in fire-prone parts of the wildland/urban interface. We will continue providing scientific and analytical support to help these communities become fire-adapted. This work includes completing hazardous fuels treatments, preparing community wildfire protection plans, becoming designated as Firewise Communities through the national Firewise program, and obtaining equipment to respond to and mitigate wildfire. Our goal is to encourage communities to adapt to wildland fire by establishing an effective emergency response plan and managing risk in a way that protects lives, property, and wildland resources. The FY 2016 President's Budget proposes funding the corresponding Research and Development program at nearly \$20 million and the Joint Fire Science Program at nearly \$7 million, both about equal to the FY 2015 enacted levels.

We will control fuels in the wildland/urban interface by removing buildups of dead vegetation and thinning overly dense forests. We will focus on treating high-priority areas, including municipal watersheds to protect water supplies. The FY 2016 President's Budget proposes \$359 million for our Hazardous Fuels program, approximately the same as the FY 2015 enacted level.

Responding Appropriately to Wildfire

Where suppression is needed to protect homes and property, we will continue to deploy resources at appropriate places and times. Fire managers are using improved decision support tools to make risk-based assessments about when and where to suppress a fire—and when and where to use fire to achieve management goals for long-term ecosystem health and resilience. Our primary goal is always to protect life and property. Our collaborative interagency emergency response capacity, executed in cooperation with law enforcement, helps us accomplish this by focusing on preparedness for wildfire and other natural disasters and assuring an appropriate risk-based response.

We will continue to maintain an appropriate level of preparedness. Our Preparedness program has proven its worth. Fire Program Analysis, a strategic management tool, shows that every \$1.00 subtracted from preparedness funding adds \$1.70 to suppression costs because of small fires that escape to become large fires. Maintaining an adequate level of preparedness will reduce overall fire management costs. The FY 2016 President's Budget proposes \$1.08 billion in Preparedness funding.

We will continue pursuing our Large Airtanker Modernization Strategy. Airtankers play a crucial role in keeping fires small. In FY 2016, the Forest Service expects to have up to 21 airtankers available. Fifteen will be next generation and six will be legacy. One of the 16 will be a Forest Service C-130H. Our strategy is to fund both the older aircraft still in operation (needed as we transition to newer aircraft) and the next-generation airtankers currently under contract.

We will also continue leveraging State and local firefighting resources by providing State and volunteer fire assistance. State and local fire departments are the first responders to almost 75 percent of the Nation's wildfires, so investing in their capacity is a high priority for the Forest

Service. Federal grants are matched dollar for dollar, extending the value of our investments. We propose funding the State Fire Assistance Program at \$78 million and the Volunteer Fire Assistance Program at \$13 million, both nearly equal to the FY 2015 enacted levels.

Promoting Safety

Forest Service work can take us into high-risk environments. Ensuring human safety entails recognizing and managing these risks. For several years now, the Forest Service has been on a learning journey to become a safer organization. Our efforts have resulted in a reduction of work-related annual fatalities from a 5-year running average of 7.4 per year in 2009 to a current rate of 1.8 per year. We have also seen a 28-percent drop in new workers' compensation claims (from nearly 3,700 annual claims to 2,700 annual claims) over the same period. Our goal is to become a zero-fatality organization by continuing to make safety an integral part of our organizational culture.

Building Diversity and Inclusiveness

At a time when the vast majority of Americans live in metropolitan areas, part of the Forest Service's job is to reach out to urban and underserved communities to give more people opportunities to get outdoors, participate in public land management, and engage in conservation work in their own communities. Building on USDA priorities, we will create and retain a more diverse workforce that reflects American society. Diversity of thought is key to allowing successful organizations to respond to changing circumstances, and it stems from hiring people from varied backgrounds. We will strive to become an employer of choice for all Americans by continuing to treat everyone fairly and respectfully and giving everyone in our workforce the opportunity to contribute and succeed.

We will expand access to the outdoors for underserved and minority communities and young people from urban areas by continuing to invest in programs designed to reach out to urban youth. We will also build on our work with partners to offer opportunities for youth in urban areas to engage in conservation work in their own communities and on National Forest System lands. We will continue to support the President's America's Great Outdoors initiative, with its target of 10,000 students serving on public lands. Forest Service Job Corps sites established eight Public Lands Corps projects, enabling 1,825 Job Corps students to participate in 21st Century Conservation Service Corps projects.

Cost Savings and Avoidance

The Forest Service is committed to achieving the greatest benefits for the taxpayer at the lowest cost. Mindful of the need for savings, we have taken steps to cut operating costs. Taking advantage of new technologies, the Forest Service has streamlined and centralized our financial, information technology, and human resources operations to gain efficiencies and reduce costs. We will maintain the \$100 million reduction in overhead costs (cost pools) implemented in FY 2013-2014.

In 2012, we adopted a new planning rule designed to reduce the length of time it takes to revise management plans, thereby reducing costs. We are also reducing costs by making our environmental review process under the National Environmental Policy Act more cost-effective.

We have adopted new public-private partnership strategies for leveraging restoration funding. For example, over 10 years the Collaborative Forest Landscape Restoration Program is expected to generate \$152 million in partner funding. In 2010, we also signed an agreement to use municipal funds to restore fire-damaged national forest land in the municipal watershed of Denver, Colorado. Over 5 years, Denver Water is matching the Forest Service's own \$16.5 million investment in watershed restoration. We have signed similar agreements with other cities.

Future Outlook

For more than a century, the Forest Service has served the American people by ensuring that their forests and grasslands deliver a full range of values and benefits. Americans benefit tremendously from investments in Forest Service programs and activities.

We are now facing some of the greatest ecological challenges in our history. Invasive species, climate change effects, regional drought and watershed degradation, fuel buildups and severe wildfires, habitat fragmentation and loss of open space, and devastating outbreaks of insects and disease all threaten the ability of America's forests and grasslands to continue delivering the ecosystem services Americans want and need. In response, the Forest Service is increasing the pace and scale of ecological restoration. We are working to create healthy, resilient forest and grassland ecosystems capable of sustaining and delivering clean air and water, habitat for wildlife, opportunities for outdoor recreation, and many other benefits.

Our budget request focuses on our highest priorities: restoring resilient landscapes; building thriving communities; and managing wildland fire safely and effectively, all while continuing to cultivate a highly diverse and inclusive workforce. We will continue to integrate our programs and activities while advancing on our journey toward becoming a safer organization that is more diverse and inclusive. We will also continue to reduce our environmental footprint and improve our administrative operations for greater efficiency and effectiveness.

This concludes my testimony, Mister Chairman. I would be happy to answer any questions that you or the Committee members have for me.