

**Statement of
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SUBCOMMITTEE ON FORESTS AND FOREST HEALTH
Concerning
FOREST SERVICE
FISCAL YEAR 2003 BUDGET
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Chairman McInnis and members of the Subcommittee, thank you for the opportunity to discuss the President's Fiscal Year 2003 Budget for the Forest Service. I am accompanied by Forest Service Associate Chief Sally Collins and Director of Program and Budget Analysis Hank Kashdan. It is a great privilege to be here today.

In my first year as Chief, I am encouraged by the level of interest in management of the Nation's forests and rangelands shared by so many, as well as this Subcommittee. I have deepened my appreciation for the job being performed on the ground by our employees, as well as for the many individuals and groups that actively engage in the agency's work. Although I have worked on many wildland fires during my 36-year career, I appear before you today with a renewed appreciation of what it means to be on the "hot seat."

Overview

In my brief testimony today, I would like to discuss how the FY 2003 President's Budget will allow Forest Service programs to make tangible contributions towards sustainable resource management and discuss some of the significant issues on which we look forward to working with the Subcommittee and the Congress over the next few months.

The FY 2003 President's Budget request for the Forest Service for all appropriations totals almost \$4.9 billion. Along with the Administration's emphasis on efficiency and streamlining, the budget underscores the Forest Service as a science-based organization by placing emphasis on: (1) protecting the public, employees, property, and resources; (2) providing benefits to communities; (3) improving forest and rangeland health; and (4) meeting the growing recreation demands for goods, services, and amenities by the public. To ensure that the public gets the most value for ~~its~~^{the} tax dollars, the Forest Service will become more efficient and streamline to increase funding at the field level; continue to improve agency accountability; and address the issue of "gridlock" that is preventing the prompt execution of projects on the ground. The Budget includes full funding of the Land and Water Conservation Fund (LWCF) and reflects increases related to the National Energy Policy, and continues the Administration's commitment to the National Fire Plan.

Public and Employee Safety

Before focusing on any specific program areas, I want to emphasize that the safety of agency employees and the public is one of the highest priorities for the Forest Service. In particular, the agency must take all action possible to prevent tragedies such as the Thirtymile incident last summer where four firefighters died. The Forest Service will ensure that proposed changes in management, policies, training, and

operations are made to improve safety for the public and all employees, especially with respect to firefighter safety. The agency must also work to reduce risks to life, property, and ecosystems from high-intensity wildland fires within and adjacent to communities.

Gridlock and Analysis Paralysis

Under Secretary Rey and I intend to focus a great deal of attention on reestablishing a bias for accomplishing the work of the agency. What is commonly referred to as “gridlock” or “analysis paralysis” is directly affecting the ability of the agency to protect communities from catastrophic wildfire, provide communities a sustainable flow of forest products, and directly serve the public that uses and enjoys national forest lands.

The National Academy of Public Administrators reported two years ago that up to 40 percent of the work done on National Forests goes into the planning and analysis process. In addition, indirect expenses take an additional share of the budget (around 20%). Too little value is returned to the public. To move beyond gridlock, our approach is to rely on local knowledge and local participation as tools to achieve national goals; we will focus on local solutions to national issues. Local groups can help the agency find common ground to restore forest and ecosystem health. Conversely, this commitment to local decision-making cannot cloud our need to employ rigorous standards and consistent processes that assure financial integrity is paramount. I want to confirm that the renewed emphasis on local decision-making will not impede the reforms necessary for assuring public trust to ensure in the fiscal integrity or scientific reliability of the agency.

The President’s Budget and USDA’s efforts reflect a tangible first step in reducing the gridlock associated with much of natural resource management today. It includes continuation of stewardship contracting, expedited consultations for endangered species, and the legislative proposals I will touch on shortly. I renew my offer to work with you to find a way to make Forest Service land management decisions in an effective, efficient, and timely manner.

National Fire Plan - Protecting Property and Resources

The agency will concentrate on the restoration of ecosystems to fire adapted conditions and reducing the risk of wildfire to rural communities. Rural residents and communities will be equipped with a variety of tools to reduce the likelihood of loss from wildland fire. The primary focus will be on reducing the number of communities at extreme risk of loss from wildland fire and increasing the proportion of forestland restored to conditions where fire regimes are within a historical range. This effort will be accomplished in cooperation with the Department of the Interior (DOI), state and local agencies, tribal governments, academia, and other partners and concentrate on restoring ecosystems to fire-tolerant conditions and protecting communities.

The Forest Service Preparedness Program, in cooperation with DOI’s program and those of state agencies and local volunteer fire departments, will provide the resources and planning needed to protect communities and ecosystems from wildland fire. The Hazardous Fuel Program, in conjunction with DOI’s program, will collaborate with State and local communities, tribal governments, and other partners to focus treatments in areas of greatest need of community protection and ecosystem restoration. The FY 2003 Budget requests \$235 million for the Hazardous Fuels program, an increase in the program of about \$26 million. Seventy percent of these funds are targeted for the wildland-urban interface. Funding for rehabilitation and restoration, along with Burned Area Emergency, will protect communities and watersheds from post-fire

damage, and help burned areas recover from fire damage. The Forest Service Research and Development Staff, along with the DOI-Forest Service Joint Fire Science Program, are focusing efforts on fuels reduction opportunities, including: (1) prioritizing areas for treatment; (2) determining impacts of treatments on wildlife, fish, and riparian areas; and (3) developing new uses for forest undergrowth and small diameter trees. The Budget provides resources to State and local communities to establish a truly comprehensive wildland fire management policy across all ownership boundaries. It provides the resources to increase the firefighting capability and planning of State and local fire agencies, and to reduce hazardous fuel on non-Federal land. Finally, the fireplain easements program will enable the Forest Service to work with States to identify alternatives in areas where potential fire suppression expenditures exceed the estimated value of private property.

The USDA Forest Service and the Department of the Interior are in the second year of implementing the National Fire Plan. Significant headway was made in FY 2001 and continues in FY 2002 to enhance tracking and reporting mechanisms to provide accountability as accomplishments are made in firefighting, rehabilitation and restoration, hazardous fuels reduction, community assistance and research.

Together with the Department of the Interior, the President's Budget requests over \$2.1 billion for National Fire Plan programs to protect communities from wildland fire and restore fire adapted ecosystems.

Benefits to Communities

The Forest Service plays a key role in developing and maintaining benefits to communities by providing natural resource-based opportunities within desired sustainable levels for a variety of uses, values, products, and services. The type of opportunities the agency will engage in will be based on local needs and interests while remaining consistent with the agency's mission and priorities. This can include revitalizing and maintaining local economies through promoting partnerships in recreation and tourism; increased and sustainable availability of a variety of forest products and increased local contracting opportunities in implementing forest management projects; reducing risks to communities from severe wildland fires through hazardous fuel reduction and fire prevention activities and education; and providing a transportation system that facilitates local travel.

The FY 2003 Budget provides an increase of \$10 million within the Forest Stewardship program to foster enhanced management and use of small diameter and underutilized wood biomass on private lands. Funds are also included for research on the use of small diameter trees for biobased products and bioenergy.

Forest and Rangeland Health

Keeping watersheds in good condition and restoring them where necessary are fundamental to the stewardship of the land and natural resources. The agency will focus efforts and move ahead on watershed restoration consistent with the agency's national goal to improve and protect watershed conditions to provide the water quality and quantity necessary to support ecological functions and beneficial water uses.

Invasive insects, diseases and plants threaten the integrity and viability of forest and rangeland ecosystems and cause billions of dollars of damage annually from losses due to tree mortality, impaired rangeland conditions, and increased susceptibility to high-intensity wildland fires. The Forest Service will work to protect the Nation's rural and urban forests and grasslands from invasive insect, pathogen and plant species in active partnership with Federal and State agencies, Tribal governments, and municipal and nonprofit organizations. The President's Budget requests over \$83.6 million to do so. The Budget also includes

funding for cooperative work with States and communities to enhance and protect the Nation's urban forest resources as well as protect and conserve environmentally important forests threatened by conversion to non-forest uses.

In each of these areas, research is the key to sustaining our forest and rangeland productivity and health while addressing natural resource needs.

The Budget also includes \$15 million to transfer to the Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) to help expedite Endangered Species Act (ESA) Section 7 consultation. The \$15 million is roughly enough to have one FWS or NMFS person per forest available to respond to ongoing agency projects. This will promote both available personnel to review project proposals under ESA Section 7, as well as ensure increased familiarity and understanding on the part of the FWS and NMFS staff as a consequence of their continuing involvement with USDA projects.

Recreation

I was honored to represent the Forest Service recently at the Winter Olympics in Salt Lake City. Two Olympic Winter Games signature events—the downhill and super G—took place at the Snowbasin Ski Resort, which is located on the Ogden Ranger District of the Wasatch-Cache National Forest. The USDA Forest Service's main goal for the 2002 Olympic Winter Games was to help ensure that Olympic-related activities on the National Forests were safe and environmentally responsible. Due to the dedication of many Forest Service employees, cooperators, and visitors, I am pleased to inform the Subcommittee that this goal was achieved.

Recreation is the fastest growing use on the national forests and grasslands and how most Americans come into contact with the Forest Service. The agency's recreation framework is being implemented through five primary activities: (1) operating developed sites; (2) managing general forest areas; (3) protecting cultural resources and wilderness; (4) providing interpretation and education; and (5) administering recreation special use authorizations. The agency will focus on a measurable improvement in customer satisfaction and an increase in documented contributions to community economies, primarily through strategic business delivery partnerships. The Budget calls for \$264 million for recreation in FY 2003.

The Forest Service is operating the Recreation Fee Demonstration Program to test the collection, retention, and reinvestment of new recreation admission and user fees. Proposed legislation would make permanent the current demonstration program and would authorize the Forest Service to retain and use recreation fees collected under the program.

Funds to the Ground – Accomplishing the Work of the Forest Service

President Bush has called for a government that focuses on priorities and does them well. The President's Management Agenda contains five government-wide and nine Forest Service-specific goals to improve federal management and deliver results that matter to the American people.

The Forest Service fully embraces the goals of the President's Management Agenda. The agency is committed to increasing available funds at the field level, shrinking non-discretionary cost centers at all levels of the organization, and reinstituting a firm bias for accomplishing the on-the-ground work of the Forest Service. To this end, the agency: (1) has established targets for increased contracting in key on-the-ground program areas; (2) is finalizing a workforce restructuring plan that will reduce and realign

headquarters and regional personnel to increase resources at field locations; (3) has completed an exhaustive review of the headquarters budget; and (4) established FY 2005 targets to reduce indirect expenses by one-half its FY 2002 level (to approximately 10% of total). This will increase funds available for challenge cost-share from 2% to 5% of the operating program. In order to maximize fund availability at the field level, the Forest Service has implemented firm funding ceilings for the Washington Office, and intends to reduce overall Washington Office funding to no more than 7.6 percent of the total agency budget by the end of FY 2003. Additionally, firm principles for management of the agency budget have been established that eliminate the “national commitments” method of holding funds off the top for later reallocation.

Accountability

The Forest Service recognizes it cannot provide credible natural resource management without effective financial and performance management. The agency continues its emphasis on improving the quality of its financial systems and performance reporting processes. A key aspect of improved performance accountability involves providing field units with the opportunity to influence the budgets they receive. The Forest Service formulated input to the FY 2003 President’s Budget using a new budget formulation process that provided local units the opportunity to develop budget requests at the local level.

The Forest Service has operated a fully compliant financial system for more than two years, and continues to implement actions that improve financial accountability. The Department is working closely with the Forest Service to promote agency efforts to provide high quality accounting information. In addition, the Department of Agriculture and the Forest Service continue to move forward in efforts to obtain a “clean audit opinion.” Essential to this goal are effective cash reconciliation and property management programs. The Forest Service has improved the agency’s accountability by directly linking the accuracy of accounting records to reconciliation processes and by committing an agency-wide team effort to ensure property records are adequate to document the approximately \$4 billion inventory of assets. I have also ordered the formation of six “strike teams” that will further develop or modify financial policies and procedures.

Legislative Proposals

Several legislative proposals of the Administration will include making the Recreation Fee Demonstration Program permanent; revising fee schedules for ski resorts; increasing competitive bidding on timber sales; and “charter forests,” which will take innovative approaches to natural resources management. I look forward to working with the Congress to develop these proposals on a bipartisan basis.

Conclusion

In conclusion, Mr. Chairman, the President’s FY 2003 Budget demonstrates the commitment of the Forest Service to accountability through results. The Budget includes funding priorities for the National Fire Plan and wildland fire management; research as the basis of scientifically sound resource decision-making; forest health; land acquisition; recreation; and minerals management, especially projects related to the National Energy Policy. The President’s Management Agenda and Forest Service initiatives will examine opportunities for restructuring the Forest Service by reducing personnel at the national and regional level and redirecting them to the forest level. In addition, financial initiatives will focus on reducing indirect costs and streamlining accounting practices to reduce expenditures. Competitive outsourcing of commercial activities will continue to increase.

This concludes my testimony. I would be happy to answer any questions that you may have.