

Committee on Resources

Subcommittee on Forests & Forest Health

Witness Testimony

STATEMENT OF

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Madam Chairman, Congressman Smith, Members of the Committee, thank you for the opportunity to appear before you this morning to discuss the Forest Service's proposed budget for fiscal year 2000.

Only three weeks ago, I addressed our employees in Missoula Montana about the state of the Forest Service. I would like to review some of those remarks today as I discuss the proposed budget for the Forest Service.

I am honored to have served as Chief of the Forest Service for over two years. During this time, I have had the pleasure to be a part of the continuing evolution in the direction of the Forest Service. I have come to appreciate that many of the conflicts we face today over management of natural resources are very similar to the conflicts faced by the agency's first Chief, Gifford Pinchot. What made the Forest Service unique under his leadership was a set of conservation values that were not always popular, but which reflected the long term interest of land health. Madam Chairman, as in the days of Gifford Pinchot, the values put forth in the President's fiscal year 2000 budget emphasize long term health of the land.

In my testimony today I want to concentrate on the values of healthy land by elaborating on three key areas set forth by Undersecretary Lyons; 1) the major changes reflected in the President's budget that set a new leadership direction for the Forest Service; 2) how the Forest Service Natural Resource Agenda reflects these values; and 3) how we are addressing important accountability issues. Let me first address some overall perspectives about where the Forest Service has been and where the Secretary and I want to take it in the future.

Over the last decade there has been a significant change in how society views conservation values. Many people have ceased viewing publicly owned resources as a warehouse of outputs to be brought to market and instead have begun assigning greater value to the positive outcomes of forest management.

The result of such change is that we often find ourselves caught in the middle between competing interests. Some look to you, the Congress to "fix" the legislation that they perceive has negatively affected their interests. Others push to limit the number of appeals, so the agency can get on with producing timber or stopping timber production, as the case may be. Still others ask courts to resolve land use policies through litigation.

Too often we find ourselves waiting for someone else to resolve our issues for us. I think that must end. The budget we are going to talk about today sets the framework for the Congress, the Administration, the States, local governments,

and private parties to begin working together in a new way to collaboratively resolve conservation conflicts. The central premise of our approach is that by restoring and maintaining a healthy land base on public and private lands alike, we can ensure that our children, and their children's children enjoy the benefits of land and water.

Madam Chairman, with healthy watersheds as a foundation, there is room for a reasonable flow of outputs; timber and livestock specifically, but many other products also. There is and will be the ability to produce cleaner water. There is a land base which will allow us to set aside additional places untrammelled by human beings, and there is an ability and a necessity to preserve now and for generations to come, additional open spaces before such spaces are fragmented or degraded due to private land development, urban sprawl, and other such issues.

For those who advocate a return to timber outputs of 10 years ago, or those who advocate a "zero cut" philosophy, I say it is time to inject realism into the debate. The President's budget provides funding for outputs which are consistent with land health. I can not visualize a circumstance when such outputs will ever be at the level of 10 years ago, but I say to the other side of the spectrum, timber harvest will, and should continue. The President's budget contains innovations that recognize the ability of people to restore ecosystems from those already degraded, using modern science and technology, where people have either contributed to poor land health by over using the land, built roads in unstable or overly steep terrain, or prevented natural processes such as fire. We can improve the health of these areas, and do so by not only allowing the removal of forest products but by demonstrating in some cases such activities can contribute to forest health. The more timber harvest contributes to ecological sustainability, the more predictable timber outputs will be. This budget presents a solid balance that if enacted will help accomplish these goals.

The Forest Service serves many people. With our 192 million acres, 383,000 miles of roads, \$30 billion infrastructure, 74,000 authorized land uses, 23,000 developed recreation sites, tens of thousands of dispersed recreation sites, and 35 million acres of wilderness, the national forests are many things to many people. The Forest Service has the premier Forest and Rangeland Research organization in the world which is involved in research to improve land health and to improve the experiences enjoyed on the land by Americans.

Specifics of the President's Budget

The President's budget creates a new focus on State and Private Forestry programs. Over

time, our leadership capacity to assist those who manage the more than 500 million acres of forests outside of the national forest system has diminished. One of our greatest contributions to society will be our ability to bring people together to provide technical assistance and scientific information to states, private landowners, and other nations of the world. The fiscal year 2000 proposed budget contains an increase of \$80 million in State and Private Forestry, and \$37 million in Forest and Rangeland Research to increase our involvement in this critical collaborative role. Consider that we have been spending about \$2 billion annually to manage the 192 million acres of national forest land, yet spend less than \$200 million in support of the 500 million acres of state managed and privately owned lands.

With this budget, support to state and locally managed lands and non-industrial private lands dramatically increases. The budget proposes \$218 million for the Lands Legacy Initiative, which will make new tools available to work with states, tribes, local governments, and private partners to protect great places, to conserve open space for recreation, and wildlife habitat; and to preserve forest, farmlands, and coastal areas. This \$218 million is part of the President's bold government wide initiative to provide \$1 billion for the Lands Legacy Initiative.

The President's budget also continues support for key programs initiated with the fiscal year 1999 budget by targeting an increase of \$89.4 million for the Clean Water Action Plan to maintain priority attention to the health of watersheds on federal, state, and private lands. The budget also proposes \$6 million to support the Climate Change Technology Initiative and an increase of \$6 million for the Global Change Initiative, both of which are aimed at improving the long term health of the climate that supports life on this planet.

Forest and Rangeland Research programs are an important aspect of emphasis in the President's budget. In addition to funds to support global climate issues, an additional \$14 million is proposed for the Integrated Science for Ecosystem Challenges project which addresses science and technology needs related to ecological systems.

The President is also proposing as part of this budget several new legislative initiatives. Most notably, a proposal similar to one put forward last year, to stabilize payments to states and counties by separating payments to counties from a reliance on receipts generated by commodity production. At the beginning of my testimony, I noted the need to manage outputs from the national forests in a manner consistent with land health. In doing so, emphasis for producing those outputs has changed. For example, today a significant number of timber sales are sold for stewardship purposes rather than pure commodity objectives. There is an increase in the sale of dead or dying timber. In these cases receipts are less than were experienced several years ago. I expect this trend to continue particularly in the west. What we are asking is, why should the richest country in the nation finance the education of rural schoolchildren on the back of a controversial federal timber program? The Forest Service has a stewardship responsibility to collaborate with citizens to promote land health. Collaborative stewardship implies an obligation to help provide communities with economic diversity and resiliency so they are not dependent on the results of litigation, the whims of nature or unrelated social values to educate their children and pave their roads. We need to work together so states and counties can anticipate predictable payments on which to base education and road management decisions.

Several other legislative proposals are also soon to be submitted including proposals to transfer timber sale preparation costs to timber purchasers through user fees, a proposal to reform concession management, increased emphasis on obtaining fair market value for land uses and timber, and establishing a fund to manage the sale of special forest products.

Natural Resource Agenda

The President's budget contains many important initiatives. It also contains a broad program of funding for management of national forest lands. Just one year ago I announced the Natural Resource Agenda, which is a comprehensive science based agenda that will lead management of the agency into the 21st century. As an integral partner with the Government Performance and Results Act, this agenda focus on four areas; 1) watershed health and restoration, 2) sustainable forest and grassland ecosystem management, 3) the national forest road system, and 4) recreation.

I want to highlight briefly our emphasis in each of these areas. A retired Forest Service employee offered me some advice a while back. He said, "if you just take care of soil and water and everything else will be OK." Multiple use does not mean we should do everything on every acre simply because we can. We must protect the last best places and restore the rest. Forest Service lands are truly the headwaters of America, supplying river systems and recharging aquifers. They contain riparian, wetland, and coastal areas that are essential for the nation's water supply and prosperity. The President's budget provides an increase of \$48.6 million included in programs such as wildlife habitat management, watershed improvements, fisheries habitat management, rangeland vegetation management, threatened and endangered species habitat management, and state and private forest health programs. These increases will allow the Forest Service to make important watershed restoration and protection efforts.

Restoration and maintenance of watershed health is contingent on quality land management planning. As you know, the Committee of Scientists will issue their final recommendations on forest planning soon. I expect they will suggest that we focus planning efforts on long-term sustainability, more effectively link forest planning to budget and funding priorities, practice collaborative stewardship through use of diverse and balanced advisory groups, and allow for adaptive management through monitoring. I look forward to issuance of the Committee of Scientists Report from which revised forest planning regulations will be developed in late Spring. I believe new planning regulations will be invaluable in breaking the forest planning gridlock that is hampering national forest management in so many areas.

A second area of the Natural Resource Agenda is sustainable forest and grassland management. The President is proposing a billion dollar initiative to protect open space, benefit urban forests, and improve the quality of life for the 80% of Americans living in urban and suburban areas. Through sustainable forest and grassland management, the Forest Service will play an essential role in accomplishment of this initiative. The President's budget provides an increase of \$113 million in State and Private and Research programs which are integral to protecting and restoring the lands and waters that sustain us. We will collaborate with state fish and wildlife agencies, state foresters, tribes, and others to develop conservation and stewardship plans for an additional 740,000 acres of non-industrial private forestland. We will help states protect an estimated 135,000 additional acres of forestland through acquisitions and

conservation easements. We will acquire environmentally sensitive lands through the Land and Water Conservation Fund, and we will include nearly 800 more communities in efforts to conserve urban and community forests. In addition, 300,000 more hours of conservation training will be provided to local communities.

Madam Chairman, I am truly excited about budgetary emphasis in sustainable forest and grassland management through cooperation and collaboration. This emphasis will carry into many programs including fire management where we will employ fire as a tool to meet integrated resource and societal objectives across landscapes. We will give priority to high-risk wildland/urban interface areas where people, homes and personal property are at risk. We will employ fire as a tool to aid threatened and endangered species conservation and recovery, to reduce accumulated fuels within and adjacent to wilderness and reduce fuels to help lower long term costs of suppressing wildfires.

Now I would like to turn to one of the more challenging aspects of the Natural Resource Agenda. That involves management of the National Forest Road System. As you know, on February 11, I announced an interim suspension of road construction in most roadless areas of the national forest system. We offer this timeout to reduce the controversy of roadless area entries in order to reduce damage to a road system which is already in disrepair.

A personal source of frustration is that few people or interest groups are focused on the issue of our existing road system as opposed to the roadless area issue. Yet if we care about restoring the ecological fabric of the landscape and the health of our watersheds, we must concentrate on areas that are roaded in addition to those that are not.

The President's budget proposes a \$22.6 million increase in the road budget, primarily for maintenance. The agency has an estimated road maintenance backlog of over \$8 billion. Meanwhile we are only maintaining 18 percent of our roads to the safety and environmental standards to which they were built. With the proposed funding level in the fiscal year 2000 budget, we will increase by 50% from 1998, the miles of road to be decommissioned or stabilized. We will increase the percentage of forest roads maintained to standard from 18 percent to 24 percent.

With roads that could encircle the globe many times, our road system is largely complete. our challenge is to shrink the system to a size we can afford to maintain while still providing for efficient and safe public access in a manner that protects land health.

Over the next 18 months, we will develop a long term road policy with three primary objectives: 1) develop new analytical tools to help managers determine where, when or if to build new roads, 2) decommission old, unneeded, unauthorized, and other roads that degrade the environment, and 3) selectively upgrade certain roads to help meet changing use patterns on forests and grasslands.

Management of roads is very important to local communities that rely heavily on these roads for livelihoods and rural transportation. I expect decisions about local roads to be made by local managers working with local people and others who use or care about our road system. We will obviously continue to provide access to and through forests. However, it is clear that we simply cannot afford our existing road system.

The fourth element of the Natural Resource Agenda involves recreation. The president's budget provides strong support to the recreation program. With appropriated funds totalling \$288 million, and additional funds provided from the recreation fee demonstration project receipts and the ten percent road and trail fund, this program will continue to provide strong support to the 800 million annual visitors which we expect to increase to 1.2 billion over the next 50 years.

The Forest Service recreation strategy focuses on providing customer service and opportunities for all people. The successful recreation fee demonstration program has served many people at the sites operated under the program through improved visitor experiences and repair and upgrade facilities which were badly in need of attention. I strongly support continuation of this program. I do want to pass on one caution lest this program is viewed as an answer for reducing future recreation discretionary funds. The recreation fee demonstration program serves many people in a limited number of recreation sites. The Forest Service recreation program is highly dispersed. It is the place for a family drive or hike on a Sunday afternoon, a weekend camping trip, or a week long grueling hike in the rugged backcountry. Many of these experiences do not lend themselves to a recreation fee demonstration type program. In fact, less than 10 percent of forest recreation visits occur at fee demonstration sites. As the backyard playground for

many Americans, it is essential we maintain a recreation program that allows enjoyment of the national forests without charge in addition to fee programs in limited areas.

A key part of enhancing this dispersed recreation is through our wilderness management program. The President's budget includes an increase of \$7 million for protection and restoration of natural conditions in wilderness and to mitigate the impacts of high use areas adjacent to large population centers. The wilderness legacy is a crown jewel. I am committed to increasing the Forest Service commitment to the Wilderness Act and intend to give more emphasis through increased land management planning and re-establishment of a national wilderness field advisory group.

Each of the four emphasis areas of the Natural Resource Agenda links directly to one or more of the goals of the Results Act Strategic Plan. I am pleased that the President's budget supports this plan for moving forward.

Forest Service Accountability

Successful implementation of the President's initiatives and the Natural Resource Agenda is dependent on having the trust of Congress and the American people. To be trusted, we have to be accountable for our performance. We have to be able to identify where our funds are being spent, and what America is receiving in return. We have to do this as efficiently as possible in order to assure that a maximum amount of funds are spent on the ground for intended purposes without being diverted for unnecessary overhead.

Madam Chairman, as you know, the Forest Service has had problems with accountability in the past. We have been the subject of more than 20 oversight reports and internal studies. We have been resoundingly criticized for having poor decision making, either bloated or inaccurate overhead costs, and non-responsive accounting systems. While some of this may be exaggerated, I fully acknowledge that some is true. We've got the message. We will improve dramatically. Let me highlight several initiatives that are now underway.

First and most importantly, I have made it clear through organization changes and personal statements that the business and financial management functions of this agency are equally as important as attention to managing the resources. I have placed business management professionals in operations and financial management positions. We have established a Chief Operating Officer at the Associate Chief level which reports directly to me, thus placing our business management functions on an operating level equal to that of our natural resource functions. We have brought in a new Chief Financial Officer at the Deputy Chief level to implement the Foundation Financial Information System. This is her top priority, with a goal of achieving a clean financial opinion from the General Accounting office as soon as possible.

It is also time to reform our budget structure. I want to work with the Congress and the Administration to design a budget structure that reflects the work we do and the Results Act Strategic plan on which the Natural Resource Agenda is based. The current budget structure does not support the integrated work necessary to restore and maintain land health while promoting ecological sustainability. In order to ensure accountability while implementing a new budget structure, we will employ land health performance measures to demonstrate that we can have a simplified budget and improve water quality, protect and restore more habitat, and improve forest ecosystem health.

In fiscal year 2000 we will begin to implement reforms to our trust funds. We will examine alternatives for trust fund management in the future to avoid unintended incentives to pursue forest management activities that are not consistent with land health objectives.

For the first time, at the direction of Congress, we have developed and implemented standard definitions for indirect costs which are in full compliance with the Federal Accounting Standards Advisory Board. These definitions have been reviewed by several oversight groups. Based on these definitions, for the first time we have accurately determined indirect expenses for the agency, which during fiscal year 2000 we project to be 18.9 percent.

As you know, the issue of indirect costs, often referred to as overhead, received extensive attention during the 105th Congress, as did the poor quality of our financial system and records. I want to make a specific request as your Committee examines our budget in the coming year. I ask for your patience and support in rectifying much of our accountability problems. The Forest Service's financial management and reporting of overhead took a decade or more

to fall into disrepair. It will take more than a year to fix the problem. Let me emphasize that we are devoting extensive resources to implementing new financial systems, improving our audit processes, and improving decision making. The resources we devote to make these fixes involves expenditures of an overhead type nature. As we concentrate on cleaning up our problems, we need to have flexibility without legislated limitations which could prevent us from being successful.

In my testimony today, I have reviewed the President's initiatives, discussed the Natural Resource Agenda, and described our intent to improve agency accountability. In conclusion, I want to say that a Forest Service that meets the needs of the American people and restores and preserves the health of the nations forests and rangelands, is a goal we all strive for. I'll leave you with some thoughts based on Aldo Leopold's Sand County Almanac; the same words I left with our employees in Missoula during my state of the Forest Service speech.

Let us recommit ourselves to an invigorated nation and land ethic. An ethic that recognized that we cannot meet the needs of people without first securing the health, diversity, and productivity of our lands and waters. An ethic that understands the need to reconnect our communities -both urban and rural- to the lands and waters that sustain them. An ethic that respects that the choices we make today influence the legacy that we bequeath to our children and their children's children.

That concludes my remarks. I would be pleased to answer any questions you may have.

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