

Committee on Resources

Testimony

Statement of

Mike Dombeck, Chief

U.S. Forest Service

United States Department of Agriculture

before the House Committee on Resources, Committee on Budget, and
Committee on Appropriations, Subcommittee on the Interior and Related Agencies

United States House of Representatives

concerning

Forest Service Management

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Mr. Young, Mr. Kasich, Mr. Regula and Members of the Panel:

I appreciate the opportunity to appear before you today. I believe this is the first time that the Forest Service has appeared before three Committees at the same time, and the first time that we have been before the Budget Committee. So, I look forward to the dialogue that will occur here today and welcome and value your oversight regarding how this Agency is managed.

I have had the honor of serving as Chief of the Forest Service for the past 15 months, and I agree with former chief Jack Ward Thomas that this job is one of the most challenging jobs in Washington, DC, and definitely the greatest challenge that I have had in my career.

When I became Chief last year, I told our employees that my immediate priorities were to focus on maintaining and restoring the health of the land, improving accountability, and streamlining administrative procedures and decisionmaking. We have made some progress in these areas and are continuing to work to meet these objectives. But it will take some time for some of the changes to be visible on a broad scale. What is important for you to know, however, is this:

- We realize that we have problems in our administrative processes and with accountability.
- We are serious about these concerns and have made progress towards correcting them;
- We are formulating a plan of action to continue to address these and other concerns, but it will take time to get the job done. What was created over a decade or more cannot be fixed in a year.

I agree with the audit findings of the General Accounting Office (GAO) and the USDA Office of Inspector General (OIG). The Agency's financial systems and administrative processes must be improved. The complexity of the processes and the interrelationships of the activities we manage require a systematic and comprehensive approach. We have worked extensively with these groups in the past and are currently working with OIG to address a number of fiscal and audit issues. We welcome their advice and input into improving our Agency business management practices.

Accomplishments

We are pleased to report that we have made progress towards meeting these objectives. In fact, in my short tenure as leader of the Forest Service, I am proud of what we have already accomplished:

- 1) I am working very hard to put a new management team in place;
- 2) I have pushed authority down to other levels in the organization and I hold my employees responsible and accountable for their actions;
- 3) I have included performance measures tied to the Government Performance and Results Act (GPRA) in the performance standards for the management team;
- 4) Secretary Glickman and I have directly addressed issues related to civil rights and together eliminated our previous crisis situation here in the Forest Service;
- 5) I have personally visited my local field staff and have heard their frustrations related to having quality and timely information;
- 6) I recently announced the Forest Service Natural Resource Agenda to establish Agency priorities;
- 7) I am simplifying internal administrative and management procedures so that we can spend more time focusing on the Agency's priorities;
- 8) In conjunction with the USDA Chief Financial Officer and the OIG, we are working towards implementing a new general ledger system called foundation financial information system (FFIS);
- 9) We are working to consolidate and bring up to standards our information databases; and
- 10) I commissioned a study by the Coopers and Lybrand accounting firm to review our financial management situation and provide recommendations to rectify problems and simplify how we do business. Their report was just released last week and I have attached the executive summary to my statement for the record.

I realize the enormity of our challenges. I believe very strongly in the importance of fiscal integrity. In fact, while I was the Acting Director of the Bureau of Land Management, we received our first ever clean audit in 1995.

Overview

As you are well aware, the National Forest System lands are managed in accordance with the Multiple-Use Sustained-Yield Act of 1960 (MUSYA), the Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA), and the National Forest Management Act of 1976 (NFMA), among others. Forest Service programs

operate under additional environmental laws that were enacted to protect specific natural resources, including the Endangered Species Act, the Clean Water Act, the Clean Air Act, and other laws such as the National Environmental Policy Act (NEPA). We fully support and remain committed to the full implementation of these laws. These laws define the nation's environmental policies and our job is to meet the needs of people within the legislative framework that Congress has provided us.

Responsible for management of over 191 million acres and over 28,000 permanent employees, the Forest Service's job is quite complex. We often find ourselves caught in the midst of social changes, shifting priorities, and political crosscurrents. It is critical that we have sound business practices to ensure that the monetary and human resources which are entrusted to us are used in a manner that not only supports the Agency's mission, but does so in a way that is efficient, productive, and cost effective.

With an average annual budget of \$3.3 billion, we employ a highly decentralized approach to managing the National Forest System (NFS). Additionally, we are responsible for providing sound scientific information through our Research program and providing technical and cost-sharing assistance on private lands through our State and Private Forestry programs.

I am very concerned that some in Congress and other groups feel that the Forest Service does not demand sufficient accountability. Obviously, this concern about the Agency has led to increased scrutiny. For example, over the last three years, almost every program in the Forest Service has been under the microscopes of the USDA Office of Inspector General (OIG) and the General Accounting Office (GAO). Currently, between these two offices, there are approximately 100 separate audits and reviews underway. We take these audits very seriously and have been working with the GAO and the OIG to execute their recommendations as quickly as possible. I would only ask again that you understand that these problems did not develop, nor will they be solved, overnight. But we are making progress.

My goal is to bring dramatically improved accountability to the Forest Service. I can assure you that we will continue to work with these audit branches and with Congress to improve how we do business and to be more accountable for the resources we manage.

Commitment to Improve Management and Accountability

I realize that we have significant improvements to make in financial management and accountability, and I want you to know that I am committed to my employees, the Congress, and the taxpayers to see that these improvements are made. I will continue to take aggressive action to ensure that the Forest Service becomes one of the most efficient agencies in the Federal Government. While we acknowledge that there is much work yet to be done, we have made a good start in implementing long-needed changes.

Last month I announced the Forest Service Natural Resource Agenda to help with these changes. The Agenda focuses special attention on four key emphasis areas: watershed health and restoration, sustainable forest ecosystem management, forest roads, and recreation, and is a clear expression of direction -- direction that is supported strongly by the American people that we will implement in strict accordance with the law.

One of the issues facing the Agency is our tradition of trying to do everything and failing to set a clear set of priorities. This has led to some questionable decisionmaking and failure to implement some projects, particularly

those that are complex and contentious. The Agenda is our attempt to give a more focused direction and priorities to our employees over the next few years.

We are implementing this Agenda through the GPRA process. We see GPRA as an extremely useful tool for linking Agency mission to strategy to results. We will reflect the priorities set by this agenda in appropriate GPRA goals, objectives and performance measures. Further, we are linking specific GPRA performance measures to individual standards for Forest Service line officers.

Progress Towards Resolving Management Problems

The audits from OIG and GAO have pointed to significant resource and financial management deficiencies such as: inadequate attention given to improving the Agency's decisionmaking process; inability to improve accountability for performance; lack of agreement within the Agency on how to portray long term strategic goals; inability to address issues that transcend administrative boundaries and jurisdictions; inability to operate under the differences in environmental statutory requirements; slow progress in taking aggressive actions to correct deficiencies; and lack of integration among national processes, data structures, systems and information. These are major challenges that the clear direction of our natural resource agenda will, in part, help to address.

A number of forest and district field offices have consolidated services or are operating under the shared services concept. We have built stronger coalitions with other Federal agencies such as the BLM to jointly manage public lands beyond administrative jurisdictions. These tactics have proven to be quite successful while strengthening the Federal Government's ability to more quickly respond to the health of the land and public demands in a cost effective manner.

Financial Management

In the financial management arena, we are working hard to improve accounting processes. Since last fall, all Forest Service units are working under a Financial Management Action Plan to guide and monitor activities and accomplishments. We are continuing to work with the GAO and the OIG through our Financial Health Task Force.

While we are making progress in some aspects of FFIS implementation, the Forest Service and the National Finance Center still face uncertainties due to the complexity of the Agency budget and program requirements. USDA is working with an outside consultant to decide how to proceed. USDA will inform Congress once decisions are made on the most effective and efficient way to move forward. As we work through the implementation of FFIS, we plan to modify our own financial management requirements and identify where Congress in its authorizing and appropriations processes can help us to achieve a strong and accountable financial management system.

In addition, the Coopers and Lybrand report makes recommendations on streamlining and clarifying our financial management systems. Some of the top recommendations include establishing a chief financial officer and simplifying the budget and accounting structures to generate more useful information. I intend to carefully review these recommendations and take appropriate action to strengthen financial management in the Forest Service.

Future Plans to Address Deficiencies

The Natural Resource Agenda is tiered to the goals and objectives described in our strategic plan prepared under the requirements of GPRA. Our national strategic plan and local forest plans establish land management direction for the Forest Service. We will conduct periodic evaluations of our progress across program areas and adjust where necessary to ensure that the goals of the Agenda are being met, including improving accountability and financial management. We will link annual GPRA performance goals to annual performance standards for employees, and have our entire work force committed to implementing GPRA. Fulfilling the priorities contained in our Agenda through GPRA will help strengthen the confidence of our constituents in the Forest Service's ability to manage our public lands.

We will formulate our financial management action plan to reach our desired outcome of achieving fiscal and accounting successes. The plan will include training our people to be competent with these new financial processes, thereby increasing efficiencies. The Appropriations Subcommittees urged the Forest Service to integrate GPRA and our financial management data. We take that challenge seriously and will utilize our financial management action plan to integrate GPRA into our planning, budgeting, and corporate and individual accountability efforts. To make GPRA work, we know we need accurate, real time financial and program output and outcome information available to every manager. We are moving as quickly as possible to make this happen.

As we move to integrate GPRA requirements, we will work with you as we seek to simplify and consolidate our budget systems. We will invite your advice and cooperation as we seek opportunities to reduce the complexities in our current budget and coding structure.

More Time is Needed To Get the Job Done

The Forest Service -operates on an accumulation of faulty information systems -some more than 20 years old -- that are not integrated to perform the analysis to make sound decisions, and verify accountability. Our existing accounting system tracks far more than the minimally required financial data. Layers and layers of program information are tracked in the accounting system that do not directly relate to federal financial requirements. Improving the Forest Service's financial performance will require modifying and substantially reducing the information load carried in the management code process.

I want to reiterate that many of the accountability issues we face were years -- even decades -- in the making. We have already made some progress in addressing concerns regarding the Agency's management and financial condition. But we still have a very long way to go. It will take time before we can address effectively the full range of fiscal and management accountability issues. Major changes take time. It will take several years to turn this situation around and we urge the Congress and the Federal audit branches to recognize these major shifts and work with us as we strive to meet the mandate of improving the financial health of the Agency. Combined with the complexity of the interrelationships among our programs and the migration to new information systems, we face a great task, and we look forward to the reward.

Closing

The Forest Service's strategy for ensuring organizational effectiveness focuses on implementing an improved performance accountability system, improving our financial systems and information that support fiscal accountability, developing consistent and accurate natural resource information to support agency decisionmaking, integrating information systems, data structures and information management processes, and fully implementing the GPRA.

All of our corporate processes and information must be linked in an integrated, performance-based framework. Our vision is that results-oriented performance standards will be in place for all employees for fiscal year 2000; we hope our new financial management system, HIS, is fully implemented across the Agency as soon as possible. I am committed to the Agency meeting all financial reporting requirements and implementing the managerial cost accounting standards (MCAS) to ensure that we have a clean audit opinion on our financial audit report as soon as possible.

We will complete a comprehensive report on natural resource status and trends focused around sustainability criteria and indicators by fiscal year 2003. We will also have integrated computer systems installed for use by all employees and all major administrative processes will be re-engineered by fiscal year 2000.

We have the mechanisms on hand to make this vision a reality and in doing so, we advance the Agency's mission to care for the land and serve people. So what's the payoff? By being good land managers and exercising sound fiscal responsibility, accountability, and decisionmaking, significant long term cost and time savings will result, all of which help to assure sustainability of our treasured national forests for generations to come.

With all of these challenges, it is important to realize that we are not losing sight of our mission. I cannot over emphasize the seriousness of our commitment. Over many decades, Forest Service employees have served the needs of local communities within the limits of the land. We need to fix our financial systems so that our employees can do more. Only by having a firm handle on our management and financial systems can we achieve our full potential as natural resource managers.

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

Attachment:

[Executive Summary](#)

**Modernizing Financial Management at the Forest Service:
Financial Management & Organizational Analysis**

Coopers & Lybrand's report - March 18, 1998

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