

Statement of
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United States Department of Agriculture

Before the
United States House of Representatives
Committee on Resources
Subcommittee on Forests and Forest Health

Concerning the
Forest Service Fiscal Year 2006 Budget

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Mr. Chairman, Representative Udall, and members of the Subcommittee, thank you for this opportunity to discuss the President's Fiscal Year (FY) 2006 Budget for the Forest Service. In my testimony, I will discuss two main issues. First, I will focus on priorities for the Forest Service as it moves into its second century of fulfilling its mission, including the role that the President's Healthy Forests Initiative (HFI) holds in that mission. Second, I will discuss the reforms and efficiency actions the agency is employing to deliver its mission more efficiently.

As we move through the process of enacting the FY 2006 Budget, all of us in the Executive Branch, like all of you in Congress, are well aware of the challenges faced in funding the priorities of the nation. The President's proposed budget for the Forest Service addresses key priorities, makes critical tradeoffs, and demands efficiency in delivery of programs. I look forward to working with you to enact the President's budget for the Forest Service.

Moving Forward - A New Century of Service

As Chief Bosworth will also discuss, this year marks the 100th anniversary of the Forest Service. To give you a sense of how the Forest Service plans to move forward, I will briefly review the mission adopted by the Forest Service in 1905 when it was formed, and how its response to the national issues in the coming century are, for the most part, similar.

The 1905 mandate given the Forest Service involved responding to the degradation of watersheds and the substantial loss of forests and wildlife. The agency began taking important actions to conserve America's resources, including the closing of public domain lands and reserving the remaining public lands for protection and management; promoting the conservation and productivity of forests and grasslands regardless of ownership; acquiring scientific knowledge on natural resources management; improving management and productivity of all agricultural lands and forests; and adopting and enforcing wildlife conservation laws. As a result of the agency's actions over the past 100 years of multiple-use management, the decline in forestland has stabilized and increased in some areas of the nation. Areas destroyed by wildfire have declined by 90 percent. Forest growth is exceeding harvest. Tens of millions of acres of cutover lands have been reforested and much of these areas have again been harvested and reforested. Finally, populations of important wildlife species have been restored from the brink of extinction.

In the coming century, the Forest Service must focus on restoring the health of watersheds, increasing recreational opportunities, providing clean water, establishing healthy wildlife and fish populations, and protecting communities and resources from the risk of catastrophic wildfire. The agency must accomplish this while providing minerals and forest products to meet the increasing demands of the nation. The President's emphasis on healthy forests makes sustainable production of products an integral aspect of improving forest health.

Healthy Forests Initiative

The HFI and the Healthy Forests Restoration Act provides emphasis and new authorities necessary to protect communities and natural resources from the risk of catastrophic fire. The FY 2006 budget for the Forest Service and DOI includes about \$867 million to continue implementation of the President's HFI, which is an increase of \$57 million from last year. This amount includes a request for \$492 million in hazardous fuels funding and the planned expenditure of an additional \$375 million in other habitat management activities that will reduce the risk of wildfire. In FY 2006, the Forest Service and the Department of the Interior (DOI) will reduce hazardous fuels on 4.3 million acres, an increase of nearly 300,000 acres from FY 2005, itself an all-time record.

The Forest Service will focus two thirds of its treatment in the wildland urban interface (WUI) to protect communities. Protecting communities from the risk of wildfire can be accomplished by activities that result in the production of forest products and the protection and enhancement of watersheds and wildlife. For example, the Forest Service has worked closely with communities to complete over 600 Community Wildfire Protection Plans that identify the local strategies necessary to protect communities and promote multiple-use management activities.

The efficient expenditure of federal funds requires the agency to develop appropriate incentives that will make the use of forest products an integral aspect of the hazardous fuels reduction. The Forest Service will make maximum use of the stewardship contracting authority and the new authorities provided by the Healthy Forest Restoration Act to make treatment of hazardous fuels more efficient. In furthering this objective, the President's Budget includes a \$10 million investment to improve facilities at the Forest Product Laboratory (FPL) in Madison, Wisconsin that will increase research in creating new products from forest biomass.

Efficient Response to Wildfires

While the effective treatment of hazardous fuels provides the long-term protection of communities and natural resources from the threat of catastrophic wildfire, the agency must also continue to address fire preparedness. The Forest Service and DOI will maintain sufficient readiness resources to suppress more than 98% of wildfires on initial attack. This represents the same approximate level of readiness that has occurred over the past several years. Being prepared to manage and suppress wildfire requires continued emphasis on improved and efficient use of equipment and personnel. As a result of reengineering the fleet of aviation assets in advance of the FY 2004 fire season, the Forest Service and DOI maintained the success rate in suppressing fires on initial attack. Increased emphasis on the using helicopters instead of large fixed-wing air tankers enabled better pre-positioning of aviation assets in areas where the greatest danger existed and the more accurate application of retardant. The Forest Service is currently completing a long-term aviation strategic plan that will address the wise use of fixed-wing and helicopter assets, which we fully expect to further improve efficiency.

Effective use of suppression assets requires close coordination among federal, state, and local agencies. Under the oversight of the Wildland Fire Leadership Council, federal, state, and local resources are being more effectively coordinated in response to wildfires. I am pleased with the coordination that has resulted through this effort.

Although the FY 2004 fire season was relatively mild, the agency still expended \$726 million for wildfire suppression. The President's Budget continues a focus on reducing wildland fire suppression costs and provides suppression funds at the ten-year average cost adjusted for inflation. Additionally, the Budget contains incentives for reducing costs through the allocation of funds to the field and authorizing use of unobligated balances for hazardous fuel treatments.

Forest Service Operational Efficiency

In response to concerns about agency accountability and management, the Forest Service has been diligently working to improve its financial and program management. The agency's implementation of a new planning rule is expected to significantly reduce both the time and cost to amend or revise land management plans. In addition, the rule provides for a pre-decisional objection process that replaces a less efficient appeal process. With the objection process, the public has an opportunity to make their concerns known to a higher-level official, and the agency then has the opportunity to make appropriate adjustments before the plan is approved. The appeal process, which was after plan approval, required any necessary or appropriate changes to be made through further planning processes.

Another important efficiency initiative contained in the President's Budget will enable the agency to more effectively manage its facilities. Presently, the agency has over 40,000 facilities in its inventory - significantly more than it needs, averaging substantially more than one building per employee. Legislation proposed as part of the budget will authorize the sale of unneeded facilities for fair market value, and the use of sale proceeds to address the maintenance backlog. In addition, the legislation will provide for the establishment of a working capital fund for facility maintenance that will assess programs that use facilities for the maintenance of those facilities. Local line officers will need to assess the number of facilities that are needed and the necessary operating funds to perform facilities maintenance - this creates the incentive to keep the number of facilities to a minimum. The rest will be conveyed at fair market value. It is anticipated this action will reduce the agency deferred maintenance backlog by 25 percent by FY 2010.

In response to the President's Management Agenda, the Forest Service is becoming more efficient in how it performs administrative support. By the end of FY 2005, the agency will have completed its implementation of a new information technology support organization and the centralizing of its financial management. In FY 2006, the agency will centralize its human resource management activities. Combined, these three efforts will reduce overhead expenses by

\$91 million annually. I appreciate the support Congress has shown as the Forest Service implements these reforms.

Even with these improvements, however, inefficiencies increase program delivery costs and are impeding Forest Service performance. The Administration proposes additional reforms to enhance Forest Service efforts to improve its accountability and focus on measurable results in the management of our national forests. These reforms will significantly reduce overhead, business management, and other indirect costs to improve efficiency and program delivery.

In recognition of the agency's commitment to sustained and effective financial management, I am very pleased that the Government Accountability Office (GAO) removed the Forest Service from its "High Risk List." The GAO's action was a direct result of three successive "clean audit" opinions and the demonstrated commitment of the Administration to implement organizational change that will ensure the Forest Service's ability to sustain future clean audits.

Conclusion

A "clean audit" opinion is the minimum the public should expect from the Forest Service. Just like America's citizens, a federal agency should be able to balance its checkbook. Further, the agency must demonstrate that it performs its mission as efficiently as possible. The President's Management Agenda is creating the framework for efficiency. I believe the Forest Service has responded well and is demonstrating its commitment to the efficient delivery of natural resource management on federal and non-federal forest and rangelands. I look forward to working with Congress to enact the President's FY 2006 Budget.

I would be pleased to answer any questions.