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**Statement of Mike Dombeck, Chief
Forest Service, United States Department Of Agriculture**

**House Committee on Appropriations
Subcommittee on Interior and Related Agencies
March 20, 1997**

Mr. Chairman, Representative Yates and Members of the Committee:

I am pleased to appear before this committee for the first time as Chief of the Forest Service. As some of you may know, I am no stranger to the Forest Service, having grown up 25 miles from a town of 1,500 people in northern Wisconsin's beautiful lake country, in the Chequamegon National Forest.

I have worked at various levels of the Forest Service in the Midwest, West, and Washington, D.C., before going to the Department of the Interior. I am glad to be back.

I would like to begin by acknowledging the ongoing debate in this nation over how national forests and rangelands should be managed. This debate is fine. In fact, I believe it is healthy. Debate and information are the essence of democracy. The people we serve, all of the people, are now more fully engaged in defining how to move from point A to point B. The task of the Forest Service is not to dictate the course or the outcome. Rather, we need to be the facilitators, the suppliers of knowledge and expertise; the professional resource managers, the educators and communicators who help people search for solutions.

Today, faced with more competing demands, new pressures on the land and greater challenges than ever before, resource management has become contentious. We in this room can help to change that. I believe that if we work together, we can usher in a new era of resource stewardship and a deeper commitment to conservation. A commitment marked by a willingness to hear all sides of the debate. A commitment to remain open and responsive to new ideas, new values, and new information. A commitment to leave our lands healthier and our waters cleaner.

I am not so naive to think that people will not sometimes disagree. Our task as public servants and resource professionals is to focus on, and build from, the many more areas of agreement. To regain the trust of the American people. To demonstrate to the rest of the world that yes, people of good will can come together and find a way to live sustainably on the land.

I call this commitment to working with people to maintain and restore the health of the land, **collaborative stewardship**. Collaborative stewardship rests on one very basic premise: **we simply cannot meet the needs of people, if we do not first secure the health of the land**.

To get a better sense for how people feel the Forest Service should pursue collaborative partnerships, I have recently talked with many in the Administration, members of Congress and their staff, former Forest Service Chiefs, employees, retirees, and conservation and industry leaders. In all of my conversations, three themes are repeated: people, knowledge and land. It strikes me that that's what the Forest Service is all about using knowledge to conserve and restore the health of the land for the benefit of the nation's people.

I'd like to share with you some examples of how Forest Service Research and management are meeting the needs of people through better land management decisions and more effective use of knowledge. For instance:

- Forest Service Research and the Wayne National Forest are working with the Mead Paper Corporation to better understand how mixedoak communities in southern Ohio respond to prescribed burning. This knowledge enables Mead Paper Corporation to make better business decisions and the Forest Service to make better decisions on the land.
- To help meet the growing recreation demands in Ohio, extensive trail work has been accomplished on the Wayne National Forest 105 miles of OffRoad Vehicle (ORV) trails and 64 miles of horse trails have recently been completed.

- On Pennsylvania's Allegheny National Forest, an Adaptive Management Study will help us develop new technologies to regenerate northern and upland hardwood stands in this region. Again, this helps to provide wood fiber for the market and restores a historic species to the region for the enjoyment of all.
- In Arizona and New Mexico, good progress is being made with the tribes to implement the Native American Graves Protection/Repatriation Act. Already, over 5,000 remains and 15,000 artifacts have been identified. This type of cooperation with the many tribes of the southwest demonstrates Forest Service's respect for the traditional cultures of American Indians.
- In New Mexico, we are working with the Malpai Borderlands Group a coalition of state and Federal agencies, conservationists and local ranchers to protect and restore rangelands through joint planning, controlled burns and selective "grassbankings".
- In North Carolina, exhibits at the "Cradle of Forestry in America" complex are nearing completion. These exhibits are expected to be ready in time for the regular opening this spring and should greatly enhance the visitor experience at this location.
- Also in North Carolina, implementation of the new Recreation Fee Demonstration Project will enable us to invest a portion of these receipts to repair and maintain various recreation facilities of the National Forests of North Carolina. Again, this will help enhance our ability to meet the recreation demands in this state.
- The Pacific Northwest Region of the Forest Service is aggressively pursuing the reduction of fuels from the National Forests in Washington state. Not only does this improve resource protection against catastrophic wildfires, but it improves ecosystem health as well. In addition, implementing the Northwest Economic Adjustment Initiative through close cooperation with state and local governments is helping many of this region's timberdependent communities move towards more diverse and sustainable economies.
- The National Forests of Florida have the largest prescribed fire program in the National Forest System. Last year, 154,000 acres were burned without incident and provided a significant contribution to the health of these NFS lands.
- On the Cherokee National Forest in Tennessee, the Olympic Whitewater initiative was, and continues to be, a successful contribution for the Forest Service and surrounding communities. As a result of this type of project, commercial rafting will continue to be one of the leading sources of jobs in this region.
- In northern Illinois, almost \$600,000 in contributions from private investors, along with the recent transfer of 15,000 acres from the US Army, has made the Midewin National Tallgrass Prairie the newest unit to the National Forest System.
- Elsewhere in Illinois, the Forest Service acquired either conservation easements or title to 5,000 acres of marginal farmlands along the Mississippi river floodplain. In cooperation with the American Land Conservancy and the Natural Resources and Conservation Service, these lands will be converted to wetlands which will help buffer the effects of flooding and provide crucial wildlife habitat.
- In Colorado, the Boulder Community Volunteers have won the Chief's National Volunteer's Award four times. These volunteers are a shining example of how local people can come together to help the Forest Service achieve its mission of caring for the land and serving people. Elsewhere in Colorado, we are working with Dow Chemical and the counties to develop alternative methods of controlling noxious weeds.
- In Virginia, the Guest River RailstoTrails project on the Jefferson/George Washington National Forest represents a good example of partnerships at work. The abandoned railroad grade that runs the length of the Guest River Gorge was donated to the Forest Service by the Norfolk Southern Railroad. Through subsequent Forest Service land acquisitions and additional grants and local investments, a beautiful hiking and biking trail, easily accessible within 2 hours to over 700,000 residents, is now available.

The rest of my testimony outlines the key funding priorities for fiscal year 1998 and reemphasizes many of the points the

Secretary has already made.

Accountability

Our first priority is to the land and the people who use and care for it. Our responsibility is to deliver the goods, services, and values for which public lands are cherished. To deliver healthy lands and waters. To deliver a sustainable supply of timber and forage. To deliver environmentally benign energy and minerals development. To deliver better hunting and fishing. To deliver quality recreation experiences, and to do all of the above through an efficient, and accountable organization.

Every forest supervisor, on every forest, must be held accountable for conserving and restoring the health of the land. Clearly, we must deliver sustainable supplies of wood fiber for American homes; forage for livestock; and minerals and energy that help support healthy economies. But as I said earlier, the health of the land must be our first priority. Failing this nothing else we do really matters.

The FY 1998 President's Budget:

This year's budget proposal reflects the Forest Service's priorities and programs within the agency's mission "CARING FOR THE LAND AND SERVING PEOPLE". It focuses on implementing the Forest Service's strategic long term goals:

- Restore and Protect Ecosystems
- Provide Multiple Benefits within the capabilities of ecosystems
- Ensure Organizational Effectiveness

Within this framework, in FY 1998 we will make a major effort to improve financial and ecological accountability. Three significant initiatives the road building program, fire fighting funding and the salvage fund illustrate this.

Many people question the logic in trading roads for National Forest trees, especially given the current expansive network of roads on the National Forest System and the cost of maintaining many of these roads once they are built. The time has come to address our transportation needs in a different way. Our Budget proposes to discontinue the use of Purchaser Credit which will make the road a direct cost of the timber sale. Bid prices for timber sales are expected to decline commensurably. Forest Service engineers will continue to work with private contractors to ensure Forest Service roads meet our standards.

Funding mechanisms for our fire programs need to change. Discretionary spending levels cannot accommodate the escalating costs of fire suppression, which have increasingly been met through emergency spending outside the budget planning caps. We have proposed two main changes: First, we want to ensure that funds to fight fire are available to our fire fighters when wildfires begin. Second, we want to better ensure that we capitalize on opportunities to use management techniques that reduce catastrophic wildfires. Under our proposal, between \$30 and \$50 million is recommended for hazardous fuels reduction a 25 to 100 percent increase over 1997. The cost of reducing much of the fuels buildup before a wildfire occurs, pales when measured against the costs of putting out intense, fueldriven wildfires. These are two significant improvements that address our financial and ecosystem needs, and I hope you will support us in this effort, as you have in the past.

We are proposing a change in the current salvage sale fund so that funding we receive more closely reflects the type of work that we are doing in the field. We learned several lessons from the emergency salvage rider. We learned that active management is necessary to restore ecosystem health. We also learned that the current system can create financial disincentives to maintain the health of the land.

Our budget proposal retains the existing Salvage Sale fund account and its primary function funding the removal of dead or dying timber on National Forest System lands. A separate, distinct account is proposed to fund ecosystem health and restoration projects. This fund would be called the "Forest Ecosystem Restoration and Maintenance" fund or FERM. This is an important first step to provide funding for necessary watershed restoration work that is not directly tied to the timber receipts of each separate forest. I hope you can agree with our motivations and objectives. We must accelerate the restoration of our publicly owned lands and waters. This new fund draws from several existing sources and would begin fiscal year 1998 with 121 million dollars for restoration efforts. As I testified to Congressman Chenowith's Committee, we

must look at these restoration efforts as investments investments that will not pay dividends for many years. However, the cost of not investing grows exponentially every year.

There are also two more emphasis items within the President's FY 1998 Budget:

The President's Forest Plan for the Pacific Northwest:

Continuing to implement provisions of the President's Plan is a priority in FY 1998. The budget includes \$107.4 million to carry out critical work for watershed protection, monitoring, timber harvest, adaptive management and development of rural communities' longterm economic strength.

Hazardous Waste:

Funding for the FY 1998 Forest Service hazardous waste work is provided within the USDA central fund for this purpose. For FY 1998 \$14.25 million is identified for the Forest Service. Efforts will be targeted on cleaning up hazardous waste sites identified on national forest lands, especially identifying responsible parties under CERCLA so that they, not the taxpayers, pay the cost of cleanups.

Additional Appropriations Highlights:

This year's budget reflects continuation of our research program at last year's level. Science is critical to our program as a nation. As I said before, we are about knowledge and our research program produces much of the knowledge necessary to address contemporary issues. We will continue to adjust our efforts to meet changing and emerging national and regional issues and maintain a broad based scientific capability.

Our overall State and Private Forestry program is also at last year's level. However we are proposing to place a greater emphasis on our Stewardship Incentive Program (+\$5.7 million). In addition, State and Private Forestry, the National Forest System, and Forest and Rangeland Research would jointly expand the scope of forest health monitoring to cover 60% of the forest land in the lower 48 States. This program is built on a strong partnership among the Forest Service, the National Association of State Foresters, and the Bureau of Land Management. The program includes all forest ownerships; Federal, State, and private.

Under the National Forest System appropriation, we are requesting an increase of \$50 million. This increase is targeted for Recreation Use, Wildlife and Fish Management, Rangeland Management, Forestland Management and our Soil, Water and Air Program.

Our efforts in the Reconstruction and Construction area will be targeted at extensive reconstruction needs with emphasis on health and safety items such as contaminated water systems.

Conclusion

Finally, I believe the Forest Service mission caring for the land and serving people is more important than ever. Within the overall plan to balance the nation's budget by the year 2002, these proposals will help us to meet our highest priorities and ever increasing public demands.

That concludes my testimony, Mr. Chairman. I would be happy to answer any questions you or members of the Subcommittee may have.

Title: Dombeck Testimony, 3/20/97

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**Statement Of Mike Dombeck, Chief
Forest Service, United States Department Of Agriculture**

**Senate Committee on Appropriations
Interior Subcommittee
April 17, 1997**

Mr. Chairman, Senator Byrd and Members of the Committee:

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I'd like to share with you some examples of how the Forest Service is meeting the needs of people through better land management decisions and more effective use of knowledge. For instance:

-- In Washington, the Pacific Northwest Region of the Forest Service is aggressively pursuing the reduction of fuels from the national forests. Not only does this improve resource protection against catastrophic wildfires, but it improves ecosystem health as well. In addition, implementing the Northwest Economic Adjustment Initiative through close cooperation with state and local governments is helping many of this region's timber-dependent communities move towards more diverse and sustainable economies.

-- In partnership with the Alaska Department of Community and Regional Affairs, rural development grants of \$319,000 to 21 communities were awarded focusing on enhancing the overall quality of life in rural areas primarily through natural resource based solutions. In addition, economic recovery program funds targeted grants to nine communities dealing with the acute problems associated with federal or private sector land management decisions and policies to complete projects identified in their community action plans. In addition, Research has prioritized its efforts in the Northwest to address two major issues of concern in Alaska: (1) how to produce wood consistent with sustaining ecosystems and producing multiple

values; and (2) how to address the spruce beetle infestation on over one million acres.

-- The National Forests in Mississippi during 1995 experienced one the worst southern pine beetle outbreaks on record. A cooperative effort led to an incident command system to battle this outbreak as if they were fighting a major forest fire. This innovative approach worked well and helped minimize the impact of the beetle outbreak. It has been effectively used during the resulting salvage sales program in 1996.

-- In New Mexico, the Cibola National Forest began charging parking fees along the Sandia Crest Scenic Byway as part of the recreation fee demonstration program authorized by Congress in August 1996. Monies collected are being used to provide safe and clean picnic grounds and trailheads along the Scenic Byway. Since implementation, vandalism has dropped dramatically. Cooperators in this venture include the New Mexico State Highway Department, East Mountain Chamber of Commerce, the Turquoise Trail Association, and Tinkertown Museum. In addition, efforts on the Gila National Forest to develop improved relationships with Catron County have resulted in a Memorandum of Understanding to clarify roles and improve communications. The Lincoln National Forest and the Cloudcroft Municipal School Board, Otero County have worked out a land exchange using public lands to meet the growing needs for classroom and faculty expansion.

-- In Montana, the development of the Lincoln County Log Yard with Forest Service Economic Action Program support to unload, sort, scale and forward short logs will expand the raw material supplies, enhance business opportunities for small business owners and create incentives for implementing forest health management practices.

-- In Utah, the multiple uses of public lands can be clearly seen. Preparations continue for the 2002 Olympics. The Natural Resource Coordinating Committee will steer the State's government agencies in a coordinated support role for the Salt Lake Organizing Committee. This partnership will allow the world to see the value of public lands and environmental stewardship with nearly all the venues on National Forest System lands. Many partners, contributing nearly three times what the Forest Service is contributing are working to improve stream and wildlife habitat and do fish and wildlife population surveys. Coal production in the State is contributing nearly \$35 million in bonus bids and royalties to the federal government during a three-year period.

-- In New Hampshire, the acquisition of Bretton Woods at the base of Mt. Washington on the White Mountains National Forest will secure this land for public use of its outstanding vistas, provide protection of 2 miles of Ammonoosuc River frontage, and provide access to Upper Falls.

-- In Colorado, the Boulder Community Volunteers have won the Chief's National Volunteer's Award four times. These volunteers are a shining example of how local people can come together to join in with the Forest Service to achieve the goals of caring for the land and serving people. Elsewhere in Colorado, we are working with Dow Chemical and the counties to develop alternative methods of controlling noxious weeds.

-- In West Virginia, the gypsy moth pest management efforts and watershed projects in Morgantown and the timber and watershed efforts in Parsons are successfully integrating research, with the cooperative programs in forest health, to the management of the national forests for use not only in West Virginia, but across much of the Appalachians.

-- In Vermont, the acquisition of 2,800 acres of the Chittenden Reservoir property was completed. This tract of land will serve as a valuable addition to the public's lands and the National Forest System.

-- In Arkansas, the epidemic of southern pine beetle infestation and storm damage on the Ouachita National Forest led to a successful timber salvage and fuel treatment program contributing to the goals of protecting ecosystems.

-- In South Carolina, the Sewee Visitor and Environmental Education Center was opened in 1996. This project is a visitor and environmental education center for the interpretation of the Cape Romaine National Wildlife Refuge and the Francis Marion NF. This is a cooperative project between the U.S. Fish and Wildlife Service, Cape Romaine National Wildlife Refuge, and the U.S. Forest Service.

-- Elsewhere in South Carolina, the Savannah River Forest Station sponsors two innovative and unique education programs serving under-represented, minorities through collaboration with local, state, and federal partners. The education programs focus on improving science, math and engineering education through hands-on activities for students in grades 3-12 and also serves science and engineering college undergraduates and faculty.

-- In Nevada, partnerships are accomplishing improvements to fish and wildlife habitat and conducting population surveys and monitoring of plant and animal populations. At Walker Lake, partnerships are doing important research and monitoring, including inventories, and studies of riparian and range processes and functions.

-- In North Dakota, an average of 6,800 acres each year are added to the non-industrial private forest land base which is managed under the guidance of professionally developed Forest Stewardship Management Plans. These plans are designed to accomplish the specific objectives of individual private landowners such as windbreak planting and renovation, forest products utilization, and wildlife habitat improvements.

-- After wildfires in southern California were successfully suppressed, a Burned Area Emergency Rehabilitation team initiated watershed rehabilitation measures. These measures, involving many federal, state, and local agencies and the California Native Plant Society, were put in place prior to the first damaging storm of the season reducing the potential for additional loss and damages. Rehabilitation efforts included the protection of threatened and endangered species habitat, hydroelectric power, heritage resource sites, and flood control and water supplies.

The rest of my testimony outlines the key funding priorities for fiscal year 1998 and re-emphasizes many of the points the Under Secretary has already made.

Accountability

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Within this framework, in FY 1998 we will make a major effort to improve financial and ecological accountability. Three significant initiatives -- the road building program, fire fighting funding and the salvage fund -- illustrate this.

Many people question the logic in trading roads for National Forest trees, especially given the current expansive network of roads on the National Forest System and the cost of maintaining many of these roads once they are built. The time has come to address our transportation needs in a different way. Our Budget proposes to discontinue the use of Purchaser Credit which will make the road a direct cost of the timber sale. Bid prices for timber sales are expected to decline commensurably. Forest Service engineers will continue to work with private contractors to ensure Forest Service roads meet our standards.

Funding mechanisms for our fire programs need to change. Discretionary spending levels cannot accommodate the escalating costs of fire suppression, which have increasingly been met through emergency spending outside the budget caps. We have proposed two main changes: First, we want to ensure that funds to fight fire are available to our fire fighters when wildfires begin. The FY 1998 President's Budget proposes a government-wide contingency fund to cover various

disasters including emergency firefighting. Second, we want to better ensure that we capitalize on opportunities to use management techniques that reduce catastrophic wildfires. Under our proposal, between \$30 and \$50 million is recommended for hazardous fuels reduction -- a 25 to 100 percent increase over 1997. The cost of reducing much of the fuels buildup before a wildfire occurs, pales when measured against the costs of putting out intense, fuel-driven wildfires. These are two significant improvements that address our financial and ecosystem needs, and I hope you will support us in this effort, as you have in the past.

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Our budget proposal retains the existing Salvage Sale fund account and its primary function -- funding the removal of dead or dying timber on National Forest System lands. A separate, distinct account is proposed to fund ecosystem health and restoration projects. This fund would be called the "Forest Ecosystem Restoration and Maintenance" fund -- or FERM. This is an important first step to provide funding for necessary watershed restoration work that is not directly tied to the timber receipts of each separate forest. I hope you can agree with our motivations and objectives. We must accelerate the restoration of our publicly owned lands and waters. This new fund draws from several existing sources and would begin fiscal year 1998 with 121 million dollars for restoration efforts. We must use all of the tools we have available to accelerate the restoration of our nation's forests - thinning, increased use of prescribed burns, mechanical treatments, and so on. These restoration efforts are investments -- investments that will, for example, diminish the risk of catastrophic fire along the urban wildland interface. The cost of not making these investments grows exponentially every year.

There are also two more emphasis items within the President's FY 1998 Budget:

The President's Forest Plan for the Pacific Northwest:

Continuing to implement provisions of the President's Plan is a priority in FY 1998. The budget includes \$107.4 million to carry out critical work for watershed protection, monitoring, timber harvest, adaptive management and development of rural communities' long-term economic strength.

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Our overall State and Private Forestry program is also at last year's level. However we are proposing to place a greater emphasis on our Stewardship Incentive Program (+\$5.7 million). In addition, State and Private Forestry, the National Forest System, and Forest and Rangeland Research would jointly expand the scope of forest health monitoring to cover 60% of the forest land in the lower 48 States. This program is built on a strong partnership among the Forest Service, the National Association of State Foresters, and the Bureau of Land Management. The program includes all forest ownerships; Federal, State, and private.

Under the National Forest System appropriation, we are requesting an increase of \$50 million. This increase is targeted for Recreation Use, Wildlife and Fish Management, Rangeland Management, Forestland Management and our Soil, Water and Air Program.

Our efforts in the Reconstruction and Construction area will be targeted at extensive reconstruction needs with emphasis on health and safety items such as contaminated water systems.

Conclusion

Finally, I believe the Forest Service mission -- caring for the land and serving people -- is more important than ever. Within the overall plan to balance the nation's budget by the year 2002, these proposals will help us to meet our highest priorities and ever increasing public demands.

That concludes my testimony, Mr. Chairman. I would be happy to answer any questions you or members of the Subcommittee may have.

**STATEMENT OF
MIKE DOMBECK
CHIEF
USDA FOREST SERVICE**

Before the Subcommittee on Forests and Forest Health
U.S. House of Representatives Committee on Resources

Concerning the Forest Service
Proposed Roads Policy

Wednesday, February 25, 1998

MADAM CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to join you today to discuss the Nation Forest transportation system and recently announced regulatory proposals. What I have proposed is essentially a "time-out" on road building in roadless areas during which Congress, the Administration, and the American people can engage in a constructive dialogue about when and where roads will be built in our National Forests. Our intention is to work with people to develop science-based forest transportation system that meets the needs of local people while minimizing, and reversing, environmental impacts such as erosion, landslides, and degradation of wildlife habitat and water quality.

Let me briefly outline my key objectives in developing this new policy. My first objective is to provide Forest Service managers with new scientific and analytical tools to make better, more informed decisions about when, where, and if new roads should be constructed. Second, we need to aggressively decommission unnecessary and unused roads, as well as unplanned and unauthorized "ghost roads." Third, we want to improve forest roads, where appropriate, to respond to changing demands, local communities' access needs, and the growing recreation use of the National Forest System. It is important to undertake this policy review in order to focus limited resources on roads that need it most. Finally, we wish to develop a road policy that allows us to "catch up" on the enormous backlogs in road maintenance and reconstruction while meeting management objectives and access needs.

Roads Leave a Lasting Impact

The road network on the National Forest System is extensive and diverse. Many roads are essential for the active management of National Forest resources and provide many and varied benefits. They are critical for activities such as timber harvest, mineral extraction, livestock grazing and recreation access. They provide important access for fire control, law enforcement, search and rescue, wildlife habitat improvement, research and monitoring. There is no question that the road network on our National Forest System serves, and will continue to serve, as a fundamental component for delivery of multiple use programs.

While forest roads provide many benefits, they can also cause serious environmental damage. New developments in road building technology result in fewer negative environmental effects. However, environmental effects from existing roads are more extensive than previously thought. New road construction may cause increased frequency of flooding and landslides, and increased stream sedimentation, with associated reductions in aquatic habitat productivity and water quality. Roads may also fragment and degrade habitat for some wildlife species. Research indicates that roading may begin or accelerate the invasion of exotic plant species that ultimately displace native species and diminish the productivity of the land.

Public use of and demands on national forest resources have shifted considerably during the past 10 years. There has been a decrease in timber harvesting and other commodity uses and steadily increasing growth in the amount and type of recreation uses. Currently, more than 90 percent of the traffic using Forest Service roads is recreation-related. With this shift in public use has come changes in user expectations and access needs, requiring new approaches to decide the appropriate size and configuration of the road system.

The simple fact is that we cannot afford the road system we already have in place. Current funding is not sufficient to maintain all roads to the safety and environmental standards to which they were built.

For example, we can only maintain 40 percent of the 373,000 miles to designated standards. We also estimate our backlog of needed road construction to exceed \$10 billion.

Building road requires a short-term investment of revenue. Its maintenance over time, however, is a long-term financial commitment. The cost of delaying timely maintenance and reconstruction increases exponentially over time. For example, in Idaho, the road to Riverside Campground on the Targhee National Forest could have been chip-sealed a few years ago for about \$22,000. Today it will cost more than \$110,000. To reconstruct about five miles of Scout Mountain Road on the Caribou National Forest will cost \$1.4 million. We could have preserved most of our investment by spending \$100,000 five years ago.

In addition to the 373,000 miles of inventoried forest system roads, the Forest Service estimates that there are approximately 60,000 miles of roads that have been created by repeated unauthorized use - we call them "ghost roads" - that are not managed or maintained by the agency as part of the forest road system.

The accumulation of new scientific information is increasing our understanding of the ecological and social impacts of existing roads, the impact of new road construction in roaded and unroaded areas, and the impacts of management activities associated with maintaining and reconstructing roads.

Shifts in Resource Demands

The Forest Service must thoroughly review its road management policy and develop a comprehensive science-based policy for the future. This policy must be based on the changing resource demands and public use, coupled with the need to ensure that decisions on road building and maintenance are grounded in the best scientific information available. Decisions on where and how individual roads should be managed must be decided by local managers working with local people. The Forest Service needs to balance scientific information, public needs, and funding levels when determining the size, purpose, and extent of the future forest road transportation system.

An essential element of this comprehensive overhaul of forest road policy is to develop improved analytical tools for land managers and resource specialists. To that end, agency researchers and specialists will develop an improved analysis process based on science and public involvement that ensures the ecological, social, and economic impacts of proposed construction and reconstruction of National Forest System roads are objectively evaluated, and that public demand on National Forest System roads is fully considered in the context of current scientific information. This analytical process will undergo an independent technical and scientific peer review before adoption.

This analytical process will not directly result in any land use changes in the national forests. Land uses are determined through the forest planning process. However, my expectation is that this analysis will be applied locally to determine where, when, and how roads will be constructed, reconstructed, or decommissioned.

Making Better Use with Limited Funds

The existing road system on National Forest System lands was largely funded and constructed to develop areas for timber harvesting and for the development of other resources. In the last two decades, public interest in, and scrutiny of, the forest road system have increased dramatically. At the same time, resource uses on the national forests have shifted. It is our obligation as stewards of the public trust to consider adjustments in the management of the forest road system to respond to these changes and to better serve present and future management objectives in a more efficient manner. The Forest Service must identify sustainable funding sources for maintaining the forest road system in an environmentally sensitive manner that best meets the needs of local communities, other users, and visitors to the National Forest System. We will do so in a public forum where all interests can be heard.

In the Federal Register of January 28, 1998, the Forest Service provided advance notice of its intention to overhaul its road policies, and to change how the road system is developed, used, maintained, and funded. As part of this notice, the Forest Service proposed to temporarily suspend road construction and reconstruction in most unroaded areas of the National Forest System. This proposed temporary suspension would expire upon the application of the new and improved analysis tools or 18 months, whichever is sooner. The Forest Service is seeking public comment on both the proposed interim rule to

temporarily suspend road construction/reconstruction in unroaded areas and the way the Forest Service road system is developed, used, and funded.

The deadline for public comment on the proposed interim rule was February 27, 1998. As a result of early public and Congressional comment, we intend to extend the comment period on the interim rule another 30 days. We also will hold a series of public forums across the nation to assure full public participation in the roads policy revision. As of February 20, 1998, we have received 2,450 comments on both the interim rule, the Advance Notice of Proposed Rulemaking, and opinions on roads management. I ask that copies of the two Federal Register notices be placed in the record along with my statement.

Effects of the Proposed Road Policy

Under the proposed interim rule, some planned land management projects that depend on new road construction, such as timber sales may not be implemented in the timeframe currently planned. During the interim period, some projects may proceed in an altered form, and some may be postponed until such time as the road assessment process is implemented. I want to emphasize that only new road construction within roadless areas is affected by our proposal. Other needed forest management activities, such as thinning, helicopter logging, and prescribed fire could continue so long as they do not require new road construction.

It is difficult to estimate with precision the costs and benefits associated with deferring projects due to considerable variation in site-specific factors. Other complicating factors include: some projects are in various stages of development and readiness to execute, that planning and analysis often take longer to complete than originally anticipated, and that some project work can be shifted to other sites outside unroaded areas.

Although the precise amounts are difficult to estimate, our initial analysis indicates that timber volume offered would be affected which may lead to corresponding reductions in employment and in payments to states. It is expected that timber sales in the Intermountain and Northern Regions of the National Forest System will experience a higher effect from the suspension than other geographic regions of the

country, like California, because of a higher reliance on unroaded areas for timber production in these regions.

While the delay in some projects will have some adverse economic impact in the short term, these impacts are offset by the benefits gained from the temporary suspension of road construction and reconstruction in the long term. The environmental benefits gained will assure critically important water quality in the headwater streams that are found in many of the unroaded areas. The development of a new road analysis process also would allow currently proposed and future projects requiring road construction to reflect current scientific information and resource use trends. This will help managers and the public better understand the consequences of locating and building roads in unroaded areas.

Summary

Madam Chairman, the Forest Service shares your concern for a transportation system that meets the needs of rural American. The Forest Service recognizes the need for a science-based process that enables us to manage our transportation system in a manner that minimizes - and in some cases reverses - environmental impacts that degrade wildlife habitat and water quality. Roads leave a lasting imprint on the landscape. What I have proposed is essentially a "time-out" on roadbuilding in many unroaded areas until Congress, the Administration, and the American people can engage in a constructive dialogue about when and where roads will be built in our National Forests. This hearing, together with the public comments on the proposed regulatory changes, is part of that dialogue.

That concludes my testimony Madam Chairman. I will be pleased to answer any questions the Subcommittee may have.

**STATEMENT OF MIKE DOMBECK, CHIEF
FOREST SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE
SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
FOREST SERVICE FISCAL YEAR 1999 BUDGET**

March 3, 1998

Mr. Chairman, Senator Bumpers, and members of the Committee:

I appreciate the opportunity to appear before you today to talk about the President's Fiscal Year (FY) 1999 Budget.

I have had the honor of serving as Chief of the Forest Service for the past 15 months. During that time I have worked hard to focus our direction toward these broad goals:

- Restoring and maintaining the health of the land;
- Ensuring accountability for what we do on the land, our financial resources and business systems, and the civil rights of our employees; and,
- Promoting collaborative stewardship, partnerships, and decisions based on the best science.

Mr. Chairman, in my testimony today, I want to concentrate on the important elements of the President's Budget that greatly interest this Committee. In that context, I want to discuss how the budget relates to the Forest Service Natural Resource Agenda, which I announced to Forest Service employees yesterday and encompasses many of the critical issues facing us. First, let me provide a brief thumbnail sketch of the overall budget, and then concentrate on high points relative to the Natural Resource Agenda.

Overall, the President's Budget for the Forest Service proposes an increase of 2% in discretionary funds. We will manage the 191.6 million acres of forests and grasslands and a \$30 billion infrastructure with a work force which is 2% smaller than in FY 1998. We will provide services in support of approximately 860 million visits annually by the public. We will manage a road system consisting of 373,000 miles used by 1.7 million vehicles daily for the purpose of recreation. With the total Forest Service budget of \$3.3 billion, we will provide conservation leadership that emphasizes watershed health and sustainability of services and products that come from the National Forests. The budget includes Presidential Initiatives including the Clean Water Action Plan that provide \$127.3 million for watershed restoration, recreation, road, trail, and facility maintenance, and research. In addition, there are funding increases in other important areas, such as hazardous fuels reduction, and wildlife and fisheries habitat management.

With that brief overview, let me talk about the budget in the context of a natural resource agenda. The Agenda is tiered to the goals and objectives described in our Strategic Plan prepared under the requirements of the Government Performance and Results Act (GPRA). The Agenda identifies and prioritizes areas of emphasis within the objectives of our strategic plan. This strategic plan at the national level, and the forest plans at the local level, set land management direction for the Forest Service. Fulfilling the Agenda will help strengthen the confidence of our constituents in the Forest Service's ability to manage our public land.

The four key emphasis areas of the Natural Resource Agenda are:

1. Watershed Health and Restoration
2. Sustainable Forest Management
3. National Forest Road System

4. Recreation

Watershed Health and Restoration

Let me start by discussing Watershed Health and Restoration, which is one of the primary reasons for creation of the national forests. For many years, our nation's approach to conservation was based on the premise that we must protect the best of what remains as exemplified by progressive laws which created wilderness areas and wild and scenic rivers. Healthy watersheds are the foundation for sustainable multiple use management, including providing clean water for people and other outputs. Sustaining the health of the land must be our overriding priority. Compared to FY 1998, the President's Budget contains important funding increases to accelerate this part of the Agenda, such as:

- A \$12.6 million increase to provide an additional 12,000 acres of watershed improvements and expand hazardous materials management.
- A \$15 million (or 30 percent) increase for hazardous fuels reduction, a critical tool for restoring forest health. This will result in a reduction of fuels on almost 1.5 million acres. The proposed FY 1999 program builds on strong support Congress shows in the FY 1998 appropriations act for hazardous fuels reduction.
- A \$20 million increase in Rangeland Vegetation Management. The increase would allow the Forest Service, in partnership with other USDA and Interior agencies, to begin the first year of a multi-year cooperative effort to address both the status and the restoration of rangelands. It would provide for the restoration of approximately 42,000 acres of range vegetation through non-structural improvements in the Western States, and the control of noxious weeds on 55,000 acres.
- Increases for both the Road Maintenance Program and the Road Reconstruction and Construction program focused on improving watershed health and public safety. I will discuss these important programs in more detail later in this testimony.

Only by accepting our responsibility for maintaining watershed health can we move forward with a more balanced approach to watershed protection and the provision of grazing, timber, and other outputs. I have often said that on a national scale our nation's forest and grasslands are basically healthy. But there are areas where deterioration is of great concern. We take this responsibility seriously, and we are taking action. For example, on the Clearwater National Forest, the winter storms of 1995 and 1996 produced erosion on old logging roads that caused considerable watershed damage. The Forest is working with the Northwest Power Planning Council, the Nez Perce Tribe, and local agencies to plan and identify funding for the obliteration of 200 miles of these roads over the next two years.

Sustainable Forest Management

The second point I want to address in the Natural Resource Agenda is Sustainable Forest Management. Two thirds of the nation's forest land is managed by owners other than the Federal government. Sustainable forest management cannot be achieved in the U.S. without full engagement by all forest landowners. Only by forming coalitions among communities, conservationists, industry, and all levels of government can we address the complexity of achieving sustainability across the landscape.

The President's FY 1999 budget supports the effort to achieve sustainable forest management in a number of areas, such as:

- An increase of \$10 million for Forest and Rangeland Research with primary emphasis given to: accelerating annualized inventories and improving analytical capability under the Forest Inventory Analysis program (FIA); expanding the forest health monitoring program and accelerating integration with FIA; and, increasing research critical to better understanding and mitigating the impacts of climate change as it relates to forests and rangelands;
- Funding increases for a number of State and Private Forestry programs to help individual landowners, communities, and States capture the benefits of trees and forests through planning and stewardship. These programs include the Forest Stewardship Program, Stewardship Incentives Program, Forest Legacy Program, and the Urban and Community Forestry Program.

In addition, using our own inventory and monitoring data, and collaborating with other land management agencies and

organizations, we plan to develop a national report on the condition of the Nation's forests based on the Criteria and Indicators for Sustainable Management of Temperate and Boreal Forests. These non-legally binding criteria and indicators (C&I) are endorsed by a number of countries -- such as the United States, Canada, Japan, Australia, Russia, and others-- that contain 90 percent of the world's temperate and boreal forests and 60 percent of all forests on the globe. The C&I provide a common understanding of what is meant by sustainable forest management and a common framework for evaluating progress toward achieving sustainability. A broad array of U.S. stakeholders, including State Foresters, and environmental and industry groups support use of the C&I.

National Forest Road System

Mr. Chairman, now let me turn to the third area of the Natural Resource Agenda. That area is the National Forest Road System. Needless to say this issue has received extensive attention since I announced development of a new road management policy in January 1998. Unfortunately, the majority of this attention has focused on the proposed interim policy for road construction in roadless areas. I know many on this Committee are very concerned about that policy. Mr. Chairman, this proposed interim rule is only one of several important aspects of this forest roads proposal. By concentrating on the roadless policy, attention has been diverted away from the broader issue of managing overall road access. That is unfortunate because the forest road system is, in many places, the best of the rural transportation system. We must do a better job of meeting these local needs.

I am very concerned about the condition of the forest road system. Today, our road system accommodates 1.7 million vehicles per day that are being driven for recreational purposes. This is 10 times the traffic experienced in 1950. This compares to 15,000 vehicles per day for timber related activities, which is about the same as the 1950 level. While recreation related vehicle use has increased, today there are 7,600 less miles of road available to passenger type vehicles than in 1991. Our inability to fully maintain the roads we have has resulted in the gradual degradation of the road system. The Forest Service has a road maintenance and reconstruction backlog of over \$10 billion. It is a plain and simple fact that we have not been fully funded to care for the roads we currently have, and poorly maintained roads can seriously degrade watersheds and pose a threat to public safety. We are proposing to begin to reverse this trend through improved management policies, and our budget priorities.

The Forest Service is seeking public input on the scope and nature of a proposed revision of the national forest system road management policy. In proposing this, we have asked for feedback on three expected outcomes. First, as fewer forest roads are built today, we will ensure they are built to minimize adverse environmental effects. Second, existing roads that are no longer needed or that cause significant environmental damage will be removed. Third, roads that are most heavily used by the public will be made safer, and any adverse impacts on water quality, aquatic habitat, and fisheries, will be reduced.

We also seek public input on our interim roadless proposal to temporarily halt road construction in most areas of the national forest system that do not presently have roads. This proposal recognizes that we cannot afford to manage our existing road system. We will use this time to engage the Congress and the American people in a constructive dialogue about where and when new roads should be built on National Forests.

The President's Budget supports the need to improve management of the road system we currently have and need to maintain. For example, the budget proposes:

- An increase in the Roads Reconstruction and Construction Program of \$8 million (or 9 percent). The increase will be focused on road reconstruction to protect and restore watersheds, improve safety, and provide appropriate access for utilization of forest resources.
- A \$22 million (or 26 percent) increase in the Road Maintenance program that would fund the decommissioning of 3,500 miles of roads, which is less than 10 percent of the total need identified by the Agency. It would also increase the percent of system roads maintained to standard from 38% in FY 1998 to 45% in FY 1999.

Recreation

Mr. Chairman, the fourth and last emphasis item in the Natural Resource Agenda is Recreation. The President's Budget provides strong support for the recreation program and contains important proposals to permanently implement the many successes we have found with new recreation initiatives. The National Forests and Grasslands are the largest supplier of outdoor recreation opportunities in America. With the majority of Americans easily able to access National Forest System land from practically anywhere in the country, it is clear the National Forests are America's backyard for recreation. The

National Forests had more than 800 million visits in FY 1997, and we expect this demand to increase to 1.2 billion visits over the next 50 years.

The President's Budget recognizes the important challenges represented by this increasing demand for recreation, and has proposed a \$21.1 million increase in the Recreation Use Program over the enacted amount in FY 1998. A priority emphasis for these funds is the maintenance of recreation sites, such as restoration and replacement of water and sanitation facilities, as well as high priority trail maintenance in wilderness and non-wilderness areas. We are using appropriated funds, fees generated from the Recreation Fee Demonstration program, support from partnerships, and other measures to address our critical recreation program needs. For example, funds generated under the Recreation Fee Demonstration program on the Siuslaw National Forest were used to rehabilitate resource damage to meadows around Mary's Peak Recreation Area, upgrade garbage collection services and add restrooms at the Sandlake Recreation Area, and complete resource restoration work and maintain facilities at the Oregon Dunes.

I want to briefly discuss the Recreation Fee Demonstration program. In FY 1997, approximately 35 million visits occurred on the 40 sites currently operating under the program. An additional 43 sites will be added in FY 1998. In FY 1997 the Forest Service collected over \$7 million of which \$3.7 million will be expended for maintenance work. The remainder will be used for enhanced services. We expect collections to increase in FY 1998 to approximately \$18 million. These collections are critical for helping us provide the services American's expect from the National Forests. However, let me emphasize that America's recreational use of the National Forests is highly dispersed. Those 35 million visits to Recreation Fee Demonstration sites represent only 4% of the total recreation visits on the National Forests. American's expect a lot from us in terms of the quality of their recreation experience, for both dispersed use and at fee sites. The President's Budget recognizes those expectations. The budget proposes increased appropriations for recreation and assumes that the Recreation Fee Demonstration Project receipts will be used in addition to appropriated funds as the authorizing statute intended; otherwise, the backlog will continue to grow.

Also in the FY 1999 budget is a proposal to permanently authorize Forest Service retention and use of receipts from recreation sites, including that portion of the Land and Water Conservation Fund receipts outside of the Recreation Fee Demonstration pilot program. We estimate that beginning in FY 2000, total resources generated under this proposal will be about \$26 million.

Other Key Budget Related Issues

We are very aware of the importance of revenues to county governments and the effects upon the local economies when their sources of revenues diminish. As timber production on the national forests has declined in recent years, the payments generated by the forests have dropped in some cases precipitously. The Congress recognized this in 1993 by enacting special legislation for the spotted owl forests which provided an annually declining percentage of average 1986-1990 receipt-sharing payments for the affected areas. In 1997 that guarantee dropped to 76 percent, and it will decline to 70 percent in 1999 under the current legislation.

In order to provide all county governments with a predictable level of payments from the national forests, the Administration is proposing legislation to stabilize the payments. Our FY 1999 proposal will fix payments at \$270 million, which is \$37 million above the amount paid based on 1997 receipts. This figure of \$270 million is based on providing each county with the guarantee currently extended to the owl forests of 76 percent of the 1986-1990 average payment. For those counties where the 1997 payment was greater than that amount, the payment would be frozen at the 1997 level. The program will continue to be funded by a permanent appropriation to ensure that payments will not decline in future years. I understand that some counties located in the Eastside project area of the Interior Columbia Basin Ecosystem Management Project have written to the Office of Management and Budget asking for stability in their 25 percent payments. We would like to work with you to design a fair system for these and all counties.

Accountability

Lastly Mr. Chairman, I want to talk about accountability in the Forest Service. I am very concerned that Congress and some Federal oversight groups feel that this organization does not demand accountability. Obviously this concern about the Agency has led to increased scrutiny. For example, as of February 7, the Forest Service is the subject of over 100 separate audits conducted by the General Accounting Office and USDA Office of Inspector General. My goal is to bring dramatically improved accountability to the Forest Service. In doing so, we can improve productivity and, above all, credibility with the Congress and the American people. As we take measures to improve our accountability, I will seek your cooperation and support.

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

Contact: Thelma Strong

Modified: 4/3/98

STATEMENT OF MIKE DOMBECK, CHIEF
FOREST SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE
INTERIOR AND RELATED AGENCIES APPROPRIATIONS SUBCOMMITTEE
FOREST SERVICE FISCAL YEAR 1999 BUDGET

March 19, 1998

Mr. Chairman, Congressman Yates, and Members of the Committee:

I appreciate the opportunity to appear before you today to talk about the President's Fiscal Year (FY) 1999 Budget.

I have had the honor of serving as Chief of the Forest Service for the past 15 months. During that time I have worked hard to focus our direction toward these broad goals:

- Restoring and maintaining the health of the land;
- Ensuring accountability for what we do on the land, our financial resources and business systems, and the civil rights of our employees; and,
- Promoting collaborative stewardship, partnerships, and decisions based on the best science.

Mr. Chairman, in my testimony today, I want to concentrate on the important elements of the President's Budget that greatly interest this Committee. In that context, I want to discuss how the budget relates to the Forest Service Natural Resource Agenda which encompasses many of the critical issues facing us. First, let me provide a brief thumbnail sketch of the overall budget, and then concentrate on high points relative to the Natural Resource Agenda.

Overall, the President's Budget for the Forest Service proposes an increase of 2 percent in discretionary funds. We will manage the 191.6 million acres of forests and grasslands and a \$30 billion infrastructure with a work force which is 2 percent smaller than in FY 1998. We will provide services in support of approximately 860 million visits annually by the public. We will manage a road system consisting of 373,000 miles used by 1.7 million vehicles daily for the purpose of recreation. With the total Forest Service budget of \$3.3 billion, we will provide conservation leadership that emphasizes watershed health and sustainability of services and products that come from the national forests. The budget includes Presidential Initiatives that provide \$127.3 million for support of such priorities as: the Clean Water Action Plan; recreation; road, trail, and facility maintenance; and research. In addition, there are funding increases in other important areas, such as hazardous fuels reduction, and wildlife and fisheries habitat management.

With that brief overview, let me talk about the budget in the context of the natural resource agenda. The Agenda is tiered to the goals and objectives described in our Strategic Plan prepared under the requirements of the Government Performance and Results Act (GPRA). The Agenda identifies and prioritizes areas of emphasis within the objectives of our strategic plan. The strategic plan at the national level, and the forest plans at the local level, set land management direction for the Forest Service. Fulfilling the Agenda will help strengthen the confidence of our constituents in the Forest Service's ability to manage our public land.

The four key emphasis areas of the Natural Resource Agenda are:

1. Watershed Health and Restoration
2. Sustainable Forest Management
3. National Forest Road System
4. Recreation

Watershed Health and Restoration

Let me start by discussing Watershed Health and Restoration, which is one of the primary reasons for creation of the national forests. For many years, our nation's approach to conservation was based on the premise that we must protect the best of what remains as exemplified by progressive laws which created wilderness areas and wild and scenic rivers. Healthy watersheds are the foundation for sustainable multiple use management, including providing clean water for people and other outputs. Sustaining the health of the land must be our overriding priority. Compared to FY 1998, the President's Budget contains important funding increases to accelerate this part of the Agenda, such as:

- A \$12.6 million increase to provide an additional 12,000 acres of watershed improvements and expand hazardous materials management.
- A \$15 million (or 30 percent) increase for hazardous fuels reduction, a critical tool for restoring forest health. This will result in a reduction of fuels on almost 1.5 million acres. The proposed FY 1999 program builds on strong support Congress shows in the FY 1998 Appropriations Act for hazardous fuels reduction.
- A \$20 million increase in Rangeland Vegetation Management. The increase would allow the Forest Service, in partnership with other USDA and Interior agencies, to begin the first year of a multi-year cooperative effort to address both the status and the restoration of rangelands. It would provide for the restoration of approximately 42,000 acres of range vegetation through non-structural improvements in the Western States, and the control of noxious weeds on 55,000 acres.
- Increases for both the Road Maintenance Program and the Road Reconstruction and Construction program focused on improving watershed health and public safety. I will discuss these important programs in more detail later in this testimony.

Only by accepting our responsibility for maintaining watershed health can we move forward with a more balanced approach to watershed protection and the provision of grazing, timber, and other outputs. I have often said that on a national scale our nation's forest and grasslands are basically healthy. But there are areas where deterioration is of great concern. We take this responsibility seriously, and we are taking action. For example, on the Clearwater National Forest, the winter storms of 1995 and 1996 produced erosion on old logging roads that caused considerable watershed damage. The Forest is working with the Northwest Power Planning Council, the Nez Perce Tribe, and local agencies to plan and identify funding for the obliteration of 200 miles of these roads over the next two years.

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The second point I want to address in the Natural Resource Agenda is Sustainable Forest Management. Two thirds of the nation's forest land is managed by owners other than the Federal government. Sustainable forest management cannot be achieved in the U.S. without full engagement by all forest landowners. Only by forming coalitions among communities, conservationists, industry, and all levels of government can we address the complexity of achieving sustainability across the landscape.

The President's FY 1999 budget supports the effort to achieve sustainable forest management in a number of areas, such as:

- An increase of \$10 million for Forest and Rangeland Research with primary emphasis given to: accelerating annualized inventories and improving analytical capability under the Forest Inventory Analysis program (FIA); expanding the forest health monitoring program and accelerating integration with FIA; and, increasing research critical to better understanding and mitigating the impacts of climate change as it relates to forests and rangelands;
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In addition, using our own inventory and monitoring data, and collaborating with other land management agencies and organizations, we plan to develop a national report on the condition of the Nation's forests based on the Criteria and Indicators for Sustainable Management of Temperate and Boreal Forests. These non-legally binding criteria and indicators

(C&I) are endorsed by a number of countries -- such as the United States, Canada, Japan, Australia, Russia, and others-- that contain 90 percent of the world's temperate and boreal forests and 60 percent of all forests on the globe. The C&I provide a common understanding of what is meant by sustainable forest management and a common framework for evaluating progress toward achieving sustainability. A broad array of U.S. stakeholders, including State Foresters, and environmental and industry groups support use of the C&I.

National Forest Road System

Mr. Chairman, now let me turn to the third area of the Natural Resource Agenda. That area is the National Forest Road System. Needless to say this issue has received extensive attention since I announced development of a new road management policy in January 1998. Unfortunately, the majority of this attention has focused on the proposed interim policy for road construction in roadless areas. I know many on this Committee are very concerned about that policy. Mr. Chairman, this proposed interim rule is only one of several important aspects of this forest roads proposal. By concentrating on the roadless policy, attention has been diverted away from the broader issue of managing overall road access. That is unfortunate because the forest road system is, in many places, the best of the rural transportation system. We must do a better job of meeting these local needs.

I am very concerned about the condition of the forest road system. Today, our road system accommodates 1.7 million vehicles per day that are being driven for recreational purposes. This is 10 times the traffic experienced in 1950. This compares to 15,000 vehicles per day for timber related activities, which is about the same as the 1950 level. While recreation related vehicle use has increased, today there are 7,600 less miles of road available to passenger type vehicles than in 1991. Our inability to fully maintain the roads we have has resulted in the gradual degradation of the road system. The Forest Service has a road maintenance and reconstruction backlog of over \$10 billion. It is a plain and simple fact that we have not been fully funded to care for the roads we currently have, and poorly maintained roads can seriously degrade watersheds and pose a threat to public safety. We are proposing to begin to reverse this trend through improved management policies, and our budget priorities.

The Forest Service is seeking public input on the scope and nature of a proposed revision of the national forest system road management policy. In proposing this, we have asked for feedback on three expected outcomes. First, as fewer forest roads are built today, we will ensure they are built to minimize adverse environmental effects. Second, existing roads that are no longer needed or that cause significant environmental damage will be removed. Third, roads that are most heavily used by the public will be made safer, and any adverse impacts on water quality, aquatic habitat, and fisheries, will be reduced.

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The President's Budget supports the need to improve management of the road system we currently have and need to maintain. For example, the budget proposes:

- An increase in the Roads Reconstruction and Construction Program of \$8 million (or 9 percent). The increase will be focused on road reconstruction to protect and restore watersheds, improve safety, and provide appropriate access for utilization of forest resources.
- A \$22 million (or 26 percent) increase in the Road Maintenance program that would fund the decommissioning of 3,500 miles of roads, which is less than 10 percent of the total need identified by the Agency. It would also increase the percent of system roads maintained to standard from 38 percent in FY 1998 to 45 percent in FY 1999.

Recreation

Mr. Chairman, the fourth and last emphasis item in the Natural Resource Agenda is Recreation. The President's Budget provides strong support for the recreation program and contains important proposals to permanently implement the many successes we have found with new recreation initiatives. The national forests and grasslands are the largest supplier of outdoor recreation opportunities in America. With the majority of Americans easily able to access National Forest System land from practically anywhere in the country, it is clear the national forests are America's backyard for recreation. The national forests had more than 800 million visits in FY 1997, and we expect this demand to increase to 1.2 billion visits over the next 50 years.

The President's Budget recognizes the important challenges represented by this increasing demand for recreation, and has proposed a \$21.1 million increase in the Recreation Use Program over the enacted amount in FY 1998. A priority emphasis for these funds is the maintenance of recreation sites, such as restoration and replacement of water and sanitation facilities, as well as high priority trail maintenance in wilderness and non-wilderness areas. We are using appropriated funds, fees generated from the Recreation Fee Demonstration program, support from partnerships, and other measures to address our critical recreation program needs. For example, funds generated under the Recreation Fee Demonstration program on the Siuslaw National Forest were used to rehabilitate resource damage to meadows around Mary's Peak Recreation Area, upgrade garbage collection services and add restrooms at the Sandlake Recreation Area, and complete resource restoration work and maintain facilities at the Oregon Dunes.

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Also in the FY 1999 budget is a proposal to permanently authorize Forest Service retention and use of receipts from recreation sites, including that portion of the Land and Water Conservation Fund receipts outside of the Recreation Fee Demonstration pilot program. We estimate that beginning in FY 2000, total resources generated under this proposal will be about \$26 million.

Other Key Budget Related Issues

We are very aware of the importance of revenues to county governments and the effects upon the local economies when their sources of revenues diminish. As timber production on the national forests has declined in recent years, the payments generated by the forests have dropped in some cases precipitously. The Congress recognized this in 1993 by enacting special legislation for the spotted owl forests which provided an annually declining percentage of average 1986-1990 receipt-sharing payments for the affected areas. In 1997 that guarantee dropped to 76 percent, and it will decline to 70 percent in 1999 under the current legislation.

In order to provide all county governments with a predictable level of payments from the national forests, the Administration is proposing legislation to stabilize the payments. Our FY 1999 proposal will fix payments at \$270 million, which is \$37 million above the amount paid based on 1997 receipts. This figure of \$270 million is based on providing each county with the guarantee currently extended to the owl forests of 76 percent of the 1986-1990 average payment. For those counties where the 1997 payment was greater than that amount, the payment would be frozen at the 1997 level. The program will continue to be funded by a permanent appropriation to ensure that payments will not decline in future years. I understand that some counties located in the Eastside project area of the Interior Columbia Basin Ecosystem Management Project have written to the Office of Management and Budget asking for stability in their 25 percent payments. We would like to work with you to design a fair system for these and all counties.

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

Contact: Thelma Strong

Modified: 4/3/98

STATEMENT OF MIKE DOMBECK, CHIEF**FOREST SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE**

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**March 26, 1998**

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, FFIS, 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.

Contact: Thelma Strong

Modified: 4/3/98

STATEMENT OF MIKE DOMBECK, CHIEF, FOREST SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE**SENATE INTERIOR AND RELATED AGENCIES APPROPRIATIONS SUBCOMMITTEE****FOREST SERVICE FISCAL YEAR 1999 BUDGET****April 23, 1998 Hearing**

Mr. Chairman, Senator Byrd, and Members of the Committee:

I appreciate the opportunity to appear before you today to talk about the President's Fiscal Year (FY) 1999 Budget.

I have had the honor of serving as Chief of the Forest Service for the past 16 months. During that time I have worked hard to focus our direction toward these broad goals:

- Restoring and maintaining the health of the land;
- Ensuring accountability for what we do on the land, our financial resources and business systems, and the civil rights of our employees; and,
- Promoting collaborative stewardship, partnerships, and decisions based on the best science.

I realize philosophical differences exist over how best to achieve these goals, or perhaps over the goals themselves. I believe that even as we recognize these differences, it is important to maintain good working relationships.

Mr. Chairman, in my testimony today, I want to concentrate on the important elements of the President's Budget and how it relates to the Forest Service Natural Resource Agenda, and also discuss the Agency's financial management systems and the improvements that are needed. First, let me provide a brief thumbnail sketch of the overall budget.

Overall, the President's Budget for the Forest Service proposes an increase of 2 percent in discretionary funds. We will manage the 191.6 million acres of forests and grasslands and a \$30 billion infrastructure with a work force which is 2 percent smaller than in FY 1998. We will provide services in support of approximately 860 million visits annually by the public. We will manage a road system consisting of 373,000 miles used by 1.7 million vehicles daily for the purpose of recreation. With the total Forest Service budget of \$3.3 billion, we will provide conservation leadership that emphasizes watershed health and sustainability of services and products that come from the national forests. The budget includes Presidential Initiatives that provide \$127.3 million for support of such priorities as: the Clean Water Action Plan; recreation; road, trail, and facility maintenance; and research. In addition, there are funding increases in other important areas, such as hazardous fuels reduction, and wildlife and fisheries habitat management.

Forest Service Natural Resource Agenda

With that brief overview, let me talk about the budget in the context of the Forest Service Natural Resource Agenda. The Agenda is tiered to the goals and objectives described in our Strategic Plan prepared under the requirements of the Government Performance and Results Act (GPRA). The Agenda identifies and prioritizes areas of emphasis within the objectives of our strategic plan. The strategic plan at the national level, and the forest plans at the local level, set land management direction for the Forest Service. Fulfilling the Agenda will help strengthen the confidence of our constituents in the Forest Service's ability to manage our public land.

The four key emphasis areas of the Natural Resource Agenda are:

1. Watershed Health and Restoration
2. Sustainable Forest Management
3. National Forest Road System
4. Recreation

Watershed Health and Restoration

Let me start by discussing Watershed Health and Restoration, which is one of the primary reasons for creation of the national forests. For many years, our nation's approach to conservation was based on the premise that we must protect the best of what remains as exemplified by progressive laws which created wilderness areas and wild and scenic rivers. Healthy watersheds are the foundation for sustainable multiple use management, including providing clean water for people and other outputs. Sustaining the health of the land must be our overriding priority. Compared to FY 1998, the President's Budget contains important funding increases to accelerate this part of the Agenda, such as:

- A \$12.6 million increase to provide an additional 12,000 acres of watershed improvements, and expand clean-up of hazardous substances sites that impact natural resources and public health and safety.
- A \$15 million (or 30 percent) increase for hazardous fuels reduction, a critical tool for restoring forest health. This will result in a reduction of fuels on almost 1.5 million acres. The proposed FY 1999 program builds on strong support Congress shows in the FY 1998 Appropriations Act for hazardous fuels reduction.
- A \$20 million increase in Rangeland Vegetation Management. The increase would allow the Forest Service, in partnership with other USDA and Interior agencies, to begin the first year of a multi-year cooperative effort to address both the status and the restoration of rangelands. It would provide for the restoration of approximately 42,000 acres of range vegetation through non-structural improvements in the Western States, and the control of noxious weeds on 55,000 acres.
- Increases for both the Road Maintenance Program and the Road Reconstruction and Construction program focused on improving watershed health and public safety. I will discuss these important programs in more detail later in this testimony.

Only by accepting our responsibility for maintaining watershed health can we move forward with a more balanced approach to watershed protection and the provision of grazing, timber, and other outputs. I have often said that on a national scale our nation's forest and grasslands are basically healthy. But there are areas where deterioration is of great concern. We take this responsibility seriously, and we are taking action. For example, on the Clearwater National Forest, the winter storms of 1995 and 1996 produced erosion on old logging roads that caused considerable watershed damage. The Forest is working with the Northwest Power Planning Council, the Nez Perce Tribe, and local agencies to plan and identify funding for the obliteration of 200 miles of these roads over the next two years.

Sustainable Forest Management

The second point I want to address in the Natural Resource Agenda is Sustainable Forest Management. Two thirds of the nation's forest land is managed by owners other than the Federal government. Sustainable forest management cannot be achieved in the U.S. without full engagement by all forest landowners. Only by forming coalitions among communities, conservationists, industry, and all levels of government can we address the complexity of achieving sustainability across the landscape.

The President's FY 1999 budget supports the effort to achieve sustainable forest management in a number of areas, such as:

- An increase of \$10 million for Forest and Rangeland Research with primary emphasis given to: accelerating annualized inventories and improving analytical capability under the Forest Inventory Analysis program (FIA); expanding the forest health monitoring program and accelerating integration with FIA; and, increasing research critical to better understanding and mitigating the impacts of climate change as it relates to forests and rangelands;
- Funding increases for a number of State and Private Forestry programs to help individual landowners, communities, and States capture the benefits of trees and forests through planning and stewardship. These programs include the Forest Stewardship Program, Stewardship Incentives Program, Forest Legacy Program, and the Urban and Community Forestry Program.

In addition, using our own inventory and monitoring data, and collaborating with other land management agencies and organizations, we plan to develop a national report on the condition of the Nation's forests based on the Criteria and Indicators for Sustainable Management of Temperate and Boreal Forests. These non-legally binding criteria and indicators (C&I) are endorsed by a number of countries -- such as the United States, Canada, Japan, Australia, Russia, and others-- that contain 90 percent of the world's temperate and boreal forests and 60 percent of all forests on the globe. The C&I

provide a common understanding of what is meant by sustainable forest management and a common framework for evaluating progress toward achieving sustainability. A broad array of U.S. stakeholders, including State Foresters, and environmental and industry groups support use of the C&I.

National Forest Road System

Mr. Chairman, now let me turn to the third area of the Natural Resource Agenda. That area is the National Forest Road System. Needless to say this issue has received extensive attention since I announced development of a new road management policy in January 1998. Unfortunately, the majority of this attention has focused on the proposed interim policy for road construction in roadless areas. I know many on this Committee are very concerned about that policy. Mr. Chairman, this proposed interim rule is only one of several important aspects of this forest roads proposal. By concentrating on the roadless policy, attention has been diverted away from the broader issue of managing overall road access. That is unfortunate because the forest road system is, in many places, the best of the rural transportation system. We must do a better job of meeting these local needs.

I am very concerned about the condition of the forest road system. Today, our road system accommodates 1.7 million vehicles per day that are being driven for recreational purposes. This is 10 times the traffic experienced in 1950. This compares to 15,000 vehicles per day for timber related activities, which is about the same as the 1950 level. While recreation related vehicle use has increased, today there are 7,600 less miles of road available to passenger type vehicles than in 1991. Our inability to fully maintain the roads we have has resulted in the gradual degradation of the road system. The Forest Service has a road maintenance and reconstruction backlog of over \$10 billion. It is a plain and simple fact that we have not been fully funded to care for the roads we currently have, and poorly maintained roads can seriously degrade watersheds and pose a threat to public safety. We are proposing to begin to reverse this trend through improved management policies, and our budget priorities.

The Forest Service has sought public input on the scope and nature of a proposed revision of the national forest system road management policy. In proposing this, we asked for feedback on three expected outcomes. First, as fewer forest roads are built today, we will ensure they are built to minimize adverse environmental effects. Second, existing roads that are no longer needed or that cause significant environmental damage will be removed. Third, roads that are most heavily used by the public will be made safer, and any adverse impacts on water quality, aquatic habitat, and fisheries, will be reduced.

We have also sought public input on our interim roadless proposal to temporarily halt road construction in most areas of the national forest system that do not presently have roads. This proposal recognizes that we cannot afford to manage our existing road system. We will use this time to engage the Congress and the American people in a constructive dialogue about where and when new roads should be built on national forests.

The President's Budget supports the need to improve management of the road system we currently have and need to maintain. For example, the budget proposes:

- An increase in the Roads Reconstruction and Construction Program of \$8 million (or 9 percent). The increase will be focused on road reconstruction to protect and restore watersheds, improve safety, and provide appropriate access for utilization of forest resources.
- A \$22 million (or 26 percent) increase in the Road Maintenance program that would fund the decommissioning of 3,500 miles of roads, which is less than 10 percent of the total need identified by the Agency. It would also increase the percent of system roads maintained to standard from 38 percent in FY 1998 to 45 percent in FY 1999.

Recreation

Mr. Chairman, the fourth and last emphasis item in the Natural Resource Agenda is Recreation. The President's Budget provides strong support for the recreation program and contains important proposals to permanently implement the many successes we have found with new recreation initiatives. The national forests and grasslands are the largest supplier of outdoor recreation opportunities in America. With the majority of Americans easily able to access National Forest System land from practically anywhere in the country, it is clear the national forests are America's backyard for recreation. The national forests had more than 800 million visits in FY 1997, and we expect this demand to increase to 1.2 billion visits over the next 50 years.

The President's Budget recognizes the important challenges represented by this increasing demand for recreation, and has

proposed a \$21.1 million increase in the Recreation Use Program over the enacted amount in FY 1998. A priority emphasis for these funds is the maintenance of recreation sites, such as restoration and replacement of water and sanitation facilities, as well as high priority trail maintenance in wilderness and non-wilderness areas. We are using appropriated funds, fees generated from the Recreation Fee Demonstration program, support from partnerships, and other measures to address our critical recreation program needs. For example, funds generated under the Recreation Fee Demonstration program on the Siuslaw National Forest were used to rehabilitate resource damage to meadows around Mary's Peak Recreation Area, upgrade garbage collection services and add restrooms at the Sandlake Recreation Area, and complete resource restoration work and maintain facilities at the Oregon Dunes.

I want to briefly discuss the Recreation Fee Demonstration program. In FY 1997, approximately 35 million visits occurred on the 40 sites currently operating under the program. An additional 43 sites will be added in FY 1998. In FY 1997 the Forest Service collected over \$7 million of which \$3.7 million will be expended for maintenance work. The remainder will be used for enhanced services. We expect collections to increase in FY 1998 to approximately \$18 million. These collections are critical for helping us provide the services American's expect from the national forests. However, let me emphasize that America's recreational use of the national forests is highly dispersed. Those 35 million visits to Recreation Fee Demonstration sites represent only 4 percent of the total recreation visits on the national forests. American's expect a lot from us in terms of the quality of their recreation experience, for both dispersed use and at fee sites. The President's Budget recognizes those expectations. The budget proposes increased appropriations for recreation and assumes that the Recreation Fee Demonstration Project receipts will be used in addition to appropriated funds as the authorizing statute intended; otherwise, the backlog will continue to grow.

Also in the FY 1999 budget is a proposal to permanently authorize Forest Service retention and use of receipts from recreation sites, including that portion of the Land and Water Conservation Fund receipts outside of the Recreation Fee Demonstration pilot program. We estimate that beginning in FY 2000, total resources generated under this proposal will be about \$26 million.

Payments to States Proposal

We are very aware of the importance of revenues to county governments and the effects upon the local economies when their sources of revenues diminish. As timber production on the national forests has declined in recent years, the payments generated by the forests have dropped in some cases precipitously. The Congress recognized this in 1993 by enacting special legislation for the spotted owl forests which provided an annually declining percentage of average 1986-1990 receipt-sharing payments for the affected areas. In 1997 that guarantee dropped to 76 percent, and it will decline to 70 percent in 1999 under the current legislation.

In order to provide all county governments with a predictable level of payments from the national forests, the Administration is proposing legislation to stabilize the payments. Our FY 1999 proposal will fix payments at \$270 million, which is \$37 million above the amount paid based on 1997 receipts. This figure of \$270 million is based on providing each county with the guarantee currently extended to the owl forests of 76 percent of the 1986-1990 average payment. For those counties where the 1997 payment was greater than that amount, the payment would be frozen at the 1997 level. The program will continue to be funded by a permanent appropriation to ensure that payments will not decline in future years. I understand that some counties located in the Eastside project area of the Interior Columbia Basin Ecosystem Management Project have written to the Office of Management and Budget asking for stability in their 25 percent payments. We would like to work with you to design a fair system for these and all counties.

Financial Management Systems

As I mentioned earlier, one of my goals is to improve our financial management and business systems.

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.

The Forest Service operates on an accumulation of faulty or outdated information systems -- some more than 20 years old - - that are not integrated to perform the analysis to make sound decisions, and verify accountability. All of our corporate

processes and information must be linked in an integrated, performance-based framework.

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.

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). 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, I commissioned a study by the Coopers and Lybrand accounting firm to review our financial management situation. Their report, released in March, makes recommendations on streamlining and clarifying our financial management systems. I intend to carefully review these recommendations and take appropriate action to strengthen financial management in the Forest Service.

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.

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

Contact: Robert Lueckel

Modified: 4/29/98

State and Private Forestry Programs and Financial Management

Statement Of Mike Dombeck, Chief

Forest Service, United States Department Of Agriculture

before the Committee on Agriculture, United States Senate

September 23, 1998

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

We welcome the opportunity to come before this Committee to discuss state and private forestry programs and financial management. I am accompanied today by Michael T. Rains, the State and Private Forestry Northeast Area Director; Francis P. Pandolfi, the agency's Chief Operating Officer; and Vincette Goerl, the Chief Financial Officer (CFO). Both Francis and Vincette hold newly established positions on my executive team, reflecting the priority the Secretary and I have placed on getting our financial house in order.

State and Private Forestry

I would like to address the role of State and Private Forestry stressing two key points:

- We are increasing our emphasis on stewardship of nonfederal forests to meet the nation's increasing demand for goods and services; and
- We have an aggressive action plan in place to increase the health and sustainability of federal and nonfederal forests.

The State and Private Forestry (S&PF) programs are important tools for monitoring, managing, protecting, and better using America's forests, with emphasizing nonfederal forestland stewardship. These programs bring forestry to all land managers -- small woodlot owners, Tribal foresters, State and local agencies, and federal managers -- in efficient, nonregulatory ways -- providing technical and cost-sharing financial assistance, about \$160 million in 1998.

Forest Service funds for technical and financial assistance are leveraged to help produce a variety of forest-based goods and services, including recreation, wildlife and fish, biological diversity and timber, to help meet domestic and international needs of a global economy. While the demand for goods and services from our public and private forestland is increasing, the supply of forest products and amenities is shifting dramatically. Federal lands will continue to produce significantly less commercial timber and significantly more recreation opportunities in the years to come than in the past. Private lands, both industrial and non-industrial, will provide a relatively greater share of future demands for all natural resources.

Nonfederal forest lands comprise 66 percent, or 490 million acres of the nation's forest lands. Today, 9.9 million private forest landowners supply nearly 90 percent of the Nation's domestic wood supply. Each year, 80 percent of all wildland fires and 50 percent of all acres burned occur on nonfederal land. Nearly half of all listed threatened and endangered animal species make their home on non-industrial private land.

Despite their importance, less than 20 percent are managed professionally to sustain health and productivity. This must change. Our goal is to assist landowners to increase the amount under management to sustain the health and productivity of nonfederal forests.

Traditionally, the S&PF focus has been rural; however, America's urban forests play a key role in the vitality of the environment where over 80 percent of the nation's population lives. With about 60 million acres of urban forests across the country, the Urban and Community Forestry program is becoming increasingly important to the agency.

If the state and private forest lands are to continue to be a sustainable and integral part of America's landscape, the time to act boldly is now. Providing technical and financial assistance to landowners to help them make informed decisions will assure that forested lands continue to provide a variety of goods and services including clean water and air, corridors and habitat for wildlife, plant and animal diversity, and community character.

Without focused attention on all of America's forests, we will be faced with loss of life and property from increased fires; inadequate wood supplies; increased threats by non-native pests; inadequate water supplies; excessive soil erosion, flooding, and poor water quality; loss of wildlife and fish habitat and plant and animal biodiversity; and incompatible economic development.

An Emphasized State and Private Program

I asked Phil Janik, the Deputy Chief for State and Private Forestry, and the State and Private Forestry leadership to shape a bold program to address the enormous stewardship needs on nonfederal forests. This new *Forest Service Action Strategy for State and Private Forestry Services* will set our priorities -- tiering to the Forest Service Natural Resource Agenda -- emphasizing watershed health, sustainable forest management and recreation. The highlights of the strategy are:

- **Sustainable Natural Resources and Communities** - to provide leadership and coordination, focusing on integrating principles of sustainability with all Forest Service programs.
- **Watershed Issues and Conditions** - to lead the development of a cohesive and coordinated approach on all lands.
- **Urban Forest Resources** - to expand program delivery to cities and towns, improve technical assistance, and implement forest health monitoring in urban ecosystems.
- **Forest Information for Landowners and Managers** - to improve and manage forest information available to landowners and managers, including inventorying, monitoring, and assessment efforts.
- **Tribal Government Relations** - to improve government-to-government relations, pursue partnerships, research, and technical assistance, and establish two-way exchanges of information.

The strategy identifies other issues in addition to these top five priority items, including controlling non-native invasive species; fire control in the wildland-urban interface; helping rural communities diversify and strengthen their economic base; improving agency-wide program delivery; creating new and nontraditional partnerships; more sharply focusing landowner assistance and outreach; improving integration of national and international programs to address global issues; and improving natural resource conservation education.

The Natural Resource Agenda and the S&PF Action Strategy respond to the special study by the National Research Council of the National Academy of Sciences, called "**Forested Landscapes: Prospects and Opportunities for Sustainable Management of America's Nonfederal Forests**." The study made 21 recommendations, including the need for stronger Federal participation in the stewardship of nonfederal lands. We will share more about our action plan as it is finalized.

Today, I have outlined a significant challenge for State and Private Forestry, that, for the first time, begins to position the Forest Service and States to advance our nation's forest management on Federal and nonfederal lands.

Fiscal Accountability and Financial Management

We recognize the financial management challenges facing the Forest Service. Until recently, we had not dedicated the same time and attention to accountability and financial management as we have to the natural resources, which we manage so well. That has changed. Financial management is at the top of my list of priorities, especially after reviewing audits by USDA Office of Inspector General (OIG), numerous studies performed by the General Accounting Office (GAO), Congressional oversight hearings, our own inability to answer questions regarding our programs, and our inability to tell the public what they are getting for their money. In fact, the 1997 GAO report on decision making at the Forest Service stated:

The Forest Service has not given adequate attention to improving its decision making process. Managers are not held accountable and the agency must request more funds to accomplish fewer objectives.

We realized, that this very important function of the Forest Service deserves the same attention that has been given to natural resource management for almost a century, but we first needed to have the necessary skills to focus on these

problems and turn the situation around. I hired Francis Pandolfi as the Chief Operating Officer and Vincette Goerl as the Chief Financial Officer, to lead this effort. These are newly created positions in the Agency, established to carry out my commitment to Congress and the American people to correct these problems. I am pleased to say that we are already having successes based on their rapid response to our financial crisis.

I commissioned Coopers and Lybrand to study the situation and bring back recommendations. They did that in March, 1998. Francis took these recommendations and the many GAO and OIG studies and put together a team of Forest Service employees, called the Business Action Team, to determine how these recommendations would be implemented. The recommendations from this team were published on

July 29 (Project Ponderosa Business Action Team Report) and we are now implementing them.

Accountability

To solve the problem of accountability, we are focusing our attention exclusively on four areas:

- We need **resource priorities** on which there is general agreement. For this, the Natural Resource Agenda was created and is being implemented. Without a clear road map, the agency cannot focus on its commitments and then be held accountable for them. The Natural Resource Agenda allows the agency to focus its efforts and pinpoint accountability much more accurately.
- We need **properly trained employees** working on the resource priorities, people who understand the need for business management as readily as they understand the need for natural resources management. For this, we created a Human Resources Team to focus proper human resources on our problems. Their recommendations are complete and are being implemented.
- We need **accurate, current information**, resource and financial, to run the agency. For this, we put together a Business Action Team to create the required procedures in the financial area. Its recommendations are complete and are in the early stages of implementation.
- We need to operate in **partnership** with Congress, other government agencies and constituent groups. For this, we will solicit input from each of our partners and keep them up to date on the changes we are making.

In order to increase accountability, we also need to make organizational changes. We streamlined the internal decisionmaking process and reduced the number of direct reports to me. We received approval to fill all vacant Senior Executive Service (SES) positions which were critical to decisionmaking and accountability. We are hiring people in fiscal, budget, and accounting to restore the skills necessary to execute our actions. We are training line managers and other non-financial managers to gain competency in the area of fiscal accountability.

Financial Management

The Forest Service's financial system is extremely and unnecessarily complex. As Coopers and Lybrand said:

The current financial processes fail to produce useful and consistent information across the agency because the Forest Service has wanted the processes and systems to do too much, trying to provide answers to almost every conceivable question. This creates an exorbitant amount of raw data, while still missing what is important - consolidation of data across the agency in a consistent manner. This is nearly impossible in the current environment due to inconsistent application of definitions and procedures.

We need to simplify, improve, and standardize financial management in the Forest Service in order to produce reliable, current, and easy-to-use reports for management and constituent -- fundamental steps so we can run the agency more efficiently. This will not be an easy task. It requires behavioral change, one of the most difficult management challenges. Once our financial management system is revamped, we can set and follow priorities more effectively and will be able to put more dollars toward projects that contribute to the health of the land.

Actions in Progress

We are extremely pleased with the initial progress that we are making. We have substantially upgraded the data entered into our systems from field locations and the Washington office. This has been verified by the OIG. Also, the real property inventory is about to be completed and validated. Our complex accounting code structure has been simplified on our pilot units implementing Federal Foundation Information System (FFIS).

Section 328 of the FY 1999 Senate Interior and Related Agencies' Appropriations bill includes language that would require the Forest Service to obtain a separate general ledger system, independent of the USDA general ledger system. Mr. Chairman, we strongly oppose this provision since USDA is working cooperatively with the Office of the Chief Financial Office, the USDA National Finance Center (NFC), and a private contractor to implement USDA's general ledger system, FFIS. FFIS is a fully integrated financial management information system that has been successfully implemented in numerous Federal agencies. The Forest Service is providing the pilot project for the system prior to its implementation throughout USDA. Since the Forest Service was selected as a pilot unit in 1994, substantial financial and personnel resources have been expended on the project throughout USDA. When the Department's implementation of FFIS is complete at NFC, the Forest Service and all USDA agencies will have a single, integrated financial accounting system for administrative activities that is compliant with the United States Government Standard General Ledger of Accounts.

We will also fully implement the All Resources Reporting system that will display revenue and cost information for specific programs.

We have learned from the recommendations from Coopers and Lybrand and the Business Action Team that the Forest Service has most of what is needed to improve the way we do business, such as the ability to distribute the budget early before the beginning of the fiscal year, simplify work activity codes, reduce accounting codes, clean up definitions such as direct and indirect costs, and assure compliance with policy and regulation. For these actions resting within our authority, we are confident that improvements will happen swiftly.

Our goal is to have good information. Without good information, we will not be able to honestly and accurately report to our customers how we spend their money and for what reasons.

These few steps will make major improvements in our financial information and accountability in the future, but additional changes are needed to continue our path to sound financial management and improved accountability.

Budget Restructure

All of our actions to improve financial management to date have been in areas we can control. While we make internal improvements, we will also propose other changes which will require Congressional approval. I would like to reiterate, that without cooperation from Congress and our stakeholders, we cannot successfully achieve the financial management and accountability improvement goals I described earlier. First, we will propose changes to the budget structure that will integrate the agency's ecosystem-based objectives with its long and short term strategic plans including the Forest and Rangeland Renewable Resources Planning Act (RPA) and the Government Performance and Results Act (GPRA), and its financial information. We must have a budget structure that allows us to have accurate tracking of outcomes and performance, as well as expenditures.

We need a budget structure more directly tied and integrated with the Forest Service mission, not the compartmentalized budget of today. This will enable a more holistic approach to land management and will save time and energy we can devote to our core mission.

The benefits of budget restructuring will also increase field level decisionmaking, better allowing local managers to set priorities, linking forest plans and budgets, and improving accountability. The benefits to Congress will be greater influence on outcomes on the ground, rather than on accounting practices.

Commitment to Change

There is a lot of work to be done, and, Mr. Chairman, change is being made. We take this matter very seriously.

We must have the people and processes in place before you will see results. These changes will not happen overnight. We expect to be fully operational with USDA's new financial system general ledger, skilled people, and a revised accounting

structure by October 1, 1999. What we need from Congress and our customers is patience and trust that we are serious and committed to making these massive changes. Then hold me accountable for what I said we would do.

Closing

We realize that we face a great challenge, but we see it as an opportunity. We are working to improve financial management to achieve a clean opinion on our financial statements. We are changing the dynamics with our partners and the public to be more accountable and less wasteful in managing the resources entrusted to us. In the long run, we will all benefit because we will be in a better position to serve you, especially at the local level.

This ends my testimony. We will be glad to take your questions.

Submitted By: Thelma Strong

Modified: 9/28/98

Statement Of Mike Dombeck, Chief, USDA Forest Service**Before The House Committee On Resources****Forest Service Fiscal Year 2000 Budget****February 23, 1999**

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 focussed 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 nation's 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 recognizes 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.

Submitted by: Bill Anderson
Modified: 3/2/99

**Statement Of Mike Dombeck, Chief
USDA Forest Service**

Before the Senate Committee On Energy And Natural Resources

Forest Service Fiscal Year 2000 Budget

February 25, 1999

Chairman Murkowski, Senator Bingaman, and members of the Committee, thank you for the opportunity to appear before you this afternoon 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. Mr. 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 some key areas: 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.

Mr. 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 untrammeled 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, 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.

Mr. 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 time-out 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.

Mr. 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.

Submitted by: Dick Anderson

Modified: 3/2/99

Statement of Mike Dombeck, Chief, USDA Forest Service**Before the Subcommittee on Forests and Forest Health, Committee on Resources
United States House of Representatives**

Regarding the Final Report of the Committee of Scientists

March 16, 1999

Madam Chairman and Members of the Subcommittee: I appreciate the opportunity to join Under Secretary Lyons and Dr. Norman Johnson, Chairman of the Committee of Scientists, as we discuss the Committee of Scientists' final report. I will share with you my expectations for taking the report's scientific and technical recommendations and drafting a new set of planning regulations.

Background

I believe the Forest Service's 192 million acres of national forests and grasslands should be the model for other landowners and other nations about how we can live in productive harmony with the lands and waters that sustain us all.

The National Forest System (NFS), comprising public land in 42 States and Puerto Rico consists of 155 National Forests, 20 National Grasslands, and other lands under the jurisdiction of the Secretary of Agriculture. These lands provide a variety of public uses and an enduring supply of goods and services for the American people consistent with its statutory mandates.

During the twenty three years since the National Forest Management Act's (NFMA) enactment, uses of public lands have increased and much has been learned about the planning and management of National Forest System lands. NFMA's premise of land and resource management planning promoted public participation and improved interdisciplinary management of resource stewardship. Nonetheless, based on our knowledge today, we now know we can do an even better job of integrating science and the public's participation for the next round of forest planning.

Land and resource management planning cannot, and should not, be expected to resolve all problems; however, improved planning can refine the focus of many issues, expand available choices, and enhance public service.

Common Ground

So much of the debate over natural resources today seems to focus on those things about which people disagree. Yet, as I am sure you will agree, there is common ground for us to walk on and chart a new course toward sustainability. After nearly two years of study, the Committee of Scientists' report illustrates that there are many similarities in various perspectives on how to manage our national forests and grasslands.

We all share the belief that we cannot allow multiple use of these lands to diminish the land's productivity. Moreover, the land's ability to support communities depends on taking care of the land's health, diversity, and productivity. This certainly is consistent with the multiple use, sustained yield mandate.

To achieve this balance, we must build the capacity for stewardship among communities of place and communities of interest.

The best available science from all sources must be used to help identify options for decisions on the landscape. Additionally, we would likely all agree that continued multiple use management of our national forests and grasslands is appropriate.

The American people are less concerned about encyclopedic environmental impact statements and phone book size forest plans than they are about tangible results such as cleaner water, better habitat, abundant populations of fish and wildlife,

stable soils, and so on. That is the essence of the Forest Service natural resource agenda. Combined with the recommendations of the Committee of Scientists, we will craft a new set planning regulations that better meets the expectations of the citizen-owners of public lands.

Development of a New Planning Rule

Forest plans are documents of the public trust, they are the delivery systems for public benefits from national forests and grasslands. Without scientifically based forest planning, the agency cannot provide management that is credible, legally sound, and responsive to public interests.

As stewards of the public trust, we know that our forests and grasslands will confer economic, social, and other benefits on people and communities nationwide only as long as we manage them in a way that maintains their health, diversity, and long term productivity. Forest planning is the pathway to achieving this end result.

Based upon the Committee of Scientists' recommendations, ecological sustainability will lay a critical foundation for fulfilling the intent of laws and regulations guiding the public use and enjoyment of national forests and grasslands.

To promote vibrant ecological, social, and economic environments, our proposed planning regulations will deliver a collaborative planning process designed to engage the public and apply the best available scientific information.

We will build upon over two decades of experience and advice regarding the principles and practice of land and resource planning and management.

We will simplify and streamline the current planning process. It will facilitate conversation rather than confuse; encourage rather than impede communication.

Watershed maintenance and restoration are the oldest and highest callings of the Forest Service. The agency is, and always will be, bound to them by law, science, and tradition. The national forests truly are, the headwaters of the nation. I mention this because I firmly believe that if we take care of our watersheds, if we allow them to perform their most basic functions of catching, storing and safely releasing water over time, they will take care of us. Hence it is my expectation that future forest plans will develop strategies and document how we will:

- maintain and restore watershed function, including flow regimes, to provide for a wide variety of benefits from fishing, to groundwater recharge, to drinking water;
- conduct assessments that will characterize current conditions and help make informed decisions about management activities, protection objectives, and restoration potential;
- protect, maintain and recover native aquatic and riparian dependent species and prevent the introduction and spread of non-native species;
- monitor to ensure we accomplish our objectives in the most cost-effective manner, adapt management to changing conditions, and validate our assumptions over time;
- include the best science and research, local communities, partners, tribal governments, states, and other interested citizens in collaborative watershed restoration and management; and
- provide opportunities to link social and economic benefits to communities through restoration strategies.

Many of our forest plans contemplate the use of management regimes which are simply now out of sync with the public's expectations and science. As an example, many forest plans project the use of even-age management or clearcutting, when that practice in many cases, is inconsistent with science and the public's expectations. The Forest Service very much needs to revise its planning regulations to get on with the job of managing these lands consistent with the best science and public needs.

A Forest Service team will employ the committee's recommendations in preparing proposed planning regulations. The planning framework will build on the work of the committee and highlight the role of sustainable natural environments and the actions necessary to provide strong, productive economies, enduring human communities, and the variety of benefits sought by American citizens.

It is anticipated that revisions of the planning manual will accompany or soon follow the proposed planning regulation. Both of these are anticipated for public review and comment this Spring. At that time, we would like to hear from a wide

variety of people regarding our proposed planning procedures.

This concludes my prepared remarks. I am happy to answer any questions you may have.

Submitted by: Kevin Elliot

Modified: 3/17/99

**Statement of Mike Dombeck, Chief
Forest Service, United States Department of Agriculture
Before the Subcommittee on National Parks, Historic Preservation, and Recreation
Committee on Energy and Natural Resources
United States Senate**

**Concerning
Youth Conservation Corps and Youth Job Programs
May 19, 1999**

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am pleased to be here to discuss the Youth Conservation Corps and other youth job programs in the Forest Service. I am accompanied today by Randy Phillips, National Forest System budget coordinator, who has been a district ranger and forest supervisor and who has managed several of the youth job programs I'll talk about today.

The Array of Youth Job Programs

The Forest Service has a long history of managing conservation work programs, many of which are targeted for young people. During the hard times of the 1930's, the Forest Service was one of the leading agencies in the Civilian Conservation Corps (CCC) that employed thousands of workers. We managed the Young Adult Conservation Corps (YACC) program until it ended in 1982. We also have 34 years of experience in running Job Corps Civilian Conservation Centers on National Forests. There are also many opportunities for young women and men to volunteer on local National Forests. The Forest Service has a national agreement with the Student Conservation Association (SCA) and local participating agreements with National Association of Service and Conservation Corps (NASCC) members. Both of these programs provide opportunities for job skill development to predominately high school and college-aged youth. The major summer youth employment program for the Forest Service is the Youth Conservation Corps (YCC) - the Forest Service has participated in this program for 28 years since its inception in 1971. I will describe each program briefly and expand upon the YCC program in particular.

On a personal note, in the late 1970's and early 1980's, I supervised YCC and YACC crews on the Hiawatha National Forest in Michigan. These crews worked on projects such as lake mapping, fish and wildlife habitat improvement, stream restoration, installing fish cribs, trail and campground maintenance, and surveying. The YACC program was a great opportunity for at-risk teenagers and young adults to gain a new perspective on success. YCC and YACC were natural resource education at its best, with hands-on experience that enrollees shared with their family and friends.

Job Corps

Through an agreement with the Department of Labor, the Forest Service operates 18 Job Corps Civilian Conservation Centers, providing basic education and job training to disadvantaged youth between the ages of 16 and 24. The main purpose of the Centers is to produce graduates who are able to find employment, reenter school, or join the military. In 1998, our 18 residential Job Corps Centers provided educational, vocational, and social skills training for 9,373 young adults.

SCA, NASCC, Volunteers

Our partnerships with SCA and NASCC are critical to expanding opportunities for youth to be involved in conservation projects and education. SCA is a public non-profit educational organization that provides young people the chance to volunteer their services for hands-on experience in conservation. In 1998, 338 young people worked in the program. NASCC is the national membership organization for local and state youth corps programs. Through our partnership with them, 51 National Forests nationwide work with 12 different state and local youth corps.

The volunteers program has provided assistance in natural resource protection and management at nominal cost for many years. The Touch America Project (TAP) is a component of the volunteers program. TAP provides the opportunities for youth ages 14-17 to gain work experience and environmental awareness while working on public lands. In 1998, 265 TAP participants served the Forest Service in the volunteer program.

Youth Conservation Corps

The Forest Service operates the Youth Conservation Corps program under the authority of the Youth Conservation Corps Act of 1970, as amended in 1972 and 1974. The law authorizes programs in the Departments of Agriculture and the Interior to provide summer employment for young women and men, aged 15 through 18 years old from all segments of society, and to develop in participating youth an understanding and appreciation of the Nation's natural environment and heritage. Supervisors at each YCC site are required to provide a structured environment awareness program for the youth involved. In addition to earning money, participants have the opportunity to learn to work with others and to experience a sense of accomplishment.

YCC enrollees are paid minimum wage for 40 hours of work per week for a period of 6 to 8 weeks during the summer months. Work projects may vary depending upon the geographical location. As with their predecessors in the CCC, YCC enrollees perform many tasks that would not be accomplished otherwise. YCC programs offer youth opportunities to work in a forest setting as they complete projects in areas such as trail and campground maintenance, campground construction, fence building, tree planting, noxious weed removal, and fish habitat improvement. These projects yield benefits to public lands and to the public. Through involvement in the program, more youth are educated about natural resources and public land management and goodwill is created in the community .

A few examples will highlight the variety and constructive nature of these projects:

- On the Lincoln National Forest in New Mexico, the three person crew and their crew leader installed and repaired thirty one road and trail signs as well as repaired and maintained 29 miles of trails in the White Mountain and Capital Mountains Wilderness areas.
- The partnership between the Deschutes and Ochoco National Forests and the Central Oregon Youth Conservation Corps gave 67 youth the opportunity to earn high school science credit through a unique education component using three part-time Americorps members as curriculum coordinators and Forest Service employees as field teaching staff.

Like the Boy Scouts, Girl Scouts, and other service organizations for youth, YCC instills both a land ethic and a strong work ethic. The program provides young women and men with job experience, career skills, and educational incentives as well as experience in relating to peers and supervisors from

various social, economic, ethnic, and racial backgrounds. In addition, YCC participants develop an awareness of the environment and a conservation ethic that lasts a lifetime.

The number of enrollees in the YCC program has fluctuated over its history, corresponding to changes in the Federal budget. As many as 14,191 enrollees in 1978 participated in the program and as many as 64 residential centers operated on National Forest lands. By 1998 the number decreased to 594 enrollees. Since 1982, there have been no direct appropriations for the Youth Conservation Corps programs. For the past 11 years, the Forest Service has been directed through report language in the Interior and Related Agencies Appropriations Acts to spend not less than 1 million dollars on the program. Despite fluctuations in funding over the years, our commitment to youth projects has never wavered.

In terms of the conservation work accomplished, the value of the resource work accomplished by YCC enrollees since 1990 is about \$22.6 million. In 1998, we expended \$1.8 million on the program and there was a \$0.88 cent return for every dollar spent. This return does not account for the value of the intangible benefits to the young people such as learning about the environment and working with others.

What is the capacity of the YCC program to expand? The Forest Service has the capacity to operate a \$6 million program. This could provide the 6-8 week non-residential program for approximately 2,000 youth. The key element to further expansion would be decisions on residential and nonresidential camps. Most supporting services such as residential supervision, meal preparation and so on could be contracted. There is no shortage of projects that could be done and funding could be allocated from benefiting programs. We will consider this for future budgets.

Summary

In summary, Mr. Chairman, the Forest Service has a long history of managing conservation work programs for young people. We are proud to provide opportunities for the young women and men of our nation to contribute to the management of public lands. These youth programs are invaluable. Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or the members of the Subcommittee may have.

Other Testimony

Submitted by: Pamela Williams

Modified: 6/14/99

STATEMENT OF
MIKE DOMBECK
CHIEF
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
Before the
U.S. House of Representatives Committee on Resources
Subcommittee on Forests and Forest Health

July 13, 1999

Thank you for your invitation to testify on H.R. 1185, "Timber-Dependent Counties Stabilization Act of 1999", and H.R. 2389, "County Schools Funding Revitalization Act of 1999." I appreciate the opportunity to join you today to continue the dialogue that the Administration began last year on the need to provide a stable, permanent level of payments, commonly known as the twenty-five percent fund, and to separate the payments from National Forests receipts. With me this afternoon is Sandra Key, Associate Deputy Chief, Programs and Legislation from the Forest Service.

As you are aware the Department of Agriculture has also submitted to Congress proposed legislative language that would make payments to states permanent and at an increased level over what is forecasted with the twenty-five percent fund payments.

Department's proposal, "The Stabilization Act of 1999".

The Department's proposal will:

- 1) provide a stable, predictable payment that counties can depend on to help fund education and maintenance of roads,
- 2) provide increased payments above the payments projected under current law to compensate states for National Forest lands that are not available to the local tax base,
- 3) provide a mandatory, permanent payment not subject to the annual appropriation process, and
- 4) sever the connection between timber sales and critically important local services.

First, we need to provide a stable, predictable payment that counties can depend on to help fund education and road maintenance. Under 16 U.S.C. 500, (commonly known as the twenty-five percent fund), twenty-five percent of most Forest Service receipts are paid to the states for distribution to the counties in which National Forest lands are located for financing public roads and schools. Historically, the primary source of National Forest receipts has been from the sale of timber on National Forests. Over the past 10 years, timber harvest from National Forests has declined 70% in response to new scientific information, changing social values, and our evolving understanding of how to manage sustainable ecosystems. During that same period, payments to states made under 16 U.S.C. 500 have been reduced 36%; from \$361 million in 1989 to \$228 million in 1998.

Under the Department's proposal, states will receive the higher of the 1998 fiscal year payment or a new special payment amount. The special payment amount will be 76% of the average of the 3 highest payments made to the state during the 10 year period from fiscal years (FY) 1986 through 1995 of both twenty-five percent fund payments and payments under section 13982 of the Omnibus Budget Reconciliation Act of 1993. The special payment amount will not exceed the 1998 FY payment by more than 25 percent. The special payment amount will pay the states approximately \$269 million

annually, representing an additional \$27 million above the existing baseline in FY 2000, \$72 million in FY 2004, and \$259 million more over the next five years.

The special payment is modeled on the formula used in what was referred to as the "owl county safety-net" adopted by Congress in 1990 as a provision of the Interior and Related Agencies Appropriations Act. The provision was adopted at the request of certain counties in western Washington, Oregon, and northern California affected by decisions relating to the Northern Spotted Owl. It was renewed annually until 1993 when Congress authorized a 10 year, gradually declining, payment stabilization formula which will expire in 2003. We chose 76% of the historic baseline because that was the level of the owl county safety-net payment guarantee when the Administration first proposed to stabilize payments over a year and a half ago.

Second, we want to provide a reasonable payment, based on all benefits of National Forest lands, to compensate states for these lands that are not available to the local tax base. Historically, states received payments based on revenues generated from commodity extraction, primarily timber. For a variety of reasons, including new scientific information about the sustainability of our resources, commodity extraction from our National Forests has been reduced. National Forests continue to provide a myriad of benefits to local communities--jobs, income generation, recreation and tourism, timber and mining, hunting and fishing and so on. Payments made through the payments in lieu of taxes program are often not appropriated to their fully authorized levels, creating difficulties for counties with a limited tax base due the presence of public lands. Our proposal ensures that states continue to benefit from both the intrinsic and economic value of public lands by guaranteeing a payment to make planning and budgeting predictable for counties. Thus, we propose that states receive a permanent, stable annual payment based upon a percentage of historic payment averages.

Third, the payment needs to be excluded from the annual appropriation process. We cannot rely on either revenues or the annual appropriation process to produce a consistent, reliable level of funding. The Department's proposal will provide a mandatory, permanent payment to states from the general fund of the Treasury.

Fourth, we must make distinct and separate the social and moral imperative of children's education from the manner that public forests are managed. Both activities, children's education and forest management, are essential but continuing to link the two activities together could continue to reduce funding for children's basic education needs.

There has been resistance to this proposal. In part, the resistance may stem from a belief that timber harvest levels will rise dramatically again in the future. This belief is mistaken: 1) timber harvest has steadily declined over the past decade, and 2) in FY 1999 and FY 2000, the Administration and both Houses of Congress each proposed as part of the appropriations process timber offer levels that were below 4 billion board feet, including salvage opportunities. It is highly unlikely that timber harvest levels will return to the 11 billion board feet volume of the early 1990s.

Continuing the connection -- or tightening it as one of the two congressional proposals before us today would do -- will only serve to ensure that payments to states will continue to be tied to controversial forest management issues.

Separating payments to states from the receipts generated from the sale of commodities and user fees will allow for a stable, reliable increased level of funding for the states and counties.

H.R. 1185, "Timber-Dependent Counties Stabilization Act of 1999"

The Administration supports the objectives of H.R. 1185, but will seek amendments to more closely align this bill with the Department's proposal. For FY 2000 through FY 2004, this legislation will provide stable payments to states based on an amount equal to 76 percent of the average of the 3 highest twenty-five percent payments made to the state during the 10 year period from fiscal years 1986 through 1995 (special payment amount).

In addition, the bill would provide that after FY 2004 each state will make a one time permanent, binding choice of receiving either the twenty-five percent payment or the special payment amount. This will give states the option to have a permanent, stable payment, not based on revenue generation, or to continue with the decreasing, unpredictable twenty-five percent fund payments. While this is definitely a step in the right direction, it simply puts off decisions which can and should be made today. The Department prefers to ensure that all states receive a permanent stable payment as is provided in the Department's proposal.

This legislation also provides for the special payment amount to be adjusted to reflect changes in the consumer price index for urban uses. The Department's proposal does not reflect changes in the consumer price index, but we are willing to work

with the Subcommittee to discuss the additional funding that this will require.

H.R. 2389, "County Schools Funding Revitalization Act of 1999"

Again the Department agrees with one of the objectives of H.R. 2389, that is to stabilize payments, but strongly oppose this bill for the following reasons: 1) it does not provide a stable payment past 5 years nor does it provide for a mandatory payment to states from the general fund of the Treasury, 2) the funding provisions for FY 2000-2005 payments could create significant impacts on Forest Service programs and 3) it does not separate payments to states from the contentious, controversial debate over natural resource management of the National Forests, but only fuels this debate by establishing an advisory committee to address issues concerning management of our National Forests.

First, H.R. 2389 would only temporarily stabilize payments to states for a five year period beginning in FY 2000. Under this bill, the short-term payments for fiscal years 2000 through 2005 would be the twenty-five percent fund payment for the fiscal year or the full payment amount, whichever is greater. The full payment amount would be equal to the average of the three highest twenty-five percent fund payments or the owl county safety-net payment during FY 1986 through FY 1999. This formula would yield a payment that is over \$170 million more than the \$269 million that is available for the Department's proposal. Since current payment levels equal \$242 million for FY2000, falling harvests would need to double in order to fund the higher payments to state levels, or the Forest Service will have to significantly reduce non-revenue producing programs. In addition, after 5 years this issue will have to be addressed again. Assuming this issue will not be easier to resolve, then payments to states will return to the twenty-five percent fund payments resulting in a significant reduction in funding for education and roads.

Second, under the Department's proposal, payments to states will be made automatically from the general fund of the Treasury and will not be subject to the annual appropriation process. In contrast, H.R. 2389 will fund the difference between the twenty-five percent fund payment amount and the full payment amount from revenues received from activities on National Forest lands and funds appropriated for the Forest Service. Forest Service appropriations that fund programs generating revenues for the twenty-five percent fund, and funds from trust funds or other special accounts established by statute for specified uses will not be eligible to fund this difference. Under this provision, in FY 2000 the Appropriations Committees will have to either increase Forest Service funding or divert over \$170 million from Forest Service programs such as fire suppression, watershed improvement, wilderness, wildlife and fisheries that do not generate revenue. This is neither tenable nor appropriate.

Third, H.R. 2389 will fail to separate payments to states from the debate over the management of National Forest lands. In fact, the bill would only fuel this debate by continuing to make the payment amount dependent on decisions relating to natural resources management. Most significantly, the bill would establish an advisory committee charged with developing recommendations for a long term method for generating payments at or above the full payments amount. The advisory committee will be required to "seek to maximize the amount of ...revenues collected from Federal lands" and to "ensure that this method is in accord with a definition of sustainable forest management in which ecological, economic and social factors are accorded equal consideration in the management of the Federal lands."

The concept of maximizing revenues collected from National Forests is a fundamental change in Forest Service policy and direction. There is nothing in the Organic Act or National Forest Management Act (NFMA) that requires optimization of revenues. For the last 30 years, Congress has declined emphasizing economic return over natural resource management needs. To do so now is a major reversal to long-standing, carefully hammered out policy. NFMA certainly recognizes the important contributions of economic products from the National Forests, but it also recognizes that such production should be within the ecologically sustainable limits that also preserves our children's economic future.

We strongly believe that payments to states for the purposes of funding schools and roads should not be thrust into the middle of the debate over the appropriate management of our natural resources.

Closing

Since 1908, the twenty-five percent fund has worked well to provide funding for local schools and roads. But as demands on our National Forests have increased and timber harvest has declined, we need to provide a stable, permanent mechanism for making payments to states.

Madam Chairman, the Department supports the objectives of H.R. 1185, but we prefer a complete separation between the payments to states and revenue generation from National Forests. The Department strongly opposes H.R. 2389 because it

neither provides a permanent stable payment to states nor separates payments to states from the controversial debate over management of our National Forests. We recommend that you consider our proposal to provide a permanent, predictable payment that states can depend on to help fund schools and roads. We would be pleased to work with the Subcommittee to pursue options that might meet our respective goals.

This concludes my statement; I would be happy to answer any questions you and the Members of the Subcommittee might have.

22 JULY 1999

STATEMENT OF
MIKE DOMBECK, CHIEF
USDA FOREST SERVICE
Before the
Committee on Resources
Subcommittee on Forests and Forest Health
United States House of Representatives
Concerning
WILDLIFE HABITAT

MADAM CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am pleased to appear before you today to discuss wildlife habitat and the National Forest System. I am accompanied today by Harv Forsgren, Director of Wildlife, Fish, and Rare Plants, by Dr. Robert Lewis, Deputy Chief for Research, who will speak about wildlife habitat research underway around the country and by Dr. Frank Thompson, who specializes in research of silviculture and ecology of the upland central hardwood forests of Missouri, Illinois, Indiana, and Ohio.

I will cover the responsibilities of the Forest Service for wildlife habitat, the broad range of habitats on National Forest lands, and the tools to manage those habitats.

INTRODUCTION

The Forest Service is responsible for management of over 192 million acres of national forests and grasslands. The Forest Service natural resource agenda emphasizes protecting and restoring ecosystems to ensure healthy watersheds. Healthy forests and grasslands help ensure sustainable, diverse ecosystems that support robust and viable wildlife and fish populations. The agenda also emphasizes recreation, with activities associated with wildlife and fisheries such as hunting, fishing, and viewing being among the major components.

The Forest Service derives its authority to manage for wildlife and fish habitat from a number of statutes, including the Multiple Use Sustained Yield Act of 1960, the National Forest Management Act of 1976, and the Endangered Species Act of 1973.

BROAD RANGE OF HABITATS ON NATIONAL FOREST LANDS

The national forests and grasslands provide a diverse array of ecosystems and wildlife and fish habitat types. The national forests and grasslands provide: habitat for over 250 species of migratory songbirds; habitat for 80 percent of the nation's elk, bighorn sheep, and mountain goats; 28 million acres of habitat for wild turkey; and over 6 million acres of wetlands for waterfowl and wetland-associated wildlife.

National forest ecosystems often represent the least fragmented and, in some cases, most abundant amount of a given habitat available. These lands are highly valued by the American people. With the intensive uses on other ownerships coupled with ever-increasing expansion of urban environments into rural areas, the national forests and grasslands often represent the last remaining open space. National forests provide habitat that is critically important for diverse, viable, and robust populations of wildlife and fish, including many sensitive, threatened, and endangered species. The National Forest lands are also some of the best remaining accessible lands for wildlife and fish-related recreation.

PROGRAM COMPONENTS

Forest Service wildlife and fisheries habitat management has a sound basis in science. Forest Service research efforts focus on habitat requirements and on protecting, restoring, and managing habitats in managed forest landscapes. A key aspect of Forest Service research is to support the management programs of the Forest Service by providing land managers with guidelines for integrating fish and wildlife habitat management with other forest management activities.

The wildlife and fisheries programs on national forests address general wildlife and fisheries habitat management, as well as threatened and endangered species management. Program objectives are to: protect, restore, and improve habitats of all native and desired non-native wildlife and fish; improve habitats and provide opportunities for consumptive and commercial uses including hunting, trapping, and fishing; and increase opportunities for viewing wildlife and fish, interpretation, and appreciation. The programs involve activities such as inventory, habitat management and improvement, assessments, land management planning and project planning, and monitoring.

It is the policy of the Forest Service to coordinate and work closely with state game and fish agencies to ensure that habitat management programs are coordinated with the state's responsibilities for management of the animals. The Forest Service also has a partnership and challenge cost-share program which engages the public and interest groups in active participation and management of wildlife habitat. In 1998 there were 2,532 partners engaged in 3,214 projects, leveraging \$15.2 million dollars into \$35 million dollars worth of habitat improvement projects benefiting wildlife, fish, rare plants, and people.

A considerable portion of the Forest Service's management program is focused upon neotropical migratory birds. The Forest Service manages one of the largest amounts of breeding bird habitat in the United States under one ownership. Most species of birds, including 250 species of neotropical migrants, utilize national forests and grasslands during some portion of their life.

Bird watching, wildlife photography and viewing, and other ecotourism activities are a rapidly expanding area of recreation. In 1996 national forests provided 53 million activity days for wildlife viewing enthusiasts. Furthermore, wildlife viewing on national forests as an activity is projected to increase by another 69 percent within the next 50 years.

The economic and recreation benefits from the Forest Service's wildlife management activities are impressive. National Forests provided an estimated 27.8 million activity days of hunting in 1996, with estimated economic expenditures of \$2.1 billion dollars. In addition to hunting, an estimated 53 million activity days were spent for wildlife viewing, which had estimated economic expenditures of an additional \$2.1 billion dollars.

Land management programs, such as the timber sale program, are an important tool in the development, maintenance, and restoration of wildlife habitats. In recent years, our timber sale program has undergone profound changes. A decade ago 80 to 85 percent of our timber sales were designed to remove commercial sawlogs from forests and bring them to market. Today, more than 50 percent of all our timber sales are designed with primarily stewardship objectives in mind. For example, in 1988, nearly 40 percent of all National Forest timber sales were accomplished through clearcuts. Today only about 10 percent of our sales involve clearcutting. People want their forests to look like forests. They don't want to see mountainsides of big clearcuts or of red, bug-killed trees.

Much public attention has focused on the 70 percent decline in timber sale levels over the past decade. And while the quantity of timber has been reduced, the quality of the objectives of the sale has improved so that timber sales are more focused on ecological objectives. We are continually learning that timber harvest often can be used as an effective tool to help accomplish multiple objectives, habitat improvement, and watershed restoration.

Last week, in fact, I was in Oregon with Governor Kitzhauber announcing a collaborative proposal to restore over 500,000 acres of National Forest land in eastern Oregon. I outlined a series of principles - consistent with the principles developed by the Western Governors for environmental management in the West known as Enlibra. I would like to share these principles with you:

- First, we must ensure that all the interests - environmentalists, loggers, hunters, and so on - are at the table helping us to formulate options.
- Second, we must involve our sister agencies and the states -- we all bring so much expertise to the table and we must work together.
- Third, we should proceed with humility and patience. It took many years for forested landscapes to become out of balance -- we can not, nor should we try, to restore them overnight.
- Fourth, we should avoid controversial areas in planning these projects. The idea is to build trust and confidence in the public land agencies. These projects are tests, pilots that we can learn from and improve.
- Fifth, the focus should be on watershed health and restoration -- to be certain, wood fiber and jobs will follow from many of these efforts but only as a function of restoring the health, diversity, or productivity of the land. The opportunity to demonstrate how timber harvest can help to accomplish other multiple use objectives is tremendous.
- Sixth, we should target the preponderance of our efforts in places with the greatest restoration potential in communities of the greatest need.
- Finally, and perhaps most importantly, we must monitor the results of our restoration diligently to ensure that our treatments have had the desired effect in terms of promoting land health.

Abiding by these principles will help ensure that our best efforts are spent on the ground - in the woods - not in the courtroom.

Another potential solution to deal with addressing forest stewardship needs, including wildlife habitat improvement needs, is the new forest ecosystem restoration and improvement line item of \$15 million dollars proposed in the fiscal year 2000 budget. This would enable the Forest Service to implement treatments with multiple objectives, including wildlife habitat needs, in areas where there is no commercial timber harvest product available to help pay for the millions of acres in need of treatment where these investments are needed. Prescribed fire is a tool used in many areas, either to create early seral stages such as burning in chaparral in the southwest, or to maintain or restore habitat conditions, such as the understory burning in the southeast to help the red-cockaded woodpecker. Other activities include water developments, riparian and stream restoration, wetland restoration, vegetation planting, and fencing. Sometimes, the best management prescription for an area is simply to leave it alone.

Several years ago, the Shawnee National Forest in southern Illinois addressed forest fragmentation and habitat needs for birds requiring closed forest canopy as well as those requiring open habitat and early seral stage vegetation. Forest personnel worked with the State of Illinois and researchers to determine which areas on the forest would best meet the need of neotropical migrant birds, many of which require closed forest canopy. These areas were then designated during planning as Forest Interior Management Units, with standards and guidelines to give priority to neotropical bird habitat needs. Other areas were then designated to meet the need of birds such as ruffed grouse, which need early seral stage vegetation. Organizations such as the Ruffed Grouse Society and the Illinois Department of Conservation worked with the Forest Service to identify areas. Additionally, an area of bottomland forest known as oakwood bottoms was identified as a critical link in the North American Waterfowl Plan. The Fish and Wildlife Service, along with the Illinois Department of Conservation and organizations such as Duck Unlimited, have all been instrumental in providing assistance.

CHALLENGES

Restoring the health of the land is a primary challenge faced by the agency. A number of factors have contributed to current conditions, including fuel accumulations, species composition, and ecosystem structure changes that have occurred over the past 100 years due to fire suppression policies, various land management programs, and increasing demands on the limited resource base that exists. New information and research are telling us that certain activities and conditions need to change if we are to have healthy ecosystems that can provide a dependable supply of goods and services to the American public, including robust populations of wildlife and fish.

The restoration project in eastern Oregon that I mentioned earlier will implement activities such as prescribed burning, commercial and precommercial thinning, riparian area planting and stream rehabilitation, maintenance, closure, and obliteration of roads, and noxious weed treatment and prevention methods. While not all of the site-specific projects have been identified yet, the Forest Service will work closely with the State, the Eastside Forest Advisory Panel, and the John Day/Snake Resource Advisory Council to assess and prioritize additional actions for the demonstration area. This approach will provide us with an opportunity to prioritize and focus our actions and improving watershed conditions and wildlife and fish habitat in a holistic approach.

SUMMARY

The Forest Service has an enormous responsibility in managing our nation's resources for the many varied uses and needs of the American people. Clearly, managing the forests and grasslands with a goal for healthy, functioning ecosystems is a top priority, which in turn will provide for important

habitat for wildlife and fish. Managing for healthy, diverse ecosystems that produce clean water and quality habitat is one of our primary goals, and we look forward to working with this subcommittee on achieving this goal.

This concludes my statement, and I can answer any questions you or members of the subcommittee may have at this time.

FINAL

STATEMENT OF
MIKE DOMBECK, CHIEF
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
Before the
Subcommittee on Forests and Public Lands Management
Committee on Energy and Natural Resources
United States Senate
Regarding the Promulgation of Regulations Concerning
Roadless Areas Within the National Forest System

November 2, 1999

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to discuss Forest Service efforts to develop long- term protections for the important social and ecological values of roadless areas within the National Forest System. As you know, on October 19, 1999, we published a Notice of Intent in the Federal Register that outlined a two part process to: 1) limit certain development activities such as road construction in inventoried roadless areas and 2) identify the values that make roadless areas of all sizes ecologically and socially important. At the direction of the President of the United States, the Forest Service has begun a public dialogue. We have no proposal yet. There is no preferred alternative. We have begun a very open and public dialogue with the American people about how they want their remaining, unfragmented, public lands to be managed.

Mr. Chairman, although we formally began our process on October 13, 1999, with the President's visit to the spectacular Little River roadless area on the George Washington National Forest, this is not an issue that just came up recently.

Roadless areas are controversial, in part, because of their important social and ecological values. Roadless areas provide clean water, habitat for wildlife, food for hunters, and amazing recreational opportunities. They act as a barrier against noxious invasive plant and animal species and as strongholds for native fish populations. Roadless areas serve as reference areas for research and often provide vital habitat and migration routes for numerous wildlife species and are particularly important for those requiring large home ranges. Many roadless areas also act as ecological anchors allowing nearby federal, state, and private lands to be developed for economic purposes. Indeed, roadless areas are critically important for the long-term ecological sustainability of the nation's forests.

In recent years, the public has rightfully questioned whether the Forest Service should build new roads into controversial roadless areas when the agency has difficulty maintaining its existing road system.

The current national forest road system includes 380,000 miles of roads, enough to circle the globe more than 15 times. The agency currently has a road reconstruction and maintenance backlog of approximately \$8.4 billion and it receives only about 20 percent of the annual funding needed to maintain the safety and environmental condition of its road system.

Almost two years ago, during my first Appropriations season as Chief, I watched as the House of Representatives came within a single vote of cutting \$42 million out of Forest Service roads budget because of these issues.

On January 28, 1998, I initiated a process to consider changes in how the Forest Service road system is developed, used, maintained, and funded and to suspend temporarily road construction and reconstruction in certain unroaded areas. This effort lead to the current "interim rule", that has temporarily suspended road construction and reconstruction in unroaded areas. The agency has received more than 80,000 public comments on these efforts, the majority of which called for a permanent halt to road building in roadless areas.

In response to these comments and the President's October directive, the agency is following a two track process: the first dealing with roadless areas and the second dealing with the existing Forest Service road system.

The Forest Service published a Notice of Intent on October 19, 1999, to initiate the scoping process whereby the Forest Service solicits public comment on the nature and scope of the environmental, social and economic issues related to roadless areas. The public has been asked to provide comments by December 20, 1999. The agency is planning to publish a draft environmental impact statement (EIS) and proposed rule for public review in the spring of 2000. The final EIS and final rule will be published in the fall of 2000.

In terms of the Forest Service's existing road network, the Forest Service will also publish a proposed long-term roads policy in the next several weeks that will enable the agency to better manage the roads it already has.

Indeed, as we work on the rulemaking process for roadless areas, we will continue to work on the long term roads management policy. There will be some overlap as we pursue these two separate but closely related actions.

Because both of these processes are so important to the American people and local communities, we will be holding a series of public meetings across the country, including public meetings on every National Forest that has inventoried roadless areas.

Background

Roadless areas have been an issue for public land management for a long time. They became a national issue when the agency conducted the Roadless Area Review and Evaluation (RARE) almost 30 years ago, following passage of the Wilderness Act. Immediate criticism of the study prompted a lawsuit regarding the study's comprehensiveness. Thus began the cycle of controversy and litigation that took us through the RARE II process in the late 1970's and through 20 years of forest plans and project implementation.

For too long, others, such as the court system and interest groups, have controlled the debate over

long-term management of roadless areas. The President's direction puts this issue squarely back where it belongs, into the hands of the American people and the resource professionals of the Forest Service.

The Forest Service already has over 380,000 miles of classified roads yet, we receive less than 20% of the funding needed to maintain them to safety and environmental standards. As a result, our backlog of reconstruction and maintenance now exceeds \$8.4 billion.

Road construction may increase the risk of erosion, landslides, and slope failure, endangering the health of watersheds that provide drinking water to local communities and critical habitat for fish and wildlife. Development in these roadless areas can allow entry of invasive plants and animals that threaten the health of native species, increase human-caused wildfire, disrupt habitat connectivity, and otherwise compromise the attributes that make these sensitive areas socially valuable and ecologically important.

People have also expressed concerns about losing the potential economic values some of the roadless areas could provide through timber harvest and mineral development. Other concerns revolve around limiting treatments that may improve the health of the forests and reduce the accumulation of hazardous fuels. For all these reasons, it is important that we hear from the public about the value and importance they place on these areas.

SUMMARY

As the impacts of population expansion and land development spread out across the American landscape, the last vestiges of wildness, the roadless areas, hang in the balance. We do not want these lands to become museum pieces. We do not want to block people's access to the forests they love. Where else in the world can you find 192 million acres without a single no trespassing sign? Our objective is to ensure that our grandchildren will be able to marvel and wonder at the land legacy we hold in trust today.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you and Members of the Committee may have.

Legislative contact: ecole/wo@fs.fed.us or gblankenbaker/wo@fs.fed.us

FINAL

STATEMENT OF
MIKE DOMBECK, CHIEF
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
Before the
Committee on Resources
United States House of Representatives

Regarding the Promulgation of Regulations Concerning
Roadless Areas Within the National Forest System

November 3, 1999

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to discuss Forest Service efforts to develop long- term protections for the important social and ecological values of roadless areas within the National Forest System. As you know, on October 19, 1999, we published a Notice of Intent in the Federal Register that outlined a two part process to: 1) limit certain development activities such as road construction in inventoried roadless areas and 2) identify the values that make roadless areas of all sizes ecologically and socially important. At the direction of the President of the United States, the Forest Service has begun a public dialogue. We have no proposal yet. There is no preferred alternative. We have begun a very open and public dialogue with the American people about how they want their remaining, unfragmented, public lands to be managed.

Mr. Chairman, although we formally began our process on October 13, 1999, with the President's visit to the spectacular Little River roadless area on the George Washington National Forest, this is not an issue that just came up recently.

Roadless areas are controversial, in part, because of their important social and ecological values. Roadless areas provide clean water, habitat for wildlife, food for hunters, and amazing recreational opportunities. They act as a barrier against noxious invasive plant and animal species and as strongholds for native fish populations. Roadless areas serve as reference areas for research and often provide vital habitat and migration routes for numerous wildlife species and are particularly important for those requiring large home ranges. Many roadless areas also act as ecological anchors allowing nearby federal, state, and private lands to be developed for economic purposes. Indeed, roadless areas are critically important for the long-term ecological sustainability of the nation's forests.

In recent years, the public has rightfully questioned whether the Forest Service should build new roads into controversial roadless areas when the agency has difficulty maintaining its existing road system. The current national forest road system includes 380,000 miles of roads, enough to circle the globe more than 15 times. The agency currently has a road reconstruction and maintenance backlog of approximately \$8.4 billion and it receives only about 20 percent of the annual funding needed to maintain the safety and environmental condition of its road system.

Almost two years ago, during my first Appropriations season as Chief, I watched as the House of Representatives came within a single vote of cutting \$42 million out of Forest Service roads budget because of these issues.

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In response to these comments and the President's October directive, the agency is following a two track process: the first dealing with roadless areas and the second dealing with the existing Forest Service road system.

The Forest Service published a Notice of Intent on October 19, 1999, to initiate the scoping process whereby the Forest Service solicits public comment on the nature and scope of the environmental, social and economic issues related to roadless areas. The public has been asked to provide comments by December 20, 1999. The agency is planning to publish a draft environmental impact statement (EIS) and proposed rule for public review in the spring of 2000. The final EIS and final rule will be published in the fall of 2000.

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Because both of these processes are so important to the American people and local communities, we will be holding a series of public meetings across the country, including public meetings on every National Forest that has inventoried roadless areas.

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project implementation.

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People have also expressed concerns about losing the potential economic values some of the roadless areas could provide through timber harvest and mineral development. Other concerns revolve around limiting treatments that may improve the health of the forests and reduce the accumulation of hazardous fuels. For all these reasons, it is important that we hear from the public about the value and importance they place on these areas.

SUMMARY

As the impacts of population expansion and land development spread out across the American landscape, the last vestiges of wildness, the roadless areas, hang in the balance. We do not want these lands to become museum pieces. We do not want to block people's access to the forests they love. Where else in the world can you find 192 million acres without a single no trespassing sign? Our objective is to ensure that our grandchildren will be able to marvel and wonder at the land legacy we hold in trust today.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you and Members of the Committee may have.

Legislative Contact: gblankenbaker/wo@fs.fed.us or ecole/wo@fs.fed.us

**Statement of
MIKE DOMBECK
Chief
Forest Service
United States Department of Agriculture
Before the
United States Senate
Committee on Energy and Resources
Concerning
FOREST SERVICE
FISCAL YEAR 2001 BUDGET
February 29, 2000**

Chairman Murkowski, Senator Bingaman, and members of the Committee, thank you for the opportunity to appear before you today to discuss the Forest Service's proposed budget for fiscal year 2001.

Performance and financial accountability will be key to building agency credibility, without which we will be unable to obtain the necessary resources to accomplish the agency's mission. As I testified before the House Interior and Related Agencies Subcommittee on February 16, 2000, the Forest Service is implementing a variety of actions to enhance its financial management, fully integrate strategic planning and budgeting, and demonstrate organizational effectiveness through the application of sound business practices.

In my testimony today, I want to discuss four key areas: 1) sustainable communities; 2) funding and objectives for the Natural Resource Agenda program areas; 3) actions the Forest Service is taking to ensure it improves program and financial accountability; and 4) other highlights from of the President's budget.

The President's budget supports the Forest Service Natural Resource Agenda and is directly tied to the Government Performance and Results Act. The budget proposes a simplified budget structure for the National Forest System appropriation to reflect better the agency's routine activities, as well as its integrated activities to restore and maintain land health while promoting ecological sustainability.

Overall, the President's budget is requesting \$3.1 billion for Forest Service discretionary spending in fiscal year 2001. This is a 14.8 percent increase over fiscal year 2000 that is necessary to ensure the Forest Service accomplishes its multiple-use mission of caring for the land and serving people. The budget proposes an increase of \$13.3 million to enhance the agency's role in forest and rangeland research. It includes funding for such things as the use of agricultural products for energy and fiber, the role of carbon in productivity cycles, and applications of new technology in resource management. The budget also proposes an increase of 23.8 percent in the State and Private Forestry appropriation that now includes funding for International Programs. This increase will help State and private land managers practice sustainable forestry and conservation of their lands.

SUSTAINABLE COMMUNITIES

Let me first share some thoughts with you about how we can work together to ensure we have sustainable communities that thrive, prosper and promote land health and community well-being. To

accommodate these goals the Forest Service is shifting its focus to pay greater attention to what we leave behind on the land, as reflected in three of our major policy initiatives.

Roadless Initiative: Our roadless initiative recognizes the unique role that public lands play in maintaining large blocks of unfragmented forest. In an increasingly developed landscape, the ecological and social values of roadless areas are essential for protecting drinking water supplies, providing habitat for rare and vanishing fish and wildlife species, hunting and fishing and other recreation opportunities, bulwarks against the spread of invasive species, and reference areas for research. Less than 5 percent of our planned timber harvest is projected from these areas.

Roads Policy: Our soon to be released draft road policy will help us better manage more than 380,000 miles of roads to ensure safe public access while stemming erosion and protecting water quality. Providing sufficient access is especially important considering that we soon expect to see one billion visitors to our National Forests in a year.

Land Management Planning Regulations: Our draft planning regulations will ensure the protection of ecological sustainability through a framework of collaborative stewardship and better integration of science and management. To meet the social and economic needs of local communities, I believe the Forest Service should operate in an open and transparent manner, so the American people have every opportunity to influence and shape the way their land legacy is managed; these new regulations will help accomplish that objective.

Mr. Chairman, I pledge to you today that we will keep the Congress fully informed as these policy initiatives mature and develop and invite you to be a part of the public process.

NATURAL RESOURCE AGENDA

When I became Chief, many people, including members of Congress, complained that the Forest Service had lost sense of its mission. In response, I outlined a Forest Service "Natural Resource Agenda for the 21st Century." The Natural Resource Agenda makes clear that land and watershed health is the agency's highest priority. This is based on the simple premise that we cannot meet the social and economic needs of the people without first securing our goal of healthy, diverse, and productive ecosystems.

The Natural Resource Agenda sets agency priorities and gives strategic focus to Forest Service programs, emphasizing watershed health and restoration, sustainable forest ecosystem management, the National Forest road system, and recreation.

Watershed Health and Restoration: The Forest Service is the Nation's largest and most important water provider. National Forest lands are the largest single source of water in the continental United States. Over 3,400 communities rely on National Forest lands in 33 states for their drinking water, serving over 60 million people. We recently determined the water on National Forest lands to be valued, at a minimum, of more than \$3.7 billion per year. This \$3.7 billion does not include the value of maintaining fish species, recreation values, nor the savings to municipalities who have low filtration costs because water from National Forests is so clean.

Although there have been significant improvements in water quality since the Clean Water Act of 1972, 40 to 50 percent of our watersheds still need restoration and protection. The Forest Service is a full partner in carrying out the President's Clean Water Action Plan that aims to protect public health

and restore our Nation's precious waterways by setting strong goals and providing States, communities, farmers, and landowners with the tools and resources to meet these goals. The fiscal year 2001 budget includes an increase of \$84 million for continued implementation of the Clean Water Action Plan.

The Forest Service will use cooperative strategies built around watersheds and the communities they sustain to implement the Clean Water Action Plan, including restoring stream corridors and riparian areas, cleaning abandoned mine lands and hazardous material sites, decommissioning and maintaining roads, and improving rangeland vegetation and grazing management.

In fiscal year 2001, the Forest Service will focus on twelve large-scale watershed restoration projects begun in fiscal year 2000, investing more than \$18 million to accelerate implementation of the projects. The Forest Service expects partner organizations such as conservation, wildlife and forest management groups, American Indian tribes, State and local governments, and community organizations to match its funding commitment. The 12 projects include:

- Research and development in New York City's municipal watersheds and the Chesapeake Bay;
- River restoration on the Chattooga, Conasauga, Rio Penasco, Upper Sevier, Upper South Platte, Warner Mountain/Hackamore, and White Rivers; and
- Pacific Costal watersheds, the Blue Mountains of Oregon, and the Lower Mississippi Valley.

In carrying out these projects and the agency-wide focus on watershed health, the Forest Service will draw upon many disciplines, including State, Private and International Forestry, the National Forest System, and Research.

An important aspect of restoring and improving watershed health addresses the lands at risk. Traditionally, risk has meant fire danger and insect and disease infestation. Over 58 million acres of the nation's forest lands are at risk due to mortality from insects and disease and 40 million acres within the National Forests are at risk of catastrophic wildfire due to past management practices and fire suppression. The Forest Service fully intends to use active management to treat these stands to restore forest health and in the process, provide jobs and wood fiber to local communities.

We need to look at risk with a different perspective, thinking of risk in terms of the 40 to 50 percent of agency managed lands that require attention on a broad scale for a variety of reasons. For example, recreation facilities, trails, and roads that are poorly maintained result in national forest lands being at risk due to degraded water quality which harms fisheries, wetlands and riparian areas. Further, we need to expand the discussion of risk beyond National Forest System lands to the non-federal forest lands at risk not only due to watershed quality problems, but also due to conversion from open space. The Administration has proposed several strategies to address this broad risk issue including a \$9.5 million effort to research and implement new methods for economical use of small diameter trees to meet national wood fiber demands.

Watershed restoration and protection will also serve as the focus of future forest plan revisions. The fiscal year 2001 funding request for the watershed health and restoration component of the Natural Resource Agenda totals \$487.7 million, a 9 percent increase over fiscal year 2000.

Sustainable Forest Ecosystem Management: The Forest Service and its partners are using a comprehensive criteria and indicator framework to achieve sustainable forest and range management in the Untied States. In 1999, the agency released new draft planning regulations that provide a framework for implementing collaborative stewardship. When completed, these regulations will govern administration of 192 million acres of National Forest System lands.

Sustainable management of all of the Nation's forest and rangelands requires collaboration among many interests and coordination across the landscape. The United States has adopted the Sustainable Forest Management Criteria and Indicators developed through the international Montreal Process. They provide a common framework allowing the Forest Service to work with interested State and private landowners to evaluate the health, diversity, and resiliency of our nation's forests. The Forest Service is leading a national effort to gather and report on the state of the Nation's forests in 2003.

The fiscal year 2001 requested funding for the Sustainable Forest Ecosystem Management component of the Natural Resource Agenda totals \$406.7 million, a 16 percent increase over fiscal year 2000.

National Forest Road System: Mr. Chairman, I know there is significant interest about our roadless initiative. We must put the 30-year controversy over roadless areas to rest. One of the reasons I think it is so important to resolve the roadless issue is so we can begin to address other pressing demands, such as forest health.

The National Forest System has more than 380,000 miles of classified roads and more than 60,000 miles of unclassified roads. However, the agency only receives about 20 percent of the funding it needs annually to maintain these roads to Federal safety and environmental standards. As a result, the deferred maintenance backlog is in the billions of dollars.

Last fall the President asked the Forest Service to begin developing a proposal to conserve and protect National Forest roadless areas that have remained unroaded for a variety of reasons including inaccessibility, rugged terrain, or environmental sensitivity. These areas also serve as the headwaters to many watersheds and provide clean water and wildlife habitat as well as aesthetic values.

The proposal we are developing has two parts. First, we are considering restricting certain activities, such as road construction and reconstruction in the unroaded portions of inventoried roadless areas, the areas inventoried in the 1970's during two Roadless Area Reviews (RARE I and RARE II) and through the forest planning efforts of the 1980's and 1990's. Today, a large number of these areas remain roadless.

Second, we will consider establishing procedures for local forests to consider as they plan activities in roadless areas. More than 500,000 people have already participated in the rulemaking. To accommodate this level of interest, we have taken the unprecedented step of holding public meetings on every National Forest to discuss the issue.

We will soon release the proposed road management policy and draft environmental assessment for public comment. The policy outlines a process by which the Forest Service and local people can work together to determine the best way to manage local forest transportation systems, to make the existing forest road system safe, responsive to public needs, environmentally sound, affordable, and efficient to manage. It would:

1. Be implemented through extensive public involvement and analysis at the local level;
2. Require use of a scientific analysis procedure to help land managers and the public identify both heavily used roads that need to be maintained or upgraded, and roads that are unused or environmentally damaging that can be decommissioned; and
3. Place a new emphasis on maintaining and reconstructing existing roads rather than building new roads, given the extensive road system that is already in place in most National Forests.

Before the Forest Service builds new roads in roadless areas, it should invest its limited resources on projects that have broader support, cost less, and have fewer environmental effects. Our fiscal year 2001 funding request for the National Forest Road System of the Natural Resource Agenda totals \$129.5 million, an 11 percent increase over fiscal year 2000.

Recreation: Recreation is the fastest growing use of the National Forests and Grasslands. The Forest Service is the Nation's largest supplier of public outdoor recreation opportunities, providing more than 2.5 million jobs and contributing more than \$100 billion to the Nation's gross national product.

The Natural Resource Agenda seeks to provide recreation opportunities that do not compromise land health and that increase customer satisfaction, educate Americans about their public lands, build community partnerships, and develop new business relationships with partners to expand recreation opportunities. Some of the recreation assets on our National Forests include:

- 31 National recreation areas, scenic areas and monuments;
- 133 scenic byways;
- 56 major visitor centers;
- Over 133,000 miles of trails;
- Over 4,000 miles of wild and scenic rivers;
- More than 18,000 campgrounds, picnic areas and visitor facilities;
- 50% of the habitat for salmon and trout in the lower 48 States;
- 80% of the habitat for elk, bighorn sheep and mountain goat in the lower 48 States;
- 63% of the designated wilderness in the lower 48 States;
- 2.3 million acres of fishable lakes, ponds and reservoirs;
- 200,000 miles of fishable streams; and
- Hundreds of thousands of listings on the National Register of Historic Places.

In an urbanized society, outdoor recreation provides most Americans with an opportunity to connect to the lands and waters that sustain them. The Forest Service has a unique brand of nature-based recreation to offer, including undeveloped settings and an array of services that complement the enjoyment of these special places. Recreation visitors expect a great deal from the Forest Service and they will expect even more in the future.

The fiscal year 2001 funding request includes \$30 million proposed for developing tourism, reengineering the special use permitting process, and developing trails, recreational facilities and attractions targeted toward lower income or resource-dependent areas adjacent to National Forests.

The recreation component of the Natural Resource Agenda has developed a 6-point action plan to serve better the American public, including:

1. Conduct market research to get to know the people we serve;
2. Invest in special places, especially those being "loved to death" by visitation exceeding the capacity of the site;
3. Reduce deferred maintenance through the application of techniques that assuring long-term sustainability of the site;
4. Invest in natural resource conservation education and interpretive services;
5. Take advantage of new business opportunities and provide services for underserved and low-income people; and
6. Aggressively secure, provide, and maintain a forest road system that is ecologically sound and available to all Americans.

Among the most valuable products of the National Forests are the experiences that live on a roll of film, or live as childhood memories of family hiking or camping experiences, or in the exhilaration one feels while running a wild river or seeing the crystal clear waters of Lake Tahoe. There is something for everyone to enjoy on the National Forests. We strive to serve new constituencies, urban populations, underserved and low-income people, and to maintain the relevancy of National Forests for future generations. The fiscal year 2001 proposed funding for the recreation component of the Natural Resource Agenda totals \$397.4 million, a 13 percent increase over fiscal year 2000.

PROGRAM AND FINANCIAL ACCOUNTABILITY

I would like to now discuss our progress in restoring program and financial accountability to the Forest Service. With the dedicated help of Secretary Dan Glickman, we have worked very closely with other parts of the Department of Agriculture to implement the needed financial and programmatic reforms.

As I have said many times, if the Forest Service were in the private sector, with our 30,000-person workforce and 3.3 billion dollar budget, we would rival any Fortune 500 company. At the same time, due to persistent management weaknesses, financial accounting deficiencies, weak data, and poor strategic planning, I doubt very much we would last long in that environment.

The Forest Service has not yet received a clean financial audit. When I arrived here, I had more than 35 individuals directly reporting to me. Our complex and cumbersome accounting system was staggering under the weight of 100 million individual financial transactions per month. Our Byzantine budget structure made it common that a district ranger interested in accomplishing 15 projects on the ground might have to make 600 budget entries simply to establish the projects in the accounting system. Meanwhile, because we have paid little heed to strategic planning, appropriated budgets rarely, if ever, track expected outcomes described in agency forest plans.

No Chief of the Forest Service in recent history has had to address the issue of accountability more than I have. I know that a clean audit by itself will not restore the agency's credibility with Congress and the American people; the agency must change its culture based on the knowledge we cannot be effective resource managers if we are not first accountable for the taxpayers' money and for our own actions on the landscape.

I will not ask Congress to continue supporting our efforts of budget simplification if we cannot clearly show how the Forest Service is using the taxpayers' money to conserve and restore the health, diversity, and resiliency of our lands and waters and provide services to the American public.

I am happy to report to you that the Forest Service has:

- Successfully implemented a new accounting system;
- Developed a simplified proposed budget structure for the National Forest System that links on-the-ground performance to implementation of the agency's strategic plan and the Natural Resource Agenda;
- Submitted a performance-based fiscal year 2001 budget so you and the public can evaluate it based on more than the level of funding requested – it now includes 47 performance measures;

- Implemented the Primary Purpose method for changing expenditures to reduce the number of financial transactions by the millions;
- Developed an integrated set of land health and service to people performance measures, that link land health and other outcomes on the land to its strategic plan and budget information;
- Published its draft Strategic Plan (2000 Revision) for comment that shifts the focus of agency management away from inputs, outputs and process to outcomes on the landscape;
- For the first time in many years, filled all leadership positions and also established the offices of the Chief Operating Officer and the Chief Financial Officer to take responsibility for improved program analysis and the linking of budget processes to agency performance and strategic planning;
- Conducted the first thorough real property inventory in the agency's history that is critical for our financial audit;
- Developed and implemented standard definitions for indirect costs;
- Eliminated the backlog of over 1,000 civil rights complaints; and
- Replaced its crumbling technology infrastructure with a totally new platform for management of information technology

Mr. Chairman, I do not think that there should be any doubt that these actions demonstrate Forest Service leadership is committed to fix program and financial accountability deficiencies.

OTHER HIGHLIGHTS OF THE PRESIDENT'S BUDGET

I want to emphasize some other important aspects of the President's budget.

President's Lands Legacy Initiative: This initiative highlights the Administration's continued commitment to protect public open space by acquiring lands for conservation and recreation.

By working with States, tribes, local governments and private partners, the Forest Service acquires lands to protect cultural and historic treasures, conserve open space for recreation and wildlife habitat, protect clean water supplies and wilderness areas and preserve forests, farmlands, and coastal areas. The fiscal year 2001 budget includes \$253.5 million for the programs within the Lands Legacy Initiative, an increase of \$23.8 million.

The land acquisition portion of the initiative is funded through the Land and Water Conservation Fund. Many of the acquired lands are located in congressionally designated areas such as Wilderness, National Recreation Areas, Wild and Scenic Rivers and National Scenic Trails. Acquisitions also improve forest management through consolidation of boundaries and providing access to existing National Forests and Grasslands.

Forest Legacy, Urban and Community Forestry and Economic Action Programs also provide an avenue for the Forest Service to work with States and willing private landowners to provide jobs

while conserving important forest economic, ecological-environmental and social values that represent national priorities.

Legislative Proposals: The Administration will advance several new legislative proposals including Payments to States Stabilization, Healthy Investments in Rural Environments (HIRE), Land Acquisition Reinvestment Fund, and Facilities Acquisition and Enhancement Fund. Mr. Chairman, I am especially excited about our payments to states legislation that we will transmit shortly. It focuses on providing States with stable and permanent education funding, while allowing more money to be spent on forest health restoration and rural economic development.

The President's budget includes special emphasis on employing rural workers and enhancing the skills of America's youth. The Administration is proposing the HIRE program in conjunction with a comprehensive proposal to reform four of our trust funds. This proposal eliminates the trust funds that have historically been dependent on timber receipts and proposes establishing a new permanent mandatory appropriation. All the work conducted under the existing trust fund authorities would be allowed under this new mandatory appropriation, but with preference for local contracting and employing of skilled rural workers to accomplish the work. With this expanded authority and appropriate funding levels, attention will be focused on addressing our critical facility, road, and watershed restoration backlog. In addition, the Administration proposes to increase minimum funding for the Youth Conservation Corps from \$1 million to \$4 million. This will provide even greater opportunity to accomplish needed restoration and maintenance work, while providing valuable natural resource management experience to increasing numbers of America's youth.

The fiscal year 2001 budget also reflects a number of legislative proposals that would reform selected programs to initiate or increase fee collections and expand the involvement of the private sector where appropriate.

IN CONCLUSION

Mr. Chairman, this budget effectively provides the resources necessary to implement our programs consistent with the Forest Service's Natural Resource Agenda, Presidential Initiatives and other priority funding areas. More importantly, the proposed new budget structure and performance-based approach shows the ecosystem conservation activities and public services that will benefit ours and future generations.

This concludes my written statement. I would be pleased to answer any questions that you may have.

For more information contact Susan Craft scraft@fs.fed.us

**Statement of
MIKE DOMBECK
Chief
Forest Service
United States Department of Agriculture
Before the
United States House of Representatives
Committee on Agriculture
Subcommittee on Department Operations, Oversight, Nutrition, and Forestry
Concerning
FOREST SERVICE
FISCAL YEAR 2001 BUDGET
March 8, 2000**

Chairman Goodlatte, Representative Clayton, and members of the Subcommittee, thank you for the opportunity to appear before you to discuss the Forest Service's proposed budget for fiscal year 2001.

Performance and financial accountability will be key to building agency credibility, without which we will be unable to obtain the necessary resources to accomplish the agency's mission. As I testified before the House Interior and Related Agencies Subcommittee on February 16, 2000, the Forest Service is implementing a variety of actions to enhance its financial management, fully integrate strategic planning and budgeting, and demonstrate organizational effectiveness through the application of sound business practices.

In my testimony today, I want to discuss four key areas: 1) sustainable communities; 2) funding and objectives for the Natural Resource Agenda program areas; 3) actions the Forest Service is taking to ensure it improves program and financial accountability; and 4) other highlights from of the President's budget.

The President's budget supports the Forest Service Natural Resource Agenda and is directly tied to the Government Performance and Results Act (Results Act). The budget proposes a simplified budget structure for the National Forest System appropriation to reflect better the agency's routine activities, as well as its integrated activities to restore and maintain land health while promoting ecological sustainability.

Overall, the President's budget is requesting \$3.1 billion for Forest Service discretionary spending in fiscal year 2001. This is a 14 percent increase over fiscal year 2000 that is necessary to ensure the Forest Service accomplishes its multiple-use mission of caring for the land and serving people.

The budget requests a \$138.6 million increase in funding for the National Forest System. This is a 12 percent increase from fiscal year 2000. The budget proposes an increase of \$13.3 million to enhance the agency's role in forest and rangeland research. It includes funding for such priorities as the use of agricultural products for energy and fiber, the role of carbon in productivity cycles, applications of new technology in resource management and coordination of the Forest Inventory and Analysis program. The budget also proposes an increase of over 22 percent in the State and Private Forestry appropriation that now includes funding for International Programs. This increase will help State and private land managers practice sustainable forestry and conservation of their lands.

SUSTAINABLE COMMUNITIES

Let me first share some thoughts with you about how we can work together to ensure we have sustainable communities that thrive, prosper and promote land health and community well-being. To accommodate these goals the Forest Service is shifting its focus to pay greater attention to what we leave behind on the land, as reflected in the following major policy initiatives.

Roadless Initiative: Our roadless initiative recognizes the unique role that public lands play in maintaining large blocks of unfragmented forest. In an increasingly developed landscape, the ecological and social values of roadless areas are essential for protecting drinking water supplies, providing habitat for rare and vanishing fish and wildlife species, hunting and fishing and other recreation opportunities, bulwarks against the spread of invasive species, and reference areas for research. Less than 5 percent of our planned timber harvest is projected from these areas.

Roads Policy: We released the proposed roads management policy on March 2, 2000. The proposed policy will help us better manage more than 380,000 miles of roads to ensure safe public access while stemming erosion and protecting water quality. Providing sufficient access is especially important considering that we soon expect to see one billion visitors to our National Forests in a year.

Land Management Planning Regulations: Our draft planning regulations will ensure the protection of ecological sustainability through a framework of collaborative stewardship and better integration of science and management. To meet the social and economic needs of local communities, I believe the Forest Service should operate in an open and transparent manner, so the American people have every opportunity to influence and shape the way their land legacy is managed; these new regulations will help accomplish that objective.

Forest Inventory and Analysis (FIA) Memorandum of Understanding: Three weeks ago, I signed a memorandum of understanding with the National Association of State Foresters to cooperate in the full implementation of the FIA program. I view this as a historic agreement to aggressively speed up the collection and enhancement of critical information about the status and trends of the Nation's forested resources.

This important element of sustainable forest management activities will improve the information base for all Federal, state, and private forested lands throughout the United States. The Forest Service is leading a national effort to gather and report on the state of the Nation's forests in 2003. Under this agreement the Forest Service will seek to attain full funding of the FIA program by fiscal year 2003. In addition, we will immediately work to coordinate the President's fiscal year 2001 budget with the funding levels identified in the agreement.

Mr. Chairman, I pledge to you today that we will keep the Congress fully informed as these policy initiatives mature and develop and invite you to be a part of the public process.

NATURAL RESOURCE AGENDA

When I became Chief, many people, including members of Congress, complained that the Forest Service had lost sense of its mission. In response, I outlined a Forest Service "Natural Resource Agenda for the 21st Century." The Natural Resource Agenda makes clear that land and watershed health is the agency's highest priority. This is based on the simple premise that we cannot meet the social and economic needs of the people without first securing our goal of healthy, diverse, and productive ecosystems.

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Although there have been significant improvements in water quality since the Clean Water Act of 1972, 40 to 50 percent of our watersheds still need restoration and protection. The Forest Service is a full partner in carrying out the President's Clean Water Action Plan that aims to protect public health and restore our Nation's precious waterways by setting strong goals and providing States, communities, farmers, and landowners with the tools and resources to meet these goals. The fiscal year 2001 budget includes an increase of \$84 million for continued implementation of the Clean Water Action Plan.

The Forest Service will use cooperative strategies built around watersheds and the communities they sustain to implement the Clean Water Action Plan, including restoring stream corridors and riparian areas, cleaning abandoned mine lands and hazardous material sites, decommissioning and maintaining roads, and improving rangeland vegetation and grazing management.

In fiscal year 2001, the Forest Service will focus on twelve large-scale watershed restoration projects begun in fiscal year 2000, investing more than \$18 million to accelerate implementation of the projects. The Forest Service expects partner organizations such as conservation, wildlife and forest management groups, American Indian tribes, State and local governments, and community organizations to match its funding commitment. The 12 projects include:

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An important aspect of restoring and improving watershed health addresses the lands at risk. Traditionally, risk has meant fire danger and insect and disease infestation. Over 58 million acres of the nation's forest lands are at risk due to mortality from insects and disease and 40 million acres within the National Forests are at risk of catastrophic wildfire due to past management practices and fire suppression. The Forest Service fully intends to use active management to treat these stands to restore forest health and in the process, provide jobs and wood fiber to local communities.

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need to expand the discussion of risk beyond National Forest System lands to the non-federal forest lands at risk not only due to watershed quality problems, but also due to conversion from open space. The Administration has proposed several strategies to address this broad risk issue including a \$9.5 million effort to research and implement new methods for economical use of small diameter trees to meet national wood fiber demands.

This expanded concept of risk is also portrayed in the agency's performance-based budget request for fiscal year 2001. For example, we are requesting an additional \$19.2 million for the performance measure *acres of forest, rangeland and lakes improved*. With this additional funding, we propose to improve 430,000 acres of habitat for inland and anadromous fisheries, threatened and endangered species, and wildlife, which is an increase of 135,000 acres from fiscal year 2000 enacted.

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One of the 47 performance measures within the agency's performance-based budget addresses Forest Service roads and is an example of how performance measures will be used. The *road condition index* performance measure displays year-to-year changes in the condition of the road system based upon five attributes. The proposed index for fiscal year 2001 is constant with the prior year, based upon a relatively static fiscal year 2001 funding request. In out years, the index will likely decline year to year without significant increases in funding.

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The Forest Service has not yet received a clean financial audit. When I arrived here, I had more than 35 individuals directly reporting to me. Our complex and cumbersome accounting system was staggering under the weight of 100 million individual financial transactions per month. Our Byzantine budget structure made it common that a district ranger interested in accomplishing 15 projects on the ground might have to make 250 budget entries simply to establish the projects in the accounting system. Meanwhile, because we have not sufficiently focused on strategic planning, appropriated budgets rarely, if ever, track expected outcomes described in agency forest plans.

The fiscal year 2001 President's budget proposes significant reform of the agency's budget structure. As noted by the National Academy of Public Administration, the current budget structure does not reflect the nature of agency work performed on the ground and forces our district rangers to spend too much time balancing the books and too little time focusing on the natural resources for which they are responsible. The new proposed structure is performance-based. It presents the budget directly linked

to 47 performance measures, that are in turn, directly linked to the agency's strategic plan, the Results Act, and the Natural Resource Agenda.

The budget simplification and performance measures proposals are a cornerstone of our financial and accountability reform efforts. I am confident that with implementation, we will be able to clearly show how the Forest Service is using the taxpayers' money to conserve and restore the health, diversity, and resiliency of our lands and waters, and provide services to the American public.

No Chief of the Forest Service in recent history has had to address the issue of accountability more than I have. I know that a clean audit by itself will not restore the agency's credibility with Congress and the American people; the agency must change its culture based on the knowledge we cannot be effective resource managers if we are not first accountable for the taxpayers' money and for our own actions on the landscape. We are making significant progress.

I am happy to report to you that the Forest Service has:

- Successfully implemented a new accounting system;
- Implemented the Primary Purpose method for changing expenditures to reduce the number of financial transactions by the millions;
- Developed an integrated set of land health and service to people performance measures, that link land health and other outcomes on the land to its strategic plan and budget information;
- Published its draft Strategic Plan (2000 Revision) for comment that shifts the focus of agency management away from inputs, outputs and process to outcomes on the landscape;
- For the first time in many years, filled all leadership positions and also established the offices of the Chief Operating Officer and the Chief Financial Officer to take responsibility for improved program analysis and the linking of budget processes to agency performance and strategic planning;
- Conducted the first thorough real property inventory in the agency's history that is critical for our financial audit;
- Developed and implemented standard definitions for indirect costs;
- Eliminated the backlog of over 1,000 civil rights complaints;
- Replaced its crumbling technology infrastructure with a totally new platform for management of information technology; and
- Implemented controls on trust fund expenditures to assure compliance with Congressional direction regarding indirect expenses.

Mr. Chairman, I do not think there should be any doubt that these actions demonstrate Forest Service leadership is committed to fix program and financial accountability deficiencies.

OTHER HIGHLIGHTS OF THE PRESIDENT'S BUDGET

I want to emphasize some other important aspects of the President's budget.

President's Lands Legacy Initiative: This initiative highlights the Administration's continued commitment to protect public open space by acquiring lands for conservation and recreation.

By working with States, tribes, local governments and private partners, the Forest Service acquires lands to protect cultural and historic treasures, conserve open space for recreation and wildlife habitat, protect clean water supplies and wilderness areas and preserve forests, farmlands, and coastal areas. The fiscal year 2001 budget includes \$236 million for the programs within the Lands Legacy Initiative.

The land acquisition portion of the initiative is funded through the Land and Water Conservation Fund. Many of the acquired lands are located in congressionally designated areas such as Wilderness, National Recreation Areas, Wild and Scenic Rivers and National Scenic Trails. Acquisitions also improve forest management through consolidation of boundaries and providing access to existing National Forests and Grasslands.

Forest Legacy, Urban and Community Forestry and Economic Action Programs also provide an avenue for the Forest Service to work with States and willing private landowners to provide jobs while conserving important forest economic, ecological-environmental and social values that represent national priorities.

Legislative Proposals: The Administration will advance several new legislative proposals including Payments to States Stabilization, Healthy Investments in Rural Environments (HIRE), Land Acquisition Reinvestment Fund, and Facilities Acquisition and Enhancement Fund. Mr. Chairman, I am especially excited about our payments to states legislation that we will transmit shortly. It focuses on providing States with stable and permanent education funding, while allowing more money to be spent on forest health restoration and restoring a closer working relationship between rural counties and the Forest Service.

The President's budget includes special emphasis on employing rural workers and enhancing the skills of America's youth. The Administration is proposing the HIRE program in conjunction with a comprehensive proposal to reform four of our trust funds. This proposal eliminates the trust funds that have historically been dependent on timber receipts and proposes establishing a new permanent mandatory appropriation. All the work conducted under the existing trust fund authorities would be authorized under this new mandatory appropriation, but with preference for local contracting and employing of skilled rural workers to accomplish the work. With this expanded authority and appropriate funding levels, attention will be focused on addressing our critical forest health land treatments and facility, road maintenance and watershed restoration backlogs.

The fiscal year 2001 budget also reflects a number of legislative proposals that would reform selected programs to initiate or increase fee collections and expand the involvement of the private sector where appropriate.

IN CONCLUSION

Mr. Chairman, this budget effectively provides the resources necessary to implement our programs consistent with the Forest Service's Natural Resource Agenda, Presidential Initiatives and other priority funding areas. More importantly, the proposed new budget structure and performance-based approach shows the ecosystem conservation activities and public services that will benefit ours and future generations.

This concludes my written statement. I would be pleased to answer any questions that you may have.

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**Testimony of
MIKE DOMBECK
Chief
Forest Service
United States Department of Agriculture
Before the
United States House of Representatives
Committee on Appropriations
Subcommittee on Interior
Concerning
FOREST SERVICE
FISCAL YEAR 2001 BUDGET
March 9, 2000**

Chairman Regula, Representative Dicks, and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the Forest Service's proposed budget for fiscal year 2001.

Performance and financial accountability will be key to building agency credibility, without which we will be unable to obtain the necessary resources to accomplish the agency's mission. As I testified before the House Interior and Related Agencies Subcommittee on February 16, 2000, the Forest Service is implementing a variety of actions to enhance its financial management, fully integrate strategic planning and budgeting, and demonstrate organizational effectiveness through the application of sound business practices.

In my testimony today, I want to discuss four key areas: 1) sustainable communities; 2) funding and objectives for the Natural Resource Agenda program areas; 3) actions the Forest Service is taking to ensure it improves program and financial accountability; and 4) other highlights from of the President's budget.

The President's budget supports the Forest Service Natural Resource Agenda and is directly tied to the Government Performance and Results Act (Results Act). The budget proposes a simplified budget structure for the National Forest System appropriation to reflect better the agency's routine activities, as well as its integrated activities to restore and maintain land health while promoting ecological sustainability.

Overall, the President's budget is requesting \$3.1 billion for Forest Service discretionary spending in fiscal year 2001. This is a 14 percent increase over fiscal year 2000 that is necessary to ensure the Forest Service accomplishes its multiple-use mission of caring for the land and serving people.

The budget requests a \$138.6 million increase in funding for the National Forest System. This is a 12 percent increase from fiscal year 2000. The budget proposes an increase of \$13.3 million to enhance the agency's role in forest and rangeland research. It includes funding for such priorities as the use of agricultural products for energy and fiber, the role of carbon in productivity cycles, applications of new technology in resource management and coordination of the Forest Inventory and Analysis (FIA) program. The budget also proposes an increase of over 22 percent in the State and Private Forestry appropriation that now includes funding for International Programs. This increase will help State and private land managers practice sustainable forestry and conservation of their lands.

SUSTAINABLE COMMUNITIES

Let me first share some thoughts with you about how we can work together to ensure we have sustainable communities that thrive, prosper and promote land health and community well-being. To accommodate these goals the Forest Service is shifting its focus to pay greater attention to what we leave behind on the land, as reflected in the following major policy initiatives.

Roadless Initiative: Our roadless initiative recognizes the unique role that public lands play in maintaining large blocks of unfragmented forest. In an increasingly developed landscape, the ecological and social values of roadless areas are essential for protecting drinking water supplies, providing habitat for rare and vanishing fish and wildlife species, hunting and fishing and other recreation opportunities, bulwarks against the spread of invasive species, and reference areas for research. Less than 5 percent of our planned timber harvest is projected from these areas.

Roads Policy: We released the proposed roads management policy on March 2, 2000. The proposed policy will help us better manage more than 380,000 miles of roads to ensure safe public access while stemming erosion and protecting water quality. Providing sufficient access is especially important considering that we soon expect to see one billion visitors to our National Forests in a year.

Land Management Planning Regulations: Our draft planning regulations will ensure the protection of ecological sustainability through a framework of collaborative stewardship and better integration of science and management. To meet the social and economic needs of local communities, I believe the Forest Service should operate in an open and transparent manner, so the American people have every opportunity to influence and shape the way their land legacy is managed; these new regulations will help accomplish that objective.

Mr. Chairman, I pledge to you today that we will keep the Congress fully informed as these policy initiatives mature and develop and invite you to be a part of the public process.

NATURAL RESOURCE AGENDA

When I became Chief, many people, including members of Congress, complained that the Forest Service had lost sense of its mission. In response, I outlined a Forest Service "Natural Resource Agenda for the 21st Century." The Natural Resource Agenda makes clear that land and watershed health is the agency's highest priority. This is based on the simple premise that we cannot meet the social and economic needs of the people without first securing our goal of healthy, diverse, and productive ecosystems.

The Natural Resource Agenda sets agency priorities and gives strategic focus to Forest Service programs, emphasizing watershed health and restoration, sustainable forest ecosystem management, the National Forest road system, and recreation.

Watershed Health and Restoration: The Forest Service is the Nation's largest and most important water provider. National Forest lands are the largest single source of water in the continental United States. Over 3,400 communities rely on National Forest lands in 33 states for their drinking water, serving over 60 million people. We recently determined the water on National Forest lands to be valued, at a minimum, of more than \$3.7 billion per year. This \$3.7 billion does not include the value of maintaining fish species, recreation values, nor the savings to municipalities who have low filtration costs because water from National Forests is so clean.

Although there have been significant improvements in water quality since the Clean Water Act of 1972, 40 to 50 percent of our watersheds still need restoration and protection. The Forest Service is a full partner in carrying out the President's Clean Water Action Plan that aims to protect public health and restore our Nation's precious waterways by setting strong goals and providing States, communities, farmers, and landowners with the tools and resources to meet these goals. The fiscal year 2001 budget includes an increase of \$84 million for continued implementation of the Clean Water Action Plan.

The Forest Service will use cooperative strategies built around watersheds and the communities they sustain to implement the Clean Water Action Plan, including restoring stream corridors and riparian areas, cleaning abandoned mine lands and hazardous material sites, decommissioning and maintaining roads, and improving rangeland vegetation and grazing management.

In fiscal year 2001, the Forest Service will focus on twelve large-scale watershed restoration projects begun in fiscal year 2000, investing more than \$18 million to accelerate implementation of the projects. The Forest Service expects partner organizations such as conservation, wildlife and forest management groups, American Indian tribes, State and local governments, and community organizations to match its funding commitment. The 12 projects include:

- Research and development in New York City's municipal watersheds and the Chesapeake Bay;
- River restoration on the Chattooga, Conasauga, Rio Penasco, Upper Sevier, Upper South Platte, Warner Mountain/Hackamore, and White Rivers; and
- Pacific Costal watersheds, the Blue Mountains of Oregon, and the Lower Mississippi Valley.

In carrying out these projects and the agency-wide focus on watershed health, the Forest Service will draw upon many disciplines, including State, Private and International Forestry, the National Forest System, and Research.

An important aspect of restoring and improving watershed health addresses the lands at risk. Traditionally, risk has meant fire danger and insect and disease infestation. Over 58 million acres of the nation's forest lands are at risk due to mortality from insects and disease and 40 million acres within the National Forests are at risk of catastrophic wildfire due to past management practices and fire suppression. The Forest Service fully intends to use active management to treat these stands to restore forest health and in the process, provide jobs and wood fiber to local communities.

We need to look at risk with a different perspective, thinking of risk in terms of the 40 to 50 percent of agency managed lands that require attention on a broad scale for a variety of reasons. For example, recreation facilities, trails, and roads that are poorly maintained result in national forest lands being at risk due to degraded water quality which harms fisheries, wetlands and riparian areas. Further, we need to expand the discussion of risk beyond National Forest System lands to the non-federal forest lands at risk not only due to watershed quality problems, but also due to conversion from open space. The Administration has proposed several strategies to address this broad risk issue including a \$9.5 million effort to research and implement new methods for economical use of small diameter trees to meet national wood fiber demands.

This expanded concept of risk is also portrayed in the agency's performance-based budget request for fiscal year 2001. For example, we are requesting an additional \$19.2 million for the performance measure *acres of forest, rangeland and lakes improved*. With this additional funding, we propose to improve 430,000 acres of habitat for inland and anadromous fisheries, threatened and endangered species, and wildlife, which is an increase of 135,000 acres from fiscal year 2000 enacted.

Watershed restoration and protection will also serve as the focus of future forest plan revisions. The

fiscal year 2001 funding request for the watershed health and restoration component of the Natural Resource Agenda totals \$487.7 million, a 9 percent increase over fiscal year 2000.

Sustainable Forest Ecosystem Management: The Forest Service and its partners are using a comprehensive criteria and indicator framework to achieve sustainable forest and range management in the Untied States. In 1999, the agency released new draft planning regulations that provide a framework for implementing collaborative stewardship. When completed, these regulations will govern administration of 192 million acres of National Forest System lands.

Sustainable management of all of the Nation's forest and rangelands requires collaboration among many interests and coordination across the landscape. The United States has adopted the Sustainable Forest Management Criteria and Indicators developed through the international Montreal Process. They provide a common framework allowing the Forest Service to work with interested State and private landowners to evaluate the health, diversity, and resiliency of our nation's forests. The Forest Service is leading a national effort to gather and report on the state of the Nation's forests in 2003.

The fiscal year 2001 requested funding for the Sustainable Forest Ecosystem Management component of the Natural Resource Agenda totals \$406.7 million, a 16 percent increase over fiscal year 2000.

National Forest Road System: Mr. Chairman, I know there is significant interest about our roadless initiative. We must put the 30-year controversy over roadless areas to rest. One of the reasons I think it is so important to resolve the roadless issue is so we can begin to address other pressing demands, such as forest health.

The National Forest System has more than 380,000 miles of classified roads and more than 60,000 miles of unclassified roads. However, the agency only receives about 20 percent of the funding it needs annually to maintain these roads to Federal safety and environmental standards. As a result, the deferred maintenance backlog is in the billions of dollars.

One of the 47 performance measures within the agency's performance-based budget addresses Forest Service roads and is an example of how performance measures will be used. The *road condition index* performance measure displays year-to-year changes in the condition of the road system based upon five attributes. The proposed index for fiscal year 2001 is constant with the prior year, based upon a relatively static fiscal year 2001 funding request. In out years, the index will likely decline year to year without significant increases in funding.

Last fall the President asked the Forest Service to begin developing a proposal to conserve and protect National Forest roadless areas that have remained unroaded for a variety of reasons including inaccessibility, rugged terrain, or environmental sensitivity. These areas also serve as the headwaters to many watersheds and provide clean water and wildlife habitat as well as aesthetic values.

The proposal we are developing has two parts. First, we are considering restricting certain activities, such as road construction and reconstruction in the unroaded portions of inventoried roadless areas, the areas inventoried in the 1970's during two Roadless Area Reviews (RARE I and RARE II) and through the forest planning efforts of the 1980's and 1990's. Today, a large number of these areas remain roadless.

Second, we will consider establishing procedures for local forests to consider as they plan activities in roadless areas. More than 500,000 people have already participated in the rulemaking. To

accommodate this level of interest, we have taken the unprecedented step of holding public meetings on every National Forest to discuss the issue.

We released the proposed road management policy and draft environmental assessment for public comment on March 2, 2000. The policy outlines a process by which the Forest Service and local people can work together to determine the best way to manage local forest transportation systems, to make the existing forest road system safe, responsive to public needs, environmentally sound, affordable, and efficient to manage. It would:

1. Be implemented through extensive public involvement and analysis at the local level;
2. Require use of a scientific analysis procedure to help land managers and the public identify both heavily used roads that need to be maintained or upgraded, and roads that are unused or environmentally damaging that can be decommissioned; and
3. Place a new emphasis on maintaining and reconstructing existing roads rather than building new roads, given the extensive road system that is already in place in most National Forests.

Before the Forest Service builds new roads in roadless areas, it should invest its limited resources on projects that have broader support, cost less, and have fewer environmental effects. Our fiscal year 2001 funding request for the National Forest Road System of the Natural Resource Agenda totals \$129.5 million, an 11 percent increase over fiscal year 2000.

Recreation: Recreation is the fastest growing use of the National Forests and Grasslands. The Forest Service is the Nation's largest supplier of public outdoor recreation opportunities, providing more than 2.5 million jobs and contributing more than \$100 billion to the Nation's gross national product.

The Natural Resource Agenda seeks to provide recreation opportunities that do not compromise land health and that increase customer satisfaction, educate Americans about their public lands, build community partnerships, and develop new business relationships with partners to expand recreation opportunities. Some of the recreation assets on our National Forests include:

- 31 National recreation areas, scenic areas and monuments;
- 133 scenic byways;
- 56 major visitor centers;
- Over 133,000 miles of trails;
- Over 4,000 miles of wild and scenic rivers;
- More than 18,000 campgrounds, picnic areas and visitor facilities;
- 50% of the habitat for salmon and trout in the lower 48 States;
- 80% of the habitat for elk, bighorn sheep and mountain goat in the lower 48 States;
- 63% of the designated wilderness in the lower 48 States;
- 2.3 million acres of fishable lakes, ponds and reservoirs;
- 200,000 miles of fishable streams; and
- Hundreds of thousands of listings on the National Register of Historic Places.

In an urbanized society, outdoor recreation provides most Americans with an opportunity to connect to the lands and waters that sustain them. The Forest Service has a unique brand of nature-based recreation to offer, including undeveloped settings and an array of services that complement the enjoyment of these special places. Recreation visitors expect a great deal from the Forest Service and they will expect even more in the future.

The fiscal year 2001 funding request includes \$30 million proposed for developing tourism,

reengineering the special use permitting process, and developing trails, recreational facilities and attractions targeted toward lower income or resource-dependent areas adjacent to National Forests.

The recreation component of the Natural Resource Agenda has developed a 6-point action plan to serve better the American public, including:

1. Conduct market research to get to better understand what people want;
2. Invest in special places, especially those being "loved to death" by visitation exceeding the capacity of the site;
3. Reduce deferred maintenance through the application of techniques that assuring long-term sustainability of the site;
4. Invest in natural resource conservation education and interpretive services;
5. Take advantage of new business opportunities and provide services for underserved and low-income people; and
6. Aggressively secure, provide, and maintain a forest road system that is ecologically sound and available to all Americans.

Among the most valuable products of the National Forests are the experiences that live on a roll of film, or live as childhood memories of family hiking or camping experiences, or in the exhilaration one feels while running a wild river or seeing the crystal clear waters of Lake Tahoe. There is something for everyone to enjoy on the National Forests. We strive to serve new constituencies, urban populations, underserved and low-income people, and to maintain the relevancy of National Forests for future generations. The fiscal year 2001 proposed funding for the recreation component of the Natural Resource Agenda totals \$397.4 million, a 13 percent increase over fiscal year 2000.

PROGRAM AND FINANCIAL ACCOUNTABILITY

I would like to now discuss our progress in restoring program and financial accountability to the Forest Service. With the dedicated help of Secretary Dan Glickman, we have worked very closely with other parts of the Department of Agriculture to implement the needed financial and programmatic reforms.

As I have said many times, if the Forest Service were in the private sector, with our 30,000-person workforce and 3.3 billion dollar budget, we would rival any Fortune 500 company. At the same time, due to persistent management weaknesses, financial accounting deficiencies, weak data, and poor strategic planning, I doubt very much we would last long in that environment.

The Forest Service has not yet received a clean financial audit. When I arrived here, I had more than 35 individuals directly reporting to me. Our complex and cumbersome accounting system was staggering under the weight of 100 million individual financial transactions per month. Our Byzantine budget structure made it common that a district ranger interested in accomplishing 15 projects on the ground might have to make 250 budget entries simply to establish the projects in the accounting system. Meanwhile, because we have not sufficiently focused on strategic planning, appropriated budgets rarely, if ever, track expected outcomes described in agency forest plans.

The fiscal year 2001 President's budget proposes significant reform of the agency's budget structure. As noted by the National Academy of Public Administration, the current budget structure does not reflect the nature of agency work performed on the ground and forces our district rangers to spend too much time balancing the books and too little time focusing on the natural resources for which they are responsible. The new proposed structure is performance-based. It presents the budget directly linked to 47 performance measures, that are in turn, directly linked to the agency's strategic plan, the Results

Act, and the Natural Resource Agenda.

The budget simplification and performance measures proposals are a cornerstone of our financial and accountability reform efforts. I am confident that with implementation, we will be able to clearly show how the Forest Service is using the taxpayers' money to conserve and restore the health, diversity, and resiliency of our lands and waters, and provide services to the American public.

No Chief of the Forest Service in recent history has had to address the issue of accountability more than I have. I know that a clean audit by itself will not restore the agency's credibility with Congress and the American people; the agency must change its culture based on the knowledge we cannot be effective resource managers if we are not first accountable for the taxpayers' money and for our own actions on the landscape. We are making significant progress.

I am happy to report to you that the Forest Service has:

- Successfully implemented a new accounting system;
- Developed an integrated set of land health and service to people performance measures, that link land health and other outcomes on the land to its strategic plan and budget information;
- Published its draft Strategic Plan (2000 Revision) for comment that shifts the focus of agency management away from inputs, outputs and process to outcomes on the landscape;
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- Replaced its crumbling technology infrastructure with a totally new platform for management of information technology; and
- Implemented controls on trust fund expenditures to assure compliance with Congressional direction regarding indirect expenses.

A key component of our accountability reform effort involves the implementation of the Primary Purpose method of expenditures. Beginning in August of last year, we began informing appropriations and authorizing staff from both the House and Senate of our intent to implement this program in fiscal year 2000. Our request for realignment of funds is a result of that implementation. Operating under the Primary Purpose principle, the agency is now able to provide an accurate accounting of its expenditures, which it was unable to do in the past.

Mr. Chairman, I do not think there should be any doubt that these actions demonstrate Forest Service leadership is committed to fix program and financial accountability deficiencies.

OTHER HIGHLIGHTS OF THE PRESIDENT'S BUDGET

I want to emphasize some other important aspects of the President's budget.

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IN CONCLUSION

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FOREST SERVICE
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The President's budget supports the Forest Service Natural Resource Agenda and is directly tied to the Government Performance and Results Act (Results Act). The budget proposes a simplified budget structure for the National Forest System appropriation to improve both financial and program accountability while ensuring the long-term health, diversity, and productivity of the land to meet the needs of present and future generations.

Overall, the President's budget is requesting \$3.1 billion for Forest Service discretionary spending in fiscal year 2001. This is a 14 percent increase over fiscal year 2000 that is necessary to ensure the Forest Service accomplishes its multiple-use mission of caring for the land and serving people.

The budget requests a \$138.6 million increase in funding for the National Forest System. This is a 12 percent increase from fiscal year 2000. The budget proposes an increase of \$13.3 million to enhance the agency's role in forest and rangeland research. It includes funding for such priorities as the use of agricultural products for energy and fiber, the role of carbon in productivity cycles, applications of new technology in resource management and coordination of the Forest Inventory and Analysis (FIA) program. The budget also proposes an increase of over 22 percent in the State and Private Forestry appropriation that now includes funding for International Programs. This increase will help State and private land managers practice sustainable forestry and conservation of their lands.

HEALTH LANDS AND SUSTAINABLE COMMUNITIES

Let me first share some thoughts with you about how we can work together to ensure we have sustainable communities that thrive, prosper and promote land health and community well-being. To accommodate these goals the Forest Service is shifting its focus to pay greater attention to what we leave behind on the land, as reflected in the following major policy initiatives.

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Although there have been significant improvements in water quality since the Clean Water Act of 1972, 40 to 50 percent of our watersheds still need restoration and protection. The Forest Service is a full partner in carrying out the President's Clean Water Action Plan that aims to protect public health and restore our Nation's precious waterways by setting strong goals and providing States, communities, farmers, and landowners with the tools and resources to meet these goals. The fiscal year 2001 budget includes an increase of \$84 million for continued implementation of the Clean Water Action Plan.

The Forest Service will use cooperative strategies built around watersheds and the communities they sustain to implement the Clean Water Action Plan, including restoring stream corridors and riparian areas, cleaning abandoned mine lands and hazardous material sites, decommissioning and maintaining roads, and improving rangeland vegetation and grazing management.

In fiscal year 2001, the Forest Service will focus on twelve large-scale watershed restoration projects begun in fiscal year 2000, investing more than \$18 million to accelerate implementation of the projects. The Forest Service expects partner organizations such as conservation, wildlife and forest management groups, American Indian tribes, State and local governments, and community organizations to match its funding commitment. The 12 projects include:

- Research and development in New York City's municipal watersheds and the Chesapeake Bay;
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- Pacific Costal watersheds, the Blue Mountains of Oregon, and the Lower Mississippi Valley.

In carrying out these projects and the agency-wide focus on watershed health, the Forest Service will draw upon many disciplines, including State, Private and International Forestry, the National Forest System, and Research.

An important aspect of restoring and improving watershed health addresses the lands at risk. Traditionally, risk has meant fire danger and insect and disease infestation. Over 58 million acres of the nation's forest lands are at risk due to mortality from insects and disease and 40 million acres within the National Forests are at risk of catastrophic wildfire due to past management practices and fire suppression. The Forest Service fully intends to use active management to treat these stands to restore forest health and in the process, provide jobs and wood fiber to local communities.

We need to look at risk with a different perspective, thinking of risk in terms of the 40 to 50 percent of agency managed lands that require attention on a broad scale for a variety of reasons. For example, recreation facilities, trails, and roads that are poorly maintained result in national forest lands being at risk due to degraded water quality which harms fisheries, wetlands and riparian areas. Further, we need to expand the discussion of risk beyond National Forest System lands to the non-federal forest lands at risk not only due to watershed quality problems, but also due to conversion from open space. The Administration has proposed several strategies to address this broad risk issue including a \$9.5 million effort to research and implement new methods for economical use of small diameter trees to meet national wood fiber demands.

This expanded concept of risk is also portrayed in the agency's performance-based budget request for fiscal year 2001. For example, we are requesting an additional \$19.2 million for the performance measure *acres of forest, rangeland and lakes improved*. With this additional funding, we propose to improve 430,000 acres of habitat for inland and anadromous fisheries, threatened and endangered species, and wildlife, which is an increase of 135,000 acres from fiscal year 2000 enacted.

Watershed restoration and protection will also serve as the focus of future forest plan revisions. The

fiscal year 2001 funding request for the watershed health and restoration component of the Natural Resource Agenda totals \$487.7 million, a 9 percent increase over fiscal year 2000.

Sustainable Forest Ecosystem Management: The Forest Service and its partners are using a comprehensive criteria and indicator framework to achieve sustainable forest and range management in the Untied States. In 1999, the agency released new draft planning regulations that provide a framework for implementing collaborative stewardship. When completed, these regulations will govern administration of 192 million acres of National Forest System lands.

Sustainable management of all of the Nation's forest and rangelands requires collaboration among many interests and coordination across the landscape. The United States has adopted the Sustainable Forest Management Criteria and Indicators developed through the international Montreal Process. They provide a common framework allowing the Forest Service to work with interested State and private landowners to evaluate the health, diversity, and resiliency of our nation's forests. The Forest Service is leading a national effort to gather and report on the state of the Nation's forests in 2003.

The fiscal year 2001 requested funding for the Sustainable Forest Ecosystem Management component of the Natural Resource Agenda totals \$406.7 million, a 16 percent increase over fiscal year 2000.

National Forest Road System: Mr. Chairman, I know there is significant interest about our roadless initiative. We must put the 30-year controversy over roadless areas to rest. One of the reasons I think it is so important to resolve the roadless issue is so we can begin to address other pressing demands, such as forest health.

The National Forest System has more than 380,000 miles of classified roads and more than 60,000 miles of unclassified roads. However, the agency only receives about 20 percent of the funding it needs annually to maintain these roads to Federal safety and environmental standards. As a result, the deferred maintenance backlog is in the billions of dollars.

One of the 47 performance measures within the agency's performance-based budget addresses Forest Service roads and is an example of how performance measures will be used. The *road condition index* performance measure displays year-to-year changes in the condition of the road system based upon five attributes. The proposed index for fiscal year 2001 is constant with the prior year, based upon a relatively static fiscal year 2001 funding request. In out years, the index will likely decline year to year without significant increases in funding.

Last fall the President asked the Forest Service to begin developing a proposal to conserve and protect National Forest roadless areas that have remained unroaded for a variety of reasons including inaccessibility, rugged terrain, or environmental sensitivity. These areas also serve as the headwaters to many watersheds and provide clean water and wildlife habitat as well as aesthetic values.

The proposal we are developing has two parts. First, we are considering restricting certain activities, such as road construction and reconstruction in the unroaded portions of inventoried roadless areas, the areas inventoried in the 1970's during two Roadless Area Reviews (RARE I and RARE II) and through the forest planning efforts of the 1980's and 1990's. Today, a large number of these areas remain roadless.

Second, we will consider establishing procedures for local forests to consider as they plan activities in roadless areas. More than 500,000 people have already participated in the rulemaking. To

accommodate this level of interest, we have taken the unprecedented step of holding public meetings on every National Forest to discuss the issue.

We released the proposed road management policy and draft environmental assessment for public comment on March 2, 2000. The policy outlines a process by which the Forest Service and local people can work together to determine the best way to manage local forest transportation systems, to make the existing forest road system safe, responsive to public needs, environmentally sound, affordable, and efficient to manage. It would:

1. Be implemented through extensive public involvement and analysis at the local level;
2. Require use of a scientific analysis procedure to help land managers and the public identify both heavily used roads that need to be maintained or upgraded, and roads that are unused or environmentally damaging that can be decommissioned; and
3. Place a new emphasis on maintaining and reconstructing existing roads rather than building new roads, given the extensive road system that is already in place in most National Forests.

Before the Forest Service builds new roads in roadless areas, it should invest its limited resources on projects that have broader support, cost less, and have fewer environmental effects. Our fiscal year 2001 funding request for the National Forest Road System of the Natural Resource Agenda totals \$129.5 million, an 11 percent increase over fiscal year 2000.

Recreation: Recreation is the fastest growing use of the National Forests and Grasslands. The Forest Service is the Nation's largest supplier of public outdoor recreation opportunities, providing more than 2.5 million jobs and contributing more than \$100 billion to the Nation's gross national product.

The Natural Resource Agenda seeks to provide recreation opportunities that do not compromise land health and that increase customer satisfaction, educate Americans about their public lands, build community partnerships, and develop new business relationships with partners to expand recreation opportunities. Some of the recreation assets on our National Forests include:

- 31 National recreation areas, scenic areas and monuments;
- 133 scenic byways;
- 56 major visitor centers;
- Over 133,000 miles of trails;
- Over 4,000 miles of wild and scenic rivers;
- More than 18,000 campgrounds, picnic areas and visitor facilities;
- 50% of the habitat for salmon and trout in the lower 48 States;
- 80% of the habitat for elk, bighorn sheep and mountain goat in the lower 48 States;
- 63% of the designated wilderness in the lower 48 States;
- 2.3 million acres of fishable lakes, ponds and reservoirs;
- 200,000 miles of fishable streams; and
- Hundreds of thousands of listings on the National Register of Historic Places.

In an urbanized society, outdoor recreation provides most Americans with an opportunity to connect to the lands and waters that sustain them. The Forest Service has a unique brand of nature-based recreation to offer, including undeveloped settings and an array of services that complement the enjoyment of these special places. Recreation visitors expect a great deal from the Forest Service and they will expect even more in the future.

The fiscal year 2001 funding request includes \$30 million proposed for developing tourism,

reengineering the special use permitting process, developing trails, and improving operations at recreational facilities and attractions, many of which will be targeted toward lower income or resource-dependent areas adjacent to National Forests.

The recreation component of the Natural Resource Agenda has developed a 6-point action plan to serve better the American public, including:

1. Conduct market research to get to better understand what people want;
2. Invest in special places, especially those being "loved to death" by visitation exceeding the capacity of the site;
3. Reduce deferred maintenance through the application of techniques that assuring long-term sustainability of the site;
4. Invest in natural resource conservation education and interpretive services;
5. Take advantage of new business opportunities and provide services for underserved and low-income people; and
6. Aggressively secure, provide, and maintain a forest road system that is ecologically sound and available to all Americans.

Among the most valuable products of the National Forests are the experiences that live on a roll of film, or live as childhood memories of family hiking or camping experiences, or in the exhilaration one feels while running a wild river or seeing the crystal clear waters of Lake Tahoe. There is something for everyone to enjoy on the National Forests. We strive to serve new constituencies, urban populations, underserved and low-income people, and to maintain the relevancy of National Forests for future generations. The fiscal year 2001 proposed funding for the recreation component of the Natural Resource Agenda totals \$397.4 million, a 13 percent increase over fiscal year 2000.

PROGRAM AND FINANCIAL ACCOUNTABILITY

I would like to now discuss our progress in restoring program and financial accountability to the Forest Service. With the dedicated help of Secretary Dan Glickman, we have worked very closely with other parts of the Department of Agriculture to implement the needed financial and programmatic reforms.

As I have said many times, if the Forest Service were in the private sector, with our 30,000-person workforce and 3.3 billion dollar budget, we would rival any Fortune 500 company. At the same time, due to persistent management weaknesses, financial accounting deficiencies, weak data, and poor strategic planning, I doubt very much we would last long in that environment.

The Forest Service has not yet received a clean financial audit. When I arrived here, I had more than 35 individuals directly reporting to me. Our complex and cumbersome accounting system was staggering under the weight of 100 million individual financial transactions per month. Our Byzantine budget structure made it common that a district ranger interested in accomplishing 15 projects on the ground might have to make 250 budget entries simply to establish the projects in the accounting system. Meanwhile, because we have not sufficiently focused on strategic planning, appropriated budgets rarely, if ever, track expected outcomes described in agency forest plans.

The fiscal year 2001 President's budget proposes significant reform of the agency's budget structure. As noted by the National Academy of Public Administration, the current budget structure does not reflect the nature of agency work performed on the ground and forces our district rangers to spend too much time balancing the books and too little time focusing on the natural resources for which they are responsible. The new proposed structure is performance-based. It presents the budget directly linked

to 47 performance measures, that are in turn, directly linked to the agency's strategic plan, the Results Act, and the Natural Resource Agenda.

The budget simplification and performance measures proposals are a cornerstone of our financial and accountability reform efforts. I am confident that with implementation, we will be able to clearly show how the Forest Service is using the taxpayers' money to conserve and restore the health, diversity, and resiliency of our lands and waters, and provide services to the American public.

No Chief of the Forest Service in recent history has had to address the issue of accountability more than I have. I know that a clean audit by itself will not restore the agency's credibility with Congress and the American people; the agency must change its culture based on the knowledge we cannot be effective resource managers if we are not first accountable for the taxpayers' money and for our own actions on the landscape. We are making significant progress.

I am happy to report to you that the Forest Service has:

- Successfully implemented a new accounting system;
- Developed an integrated set of land health and service to people performance measures, that link land health and other outcomes on the land to its strategic plan and budget information;
- Published its draft Strategic Plan (2000 Revision) for comment that shifts the focus of agency management away from inputs, outputs and process to outcomes on the landscape;
- For the first time in many years, filled all leadership positions and also established the offices of the Chief Operating Officer and the Chief Financial Officer to take responsibility for improved program analysis and the linking of budget processes to agency performance and strategic planning;
- Conducted the first thorough real property inventory in the agency's history that is critical for our financial audit;
- Developed and implemented standard definitions for indirect costs;
- Eliminated the backlog of over 1,000 civil rights complaints;
- Replaced its crumbling technology infrastructure with a totally new platform for management of information technology; and
- Implemented controls on trust fund expenditures to assure compliance with Congressional direction regarding indirect expenses.

A key component of our accountability reform effort involves the implementation of the Primary Purpose method of expenditures. Beginning in August of last year, we began informing appropriations and authorizing staff from both the House and Senate of our intent to implement this program in fiscal year 2000. Our request for realignment of funds is a result of that implementation. Operating under the Primary Purpose principle, the agency is now able to provide an accurate accounting of its expenditures, which it was unable to do in the past.

Mr. Chairman, I do not think there should be any doubt that these actions demonstrate Forest Service leadership is committed to fix program and financial accountability deficiencies.

OTHER HIGHLIGHTS OF THE PRESIDENT'S BUDGET

I want to emphasize some other important aspects of the President's budget.

President's Lands Legacy Initiative: This initiative highlights the Administration's continued commitment to protect public open space by acquiring lands for conservation and recreation.

By working with States, tribes, local governments and private partners, the Forest Service acquires lands to protect cultural and historic treasures, conserve open space for recreation and wildlife habitat, protect clean water supplies and wilderness areas and preserve forests, farmlands, and coastal areas. The fiscal year 2001 budget includes \$236 million for the programs within the Lands Legacy Initiative.

The land acquisition portion of the initiative is funded through the Land and Water Conservation Fund. Many of the acquired lands are located in congressionally designated areas such as Wilderness, National Recreation Areas, Wild and Scenic Rivers and National Scenic Trails. Acquisitions also improve forest management through consolidation of boundaries and providing access to existing National Forests and Grasslands.

Forest Legacy, Urban and Community Forestry and Economic Action Programs also provide an avenue for the Forest Service to work with States and willing private landowners to provide jobs while conserving important forest economic, ecological-environmental and social values that represent national priorities.

Legislative Proposals: The Administration will advance several new legislative proposals including Payments to States Stabilization, Healthy Investments in Rural Environments (HIRE), Land Acquisition Reinvestment Fund, and Facilities Acquisition and Enhancement Fund. Mr. Chairman, I am especially excited about our payments to states legislation that we will transmit shortly. It focuses on providing States with stable and permanent education funding, while allowing more money to be spent on forest health restoration and restoring a closer working relationship between rural counties and the Forest Service.

The President's budget includes special emphasis on employing rural workers and enhancing the skills of America's youth. The Administration is proposing the HIRE program in conjunction with a comprehensive proposal to reform four of our trust funds. This proposal eliminates the trust funds that have historically been dependent on timber receipts and proposes establishing a new permanent mandatory appropriation. All the work conducted under the existing trust fund authorities would be authorized under this new mandatory appropriation, but with preference for local contracting and employing of skilled rural workers to accomplish the work. With this expanded authority and appropriate funding levels, attention will be focused on addressing our critical facility, road, and watershed restoration backlog.

The fiscal year 2001 budget also reflects a number of legislative proposals that would reform selected programs to initiate or increase fee collections and expand the involvement of the private sector where appropriate.

IN CONCLUSION

Mr. Chairman, this budget effectively provides the resources necessary to implement our programs consistent with the Forest Service's Natural Resource Agenda, Presidential Initiatives and other priority funding areas. More importantly, the proposed new budget structure and performance-based approach shows the ecosystem conservation activities and public services that will benefit ours and future generations.

This concludes my written statement. I would be pleased to answer any questions that you may have.

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