NATIONAL FOREST MANAGEMENT AND ITS IMPACTS ON RURAL ECONOMIES AND COMMUNITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON CONSERVATION, ENERGY, AND FORESTRY

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

MARCH 13, 2013

Serial No. 113–2

Printed for the use of the Committee on Agriculture
agriculture.house.gov

U.S. GOVERNMENT PRINTING OFFICE

80–079 PDF WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON AGRICULTURE

FRANK D. LUCAS, Oklahoma, *Chairman*

BOB GOODLATTE, Virginia, *Vice Chairman*
STEVE KING, Iowa
RANDY NEUGEBAUER, Texas
MIKE ROGERS, Alabama
K. MICHAEL CONAWAY, Texas
GLENN THOMPSON, Pennsylvania
BOB GIBBS, Ohio
AUSTIN SCOTT, Georgia
SCOTT R. TIPTON, Colorado
ERIC A. "RICK" CRAWFORD, Arkansas
MARTHA ROBY, Alabama
SCOTT DESJARLAIS, Tennessee
CHRISTOPHER P. GIBSON, New York
VICKY HARTZLER, Missouri
REID J. RIBBLE, Wisconsin
KRISTI L. NOEM, South Dakota
DAN BENISHEK, Michigan
JEFF DENHAM, California
STEPHEN LEE FINCHER, Tennessee
DOUG LAMALFA, California
RICHARD HUDSON, North Carolina
RODNEY DAVIS, Illinois
CHRIS COLLINS, New York
TED S. YOHO, Florida

COLLIN C. PETERSON, Minnesota, *Ranking Minority Member*
MIKE MCINTYRE, North Carolina
DAVID SCOTT, Georgia
JIM COSTA, California
TIMOTHY J. WALZ, Minnesota
KURT SCHRADER, Oregon
MARCIA L. FUDGE, Ohio
JAMES P. MCGOVERN, Massachusetts
SUZAN K. DELBENE, Washington
GLORIA NEGRETE MCLEOD, California
FILEMON VELA, Texas
MICHELLE LUJAN GRISHAM, New Mexico
ANN M. KUSTER, New Hampshire
RICHARD M. NOLAN, Minnesota
PETE P. GALLEGO, Texas
WILLIAM L. ENYART, Illinois
JUAN VARGAS, California
CHERI BUSTOS, Illinois
SEAN PATRICK MALONEY, New York
JOE COURTNEY, Connecticut
JOHN GARAMENDI, California

NICOLE SCOTT, *Staff Director*
KEVIN J. KRAMP, *Chief Counsel*
TAMARA HINTON, *Communications Director*
ROBERT L. LAREW, *Minority Staff Director*

SUBCOMMITTEE ON CONSERVATION, ENERGY, AND FORESTRY

GLENN THOMPSON, Pennsylvania, *Chairman*

MIKE ROGERS, Alabama
BOB GIBBS, Ohio
SCOTT R. TIPTON, Colorado
ERIC A. "RICK" CRAWFORD, Arkansas
MARTHA ROBY, Alabama
REID J. RIBBLE, Wisconsin
KRISTI L. NOEM, South Dakota
DAN BENISHEK, Michigan

TIMOTHY J. WALZ, Minnesota, *Ranking Minority Member*
GLORIA NEGRETE MCLEOD, California
ANN M. KUSTER, New Hampshire
RICHARD M. NOLAN, Minnesota
MIKE MCINTYRE, North Carolina
KURT SCHRADER, Oregon
SUZAN K. DELBENE, Washington

CONTENTS

	Page
Peterson, Hon. Collin C., a Representative in Congress from Minnesota, prepared statement	6
Thompson, Hon. Glenn, a Representative in Congress from Pennsylvania, opening statement	1
Prepared statement	3
Walz, Hon. Timothy J., a Representative in Congress from Minnesota, opening statement	4
Prepared statement	5

WITNESSES

Tidwell, Thomas, Chief, U.S. Forest Service, U.S. Department of Agriculture, Washington, D.C.	6
Prepared statement	8
Submitted questions	82
McKetta, Ph.D., C.F., Charles W., Natural Resources Economist, Forest Econ Inc., Moscow, ID; on behalf of Society of American Foresters	31
Prepared statement	33
Sample, Ph.D., V. Alaric, President, Pinchot Institute for Conservation, Washington, D.C.	37
Prepared statement	39
Kane, Kenneth C., President, Generations Forestry, Inc., Kane, PA; on behalf of Association of Consulting Foresters of America	43
Prepared statement	44
Schuessler, James, Executive Director, Forest County Economic Development Partnership, Crandon, WI	55
Prepared statement	57

SUBMITTED MATERIAL

Rigdon, Phil, President, Intertribal Timber Council, submitted letter	79

NATIONAL FOREST MANAGEMENT AND ITS IMPACTS ON RURAL ECONOMIES AND COMMUNITIES

WEDNESDAY, MARCH 13, 2013

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION, ENERGY, AND FORESTRY,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to call, at 10:02 a.m., in Room 1300 of the Longworth House Office Building, Hon. Glenn Thompson [Chairman of the Subcommittee] presiding.

Members present: Representatives Thompson, Goodlatte, Rogers, Tipton, Crawford, Ribble, Noem, Walz, Negrete McLeod, Kuster, Nolan, and DelBene.

Staff present: Brent Blevins, Debbie Smith, Lauren Sturgeon, Patricia Straughn, Suzanne Watson, Tamara Hinton, Anne Simmons, Keith Jones, Lisa Shelton, Liz Friedlander, John Konya, Merrick Munday, and Caleb Crosswhite.

OPENING STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

The CHAIRMAN. Good morning, everyone. This hearing of the Subcommittee on Conservation, Energy, and Forestry to discuss the National Forest management and its impacts on rural economies and communities, will come to order.

Let me begin by welcoming everyone to the first hearing of the Conservation, Energy, and Forestry Subcommittee of the 113th Congress. I particularly want to extend a warm welcome to our new Ranking Member, Mr. Walz. We are all honored to be able to serve with him and for his leadership to this Committee as well as the new Members of our Subcommittee. This Subcommittee has broad jurisdiction over a large number of issues and areas at the U.S. Department of Agriculture including forestry, an important topic for many of us here today.

Forestry plays an important role in the rural economy. The forest product industry employs almost 900,000 people across the country not including jobs directly supporting the industry, and in 2012, the forest products industry had an economic impact approaching $190 billion.

Our National Forests are capable of providing and sustaining these economic benefits but they need proper management in order to do so, which is the topic of today's hearing, the management of

our National Forest System and what impacts this management has on neighboring communities.

The Forest Service manages more than 193 million acres of land across 41 states. Within those 41 states, there are over 700 counties containing National Forest land. These communities rely on us to be good stewards of these Federal lands. The people who live in those communities depend on well-managed National Forests to foster jobs and economic opportunity. These jobs can come from diverse sources such as timber, energy production or recreation. If these jobs disappear, so too do jobs that support those industries. If these disappear, then school systems and infrastructure in these communities are certainly threatened.

Thus, effective management and Forest Service decisions have significant consequences on our constituents who live in and around our National Forests. When Congress created the National Forest System more than 100 years ago, it was designed so that the surrounding communities would benefit from the multiple uses. A share of the revenue from each forest's activities has to be returned to the community in exchange for the fact that these lands were taken off the local tax rolls. Additionally, these forests would provide jobs to communities by harvesting timber, collecting natural resources or providing recreational opportunities.

However, as timber outputs have declined over the last 25 years, we have seen the impacts on these communities. Unemployment is higher in these communities, and we have witnessed some of the most intense fire seasons in the last 50 years recently. I continue to be very troubled by the significant reduction in timber harvesting in the National Forests. Harvesting is a critical piece of management, and the Forest Service cannot effectively manage our forests without it.

To his credit, Secretary Vilsack recognized these concerns, and last February he stated his goal for the Forest Service to harvest 3 billion board feet annually by 2014. The Forest Service harvested more than 2.6 billion board feet last year, its highest total since 2000.

Now, I applaud these efforts and I hope that the agency will go further to see harvesting levels closer to the recommended sustainable cuts in each forest. However, I hope the agency does not make a shortsighted decision to reduce treatments to National Forest land in an attempt to meet the obligations of the sequester. Though it is a decision that may save a bit of money in the short term, it will only further impair the National Forest System that is already dangerously mismanaged, resulting in fewer jobs, more fire-prone forests, and communities struggling to make ends meet. Sequestration is an unfortunate approach to achieve deficit reduction but we must face reality: the Federal Government must shrink. We must utilize resources more efficiently and effectively.

With any hope, these austerity measures will held remind us of just how critical forest management for both Federal spending and economic growth, and through better forest management we will spend less money fighting wildfires. Through increased timber harvests, we will see more revenues to the U.S. Treasury and our local communities, and I look forward to hearing today from Chief Tidwell as to how the Service will be managing this process. Today we

are going to hear testimony about other ways the Forest Service can help promote rural economic health including energy production or by providing recreational opportunities in our forests.

I want to welcome our panel of witnesses and thank them for sharing their perspectives today. I would also like to especially say thank you to Mr. Ken Kane, a constituent of mine who will be testifying later this morning. I look forward to a productive discussion on how we can be certain the Forest Service is doing everything within reason to produce a stronger rural America.

I welcome Chief Tidwell back before the Subcommittee. He has been a great partner to work with as we share this common commitment towards healthy forests. We have enjoyed a good working relationship in the past, and I look forward to working with you to ensure that we have healthy and prosperous rural communities across America.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

Good morning. I want to welcome everyone to the first hearing of the Conservation, Energy, and Forestry Subcommittee this Congress.

I particularly want to extend a warm welcome to our new Ranking Member, Mr. Walz, as well as the new Members of our Subcommittee.

This Subcommittee has broad jurisdiction over a large number of issue areas at USDA, including forestry—an important topic for many of us here today.

Forestry plays an important role in the rural economy.

The forest products industry employs almost 900,000 people across the country, not including jobs directly supporting the industry, and in 2012, the forest products industry had an economic impact approaching $190 billion.

Our National Forests are capable of providing and sustaining these economic benefits, but they need proper management in order to do so, which is the topic of today's hearing: the management of our National Forest System and what impacts this management has on neighboring communities.

The Forest Service manages more than 193 million acres of land across 41 states. Within those 41 states, there are over 700 counties containing National Forest land.

These communities rely on us to be good stewards of these Federal lands.

The people who live in those communities depend on well managed National Forests to foster jobs and economic opportunity.

These jobs can come from diverse sources such as timber, energy production, or recreation.

If these jobs disappear, so too do jobs that support those industries. If these disappear, then school systems and infrastructure in these communities are threatened.

Thus, effective management and Forest Service decisions have significant consequences on our constituents who live in and around our National Forests.

When Congress created the National Forest System more than a hundred years ago, it was designed so that the surrounding communities would benefit from the multiple uses.

A share of the revenue from each forest's activities was to be returned to the communities in exchange for the fact that these lands were being taken off local tax rolls.

Additionally, these forests would provide jobs to communities by harvesting timber, collecting natural resources, or providing recreational opportunities.

However, as timber outputs have declined over the last 25 years, we have seen the impacts for these communities.

Unemployment is higher in these communities and we have witnessed some of the most intense fire seasons in the last 50 years recently.

I continue to be very troubled by the significant reduction in timber harvesting in National Forests.

Harvesting is a critical piece of management—and the Forest Service cannot effectively manage our forests without it.

To his credit, Secretary Vilsack recognized these concerns. Last February, he stated his goal for the Forest Service to harvest 3 billion board feet annually by 2014.

The Forest Service harvested more than 2.6 billion board feet last year, its highest total since 2000.

I applaud these efforts and hope that the agency will go farther to see harvesting levels closer to the recommended sustainable cuts in each forest.

However, I hope the agency does not make a short sighted decision to reduce treatments to National Forest land in an attempt to meet the obligation of the sequester.

Though it's a decision that may save a bit of money in the short term, it will only further impair a National Forest System that's already dangerously mismanaged, resulting in fewer jobs, more fire-prone forests, and communities struggling to make ends meet.

Sequestration is an unfortunate approach to achieve deficit reduction, but we must face reality: the Federal Government must shrink. We must utilize resources more efficiently and effectively.

With any hope, these austerity measures will help remind us of just how critical forest management is for both Federal spending and economic growth.

Through better forest management, we'll spend less money fighting wildfires. Through increased timber harvests, we'll see more revenue to the U.S. Treasury and our local communities. I look forward to hearing today from Chief Tidwell as to how the Service will be managing this process.

Today, we will hear testimony about other ways the Forest Service can help promote rural economic health, including energy production or by providing recreational opportunities in our forests.

I want to welcome our panel of witnesses and thank them for sharing their perspectives today. I'd also like to especially say thank you to Mr. Ken Kane, a constituent of mine, who will be testifying later this morning.

I look forward to a productive discussion on how we can be certain the Forest Service is doing everything within reason to produce a stronger rural America.

It is good to see Forest Service Chief Tidwell and I welcome Chief Tidwell back before the Subcommittee.

We have enjoyed a good working relationship in the past and I look forward to working with you to ensure we have healthy and prosperous rural communities across America.

The CHAIRMAN. And now I yield to the Ranking Member, Mr. Walz, for an opening statement.

OPENING STATEMENT OF HON. TIMOTHY J. WALZ, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mr. WALZ. Well, thank you, Mr. Chairman, and congratulations on assuming the chairmanship. It has been obvious since you came to Congress, you have been a champion of rural issues, rural America, and done it in a positive, visionary way. I am very grateful and proud to be serving with you.

I would also like to acknowledge one of my constituents who is here. Kevin Paap from Blue Earth County, Minnesota, is here. He is President of the Minnesota Farm Bureau. He often says he has a farm there where he raises corn, soybeans and boys, and I think that kind of sums up what we are about; trying to make the land productive, gain the wealth for the country and do it in a way that is managed for future generations, so Kevin, I appreciate that.

Chief Tidwell, thank you for your service to this country. Thank you for being here and sharing your expertise on how we can correctly manage our forest resources. I of course represent Minnesota's 1st District. That is the deep south of Minnesota down by Iowa. We as a state have vast timber resources, 16.3 million acres of forestland, 3 million of that is National Forest, 3.9 million is state forestland. Our Department of Natural Resources does a wonderful job. They are a front-runner in many of the management techniques that are being developed in forest fire suppression, so we are grateful for that.

The thing I find most interesting is that the forest and timber industry, provides about $9 billion in economic impact to the state. I also represent the Mayo Clinic. That $9 billion represents about twice what the Mayo Clinic does, and they employ 40,000 people. I think that puts it into perspective, forest and timber is a huge industry.

The interesting part is, it is not an all or nothing. Our recreational activities contribute an additional $11.6 billion. So you can have your cake and eat it too if we do it right in terms of managing these resources, using them correctly and still being able to have the multi-use that we want to try and get.

My focus, much like the Chairman's, is to ensure that Federal funding for state and private forestry is well spent and that our National Forests are managed in a way that meets that multiple-use mission. I would like today, to hear from some of you—Chief Tidwell, you may be the person to help me more with this—and get a clearer picture of what sequester is going to mean. I have been told that *sequester* is Latin for idiotic governance, and it may be true. My fear is that when you do indiscriminate, across-the-board cuts that if instead we could use smart money, we could save money in the long run. I want to hear how the Forest Service is making plans for that.

So again, to all of our witnesses, thank you. I had a chance to read your testimony. I appreciate that there is a lot of expertise in this room today, so I want to hear where you are coming from, making sure we get this right, and certainly a renewable resource like our timber resources is one that this nation can put to good use both now and in future generations.

Mr. Chairman, I again congratulate you and yield back my time.

[The prepared statement of Mr. Walz follows:]

PREPARED STATEMENT OF HON. TIMOTHY J. WALZ, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Thank you, Mr. Chairman

Chief Tidwell and other distinguished witnesses, thank you for being here today to share your knowledge and expertise with the Subcommittee.

I want to first of all offer my complete cooperation in listening and learning from your testimony today, and hope that you will feel free to contact me at any time to discuss any issue of concern to you.

My interests are those of MN in general and Minnesota's First District in particular.

MN is home to nearly 16.3 million acres of forestland total; 3 million acres of National Forest land and 3.9 million acres of state forestland.

Our DNR is a national forerunner in developing techniques to control and suppress forest fires.

We have a robust forest products industry with annual value northwards of $9 billion that coexists with an even more robust economically significant outdoors tradition with $11.6 billion yearly in consumer spending alone.

My focus is to ensure that Federal funding for state and private forestry is well-spent and that our National Forests are managed in a way that meets the multiple-use mission of the Forest Service.

I also understand that we all must adjust in this new world of sequestration, and would like to get a clearer picture of exactly how cuts to the Forest Service funding will impair program delivery on the ground.

With that, I look forward to hearing your testimony and thank you again for your willingness to participate today.

I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The chair would request that other Members submit their opening statements for the record so the witnesses may begin their testimony and to ensure that there is ample time for questions.

[The prepared statement of Mr. Peterson follows:]

PREPARED STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Good morning. Thank you, Chairman Thompson, and Ranking Member Walz for holding today's hearing, the first Conservation, Energy, and Forestry Subcommittee hearing this Congress.

As we all know, the Committee will again try to write a new farm bill this year. The budget situation remains our biggest challenge. We need to make sure that all programs overseen by the Agriculture Committee are operating as efficiently as possible, free of waste and abuse. Today's hearing will be helpful in giving us a better understanding of how forestry programs currently operate; maybe we'll find some improvements that can be made in the next farm bill.

Before the Committee begins farm bill consideration, it bears repeating that while there are significant challenges ahead of us, the more we can work together, the more smoothly the process will go.

Again, I thank the Chairman for holding today's hearing and look forward to hearing from our witnesses.

The CHAIRMAN. At this time I would like to welcome our first panel to the table, and our first panel is our Chief of our U.S. Forest Service, Mr. Tom Tidwell of the United States Department of Agriculture. Chief Tidwell, please begin when you are ready.

STATEMENT OF THOMAS TIDWELL, CHIEF, U.S. FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. TIDWELL. Mr. Chairman, Members of the Subcommittee, thank you again for the opportunity to present the views of the U.S. Department of Agriculture regarding National Forest management and the benefits of public and private lands on rural economies and our communities.

In my written testimony, I try to share many of the benefits of the National Forests, and in my remarks today, I am going to briefly highlight a few of those key points.

The benefits of the National Forests and Grasslands without question are significant to this country and especially to rural America. For instance, in 2011, the various activities on the National Forests and Grasslands contributed over $36 billion to America's gross domestic product and supported nearly 450,000 jobs. Now, recreation related activities, which support 166 million visits to the National Forests, support a little over 200,000 jobs and about $13.5 billion to the GDP. Forest products from the National Forests, they support another 42,000 jobs, another $3 billion to the GDP. Grazing, over 19,000 jobs. Minerals and energy production, about 56,000 jobs and $8 billion to the GDP. We administer 160,000 mining claims and 2,600 mineral sale contracts. Returns to the Treasury on these lease rentals, royalties and bonus bids, ranges from $650 to $850 million a year.

Now, especially in rural America, these benefits and associated activities are just essential to sustaining our communities. But in addition to the commercial activities, 20 percent of Americans rely on the drinking water that originates off the National Forests. Our forests in this country offset a significant amount of the carbon

emissions in this country, and on the National Forests we estimate offsetting over four percent of those emissions. On the recreation use, it goes beyond just those numbers. I can't stress enough that I think many of you can relate to how many people enjoy going out and recreating on their National Forests and Grasslands. It is where America plays. It is where they hunt, they fish. It is where their ride their horses, their motor bikes, their ATVs.

In addition to these benefits, we also administer 74,000 use authorizations that help benefit the public and local communities such as 15,000 miles of transmission lines, 6,000 miles of energy pipelines, 1,600 mountaintop communications sites, and sir, I could go on and on about these benefits.

But the other thing I wanted to point out is that through our state and private programs, we also help support private forest owners. In fact, we have a program with our Forest Stewardship program where we are helping private landowners with 20 million acres of private forested lands to provide them the technical assistance that they need to be able to manage their private forestlands and to keep those private lands forested.

Now, all these benefits that I have been talking about, there is a threat to these benefits and it is something we have been very clear about over the last couple of years, about the number of acres that we feel need to have some form of restoration. We estimate between 62 and 85 million acres of our National Forests are in need of some form of restoration. When you think about the more than 60 percent of this country that is in a moderate to severe drought, and that over the last 10 years we have had 45 million acres out West that have been affected by bark beetle—and we estimate there is another 80 million acres of trees that are projected to be at risk from severe mortality due to insects and disease—you add to that the threat of rapid escalation of the severe-fire behavior that we have seen over the last 10 years, and you understand that our National Forests, and the benefits that they provide, really are threatened right now. That is why we have moved to increase the rate of restoration on these forests, and I appreciate you acknowledging Secretary Vilsack's support for us to be able to increase the amount of restoration work we are doing on these lands by 20 percent between last year and 2014. That includes the outputs, not only the streams that are restored, the miles of roads that are improved, it also increases timber output by 20 percent. It is just essential that we are able to maintain the resiliency and resistance of these National Forests so they can deal with the stresses—the stresses of drought, the stresses of insect and disease, and the natural disturbances that we are seeing significant increases year in and year out, whether it is wind storms, ice storms, whether it is flooding, whether it is fire. It is essential that we do what we can to help these forests to be as resilient as they can so they can continue to provide the benefits that we all rely on.

I want to thank you for your time this morning and I look forward to your questions.

[The prepared statement of Mr. Tidwell follows:]

PREPARED STATEMENT OF THOMAS TIDWELL, CHIEF, U.S. FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. Chairman, and Members of the Subcommittee, thank you for the opportunity to present the views of the U.S. Department of Agriculture regarding National Forest management and its benefits for public and private lands on rural economies and communities.

The National Forests and Grasslands were established to protect the land, secure favorable conditions of water flows, and provide a sustainable supply of goods and services. National Forest System (NFS) lands are managed using a multiple-use approach with the goal of sustaining healthy terrestrial and aquatic ecosystems while addressing the need for resources, commodities, and services for the American people. Rural and urban communities depend on the forests for a variety of resources, commodities, and services, but for the rural communities in particular, National Forest management can impact local economic and social conditions. With our many partners, the Forest Service is working to maintain the functions and processes characteristic of healthy, resilient forests and watersheds, and through delivery of our programs, maintain and enrich the social and economic environment of our local communities.

Vegetation Management

Our forests are important to all of us, and people understand that forests provide a broad range of values and benefits, including biodiversity, recreation, clean air and water, forest products, erosion control, soil renewal and more. Forests, which cover ⅓ of the country's landmass, store and filter more than ½ of the nation's water supply and absorb 20 percent of the country's carbon emissions. Our mission of sustaining the health, resilience and productivity of our nation's forests is critically important to maintaining these values and benefits. Restoring the health and resilience of our forests generates important amenity values. A study by Cassandra Mosely and Max Nielson Pincus has shown that every million dollars spent on activities like stream restoration, hazardous fuels reduction, forestry or road decommissioning generates from 12 to 28 jobs. Through implementation of the Collaborative Forest Landscape Restoration Program—which relies heavily on stewardship contracting—the proponents of projects on NFS lands created or maintained 1,550 jobs through 2011.

The Forest Service is leading the USDA Wood to Energy Initiative, a partnership between five agencies, including Rural Development and the Farm Service Agency. This interagency effort is focused on creating value for woody biomass by creating energy, for heating buildings, manufacturing and producing electricity. The initiative is focused on economically viable uses of wood. For example, wood chips and pellets are about ½ the cost of fuel oil and propane for heating. The U.S. uses about 25 billion gallons of fuel oil and propane at a cost of about $75 billion, most of it consumed in rural America. It is important to keep in mind that wood energy is just one more part of an integrated wood products industry that produces structural material, furniture, pulp and paper. Our goal is to use all the parts of the trees for the highest value we can so that landowners can effectively manage their land whether it is public or private.

Unfortunately, it is estimated that there are between 62 and 85 million (high and very high fire risk) acres of National Forest System (NFS) lands in need of restoration. More than 60 percent of the contiguous United States is in a moderate or more severe stage of drought—with 20 percent of those areas experiencing exceptional drought conditions. In addition, insects and disease have weakened the resilience of America's forests. Nationally, approximately 80 million acres of trees are projected to be at risk of severe mortality due to insect and disease. Over the past 10 years in the west, approximately 45 million acres across all land ownerships have been affected by 20 different species of bark beetles.

It is widely recognized that management of our forest resources has not kept pace with the ever increasing need for restoration. Organizations such as the National Forest Foundation, American Forest Foundation, The Nature Conservancy, the National Association of State Foresters, the Wilderness Society, U.S. Endowment for Forests and Communities, the Intertribal Timber Council, and the Western Governors Association have embraced an agenda to actively restore resilient landscapes and provide for community vitality. The Forest Service is striving to increase the number of acres that are restored by a variety of treatments annually. This increase would allow the Forest Service to increase the number of acres and watersheds restored across the system, while supporting existing infrastructure and jobs.

The Forest Service recognizes the need for a strong forest industry to help accomplish forest restoration work; the best opportunity for reducing the cost of these restoration treatments is through timber harvest and stewardship contracting.

The benefits of maintaining a robust forest industry flows not only to local communities but also to the Forest Service itself as the agency relies on local forest contractors and mills to provide the workforce to undertake a variety of restoration activities. The industry's workforce is larger than either the automotive or chemical industries, currently employing nearly 900,000 workers. And the good news is that there have been recent upturns in the housing market and lumber prices, resulting in higher demand and prices for sawtimber. The capacity exists within current infrastructure to meet this increased demand for lumber through adding extra shifts, reopening mills, and efficiency gains. The higher demand and prices for timber will enable the Forest Service (FS) to complete more restoration treatments, especially under a stewardship contract.

Stewardship contracting is a critical tool that allows the Forest Service to more efficiently complete restoration activities. Permanently reauthorizing stewardship contracting and expanding the use of this tool is crucial to our ability to collaboratively restore landscapes at a reduced cost to the government by offsetting the value of the services received with the value of forest products removed. In Fiscal Year 2012, 25 percent of all timber volume sold was under a stewardship contract. Stewardship contracting authorities, such as goods for services, funded watershed and wildlife habitat improvement projects, invasive species removal, road decommissioning, and hazardous fuels reduction activities.

The Forest Service continues to be a leading agency in the Federal Government to preferentially select domestically harvested wood products in building construction projects while increasing its commitment to green building standards. All Forest Service building projects incorporate green building principals such as energy efficient, locally produced wood products, recycling and reuse of building materials. New building construction and major renovation projects for administration facilities or research laboratories over 10,000 gross square feet must be registered and certified using either the United States Green Building Council LEED rating system, or other accredited third-party certification systems.

The Forest Service and USDA, as well as the forest products industry and resource management organizations, support a science-based approach of outlining the benefits of using wood and wood-based products in green building in the U.S. The inherent benefits of using wood go beyond economic gains. Conservation components such as increased forest productivity, cleaner air and water, and enhanced wildlife habitat will be realized as we actively manage our nation's forests. The process of harvest, transport, manufacturing and use of wood in structures creates less gas emissions than other building products such as concrete or steel. ("Life-cycle inventory and assessment research at the Forest Products Laboratory: Wood products used in building construction, U.S.D.A. Forest Service").

The Forest Service provides a significant amount of value to the rural economies through its active management of rangelands. 95 million acres are within grazing allotments on National Forest lands, Grasslands or the Midewin Tallgrass Prairie, in 30 different states. Ten million private acres are within grazing allotments which are cooperatively managed, providing open space and un-fragmented wildlife habitat, connecting state, private, and Federal lands.

To accomplish effective vegetation management, the Forest Service is fostering an efficient National Environmental Planning Act (NEPA) process by focusing on improving agency policy, learning, and technology. These NEPA process improvements will increase decision-making efficiencies, resulting in on-the-ground restoration work getting done more quickly and across a larger landscape. In addition to the Forest Planning rule, the agency has initiated a NEPA learning networks project to learn from and share the lessons of successful implementation of efficient NEPA analyses. The goal of this effort is to ensure that the Agency's NEPA compliance is as efficient, cost-effective, and up-to-date as possible. Specifically we are looking at expanding the use of focused Environmental Assessments (EAs), iterative Environmental Impact Statement documentation (EISs), expanding categories of actions that may be excluded from documentation in an EA or an EIS, and applying an adaptive management framework to NEPA. Regarding technology, the Forest Service's investments in Electronic Management of NEPA (eMNEPA) provide considerable cost and time savings, contributing to an efficient NEPA process by reducing the administrative workload.

Our landscape-scale NEPA projects will also increase efficiencies. For example, our Mountain Pine Beetle Response Project on the Black Hills National Forest is implementing a landscape-scale adaptive approach for treating current and future pine beetle outbreaks. We are also implementing the Four Forest Restoration Initia-

tive project in the Southwest for landscape-scale forest restoration projects. All of these efforts are aimed at becoming more proactive and efficient in protecting the nation's natural resources, while providing jobs to the American people.

Water

Water is a vitally important natural resource flowing from America's forests, which provides great economic benefit to many rural and urban communities. It is estimated that forests provide clean drinking water to more than 180 million people from coast to coast. Watersheds on National Forests and Grasslands are the source of 20 percent of the nation's drinking water supply and over 50 percent of the water supply in the West. Many major urban centers, like Denver, Portland, Atlanta, and Los Angeles, depend on National Forests for their water.

Water on the National Forests is an important recreational resource and rural areas near forest land often depend on tourist spending to help support their local economies. Water-based outdoor recreation is a major attractant since more people in the U.S. fish, 30 million, than play golf, 24.2 million, or play tennis, 10.2 million (*The Economic Benefits of Protecting Healthy Watersheds,* EPA 841–N–112–004). National Forests and grasslands contain more than 200,000 miles of fish-bearing streams—streams that support nationally renowned recreational fisheries and local jobs.

Forest Service research helps maintain clean water important to communities by providing watershed management tools and educational programs. An example is the Stream Systems Technology Center which improves knowledge of stream systems and watershed hydrology by developing operational tools and technology, providing training and technical support, and identifying needs to secure favorable conditions of water flows.

Recreation

Recreation on the National Forests is extremely important for many communities. Over the past few years, the National Forests and Grasslands have hosted an average of nearly 166 million visits per year. Visitors engage in activities such as camping, picnicking, skiing, snowboarding, hunting, fishing, hiking, off highway vehicle and snowmobile use, viewing scenery and wildlife, scenic driving and visiting cultural sites and visitor centers. In connection with their visits, recreation visitors directly spend about $11 billion in communities near National Forests. With multiplier effects, this amounts to $13.5 billion and accounts for 47% of the Forest Service contribution to the national Gross Domestic Product (GDP) (National Visitor Use Monitoring, 2011).

The direct visitor spending, combined with the ripple effects in the nearby economies, sustains more than 200,000 full and part-time jobs (National Visitor Use Monitoring, 2011). The vast majority of these jobs are in gateway communities. These towns' distinguishing feature is proximity to public lands; the vitality of their social and economic structure often depend on the management decisions being made on and for these public lands.

Partnering with private sector businesses to develop and maintain ski areas on NFS lands has proven to be a particularly significant economic engine for gateway communities. Currently, 122 alpine ski areas are located on NFS lands, which together comprise over 60% of the downhill skiing capacity in the United States. The direct spending on downhill skiing and snowboarding by visitors to National Forests amounts to about $3.5 billion annually. With ripple effect, this translates to nearly a $5 billion contribution to GDP and represents approximately 4,000 full and part-time jobs. Moreover, many of these locations are expanding their summer activity offerings, further enhancing their importance to gateway communities. (National Visitor Use Monitoring, 2011).

The number and diversity of our recreation opportunities and the quality of our recreation settings are the primary reasons visitors keep coming. Stable and robust visitation numbers provide desirable opportunities for a wide array of businesses. High quality natural resource settings are among the benefits that people seek when deciding where to live or retire. Gateway communities benefit from both.

The operation and maintenance of many of our recreation sites and reservation system is dependent on user fees, such as campground fees. The agency collects about $65 million annually in user fees through the Forest Land Recreation Enhancement Act (FLREA), which sunsets December 8, 2014. Ninety five percent of FLREA funds go back to where they are collected for the maintenance and operation of recreation facilities. The Forest Service is working with the Department of the Interior to reauthorize FLREA. A loss of this funding would create a burden that could not be made up with appropriated or other partnered funding and would have

a direct impact on rural economies due to closures of recreation sites and loss of jobs.

Special Uses

The Forest Service manages approximately 74,000 special use authorizations. Special use authorizations allow for the use of NFS lands for numerous purposes to benefit the public such as energy transmission and communications infrastructure, renewable energy-related uses, public service facilities such as ski areas, resorts and marinas, as well as services such as outfitting and guiding. There are 180 types of special uses.

The special uses program provides significant public benefits. Over 6,600 miles of energy-related pipeline and some 15,000 miles of transmission line rights-of-way cross NFS lands. In addition approximately 1,600 communication sites are located on NFS lands. Federal Energy Regulatory Commission (FERC) licensed dams provide enough power for some 15 million homes. Private businesses and nonprofit entities provide approximately ½ of the recreation opportunities on NFS lands, including 122 ski areas, 259 resorts, 77 marinas, 311 organizational camps, 230 concession campground operations, nearly 5,000 outfitting and guiding operations, and nearly 1,000 recreation events each year. The agency also leases some 14,000 forest cabin lots.

Forest Service special uses generate approximately $100 million in land use fees annually Special uses provide many benefits to the American public and are one of the many ways that NFS lands provide resources and services in areas such as energy, communications, and recreation. Special uses provide business opportunities for large and small companies, thereby supporting the national and local economies. Because ten percent of the continental U.S. is National Forest System land, the agency necessarily plays a critical role in energy development, energy transmission and communications.

In addition, the public benefits greatly from this program by receiving recreation and other services which could not be provided by the Forest Service.

Minerals, Oil and Gas

Over 5 million acres of NFS lands are currently leased for oil, gas, coal, and phosphate mining operations. Our energy and minerals programs contribute to sustainable domestic energy production and support many jobs and socioeconomic benefits to the American people, while protecting healthy ecosystems.

At any given time, the Forest Service administers operations on approximately 160,000 mining claims and manages approximately 2,600 mineral material sale contracts. The value of energy and minerals production from these operations on NFS lands typically exceeds $6.5 billion per year, as calculated by the Forest Service and the Department of the Interior's Office of Natural Resources Revenue.

Mineral receipts are derived from annual lease rentals, royalties on production, bonus bids for competitive leases, and mineral material sales. Of the total revenues received, between 25 and 50 percent—depending on whether production is from acquired lands or lands reserved from the public domain—are returned to the state or county of production. Federal royalties from oil and gas leases on NFS lands were $136 million in calendar year 2009. Returns to the Treasury each year from lease rentals, royalties on production, bonus bids, and mineral material sales on NFS lands typically range from $650 million to $850 million. The Forest Service is analyzing additional lands across the country which could be made available for leasing.

Wildland Fire

Within the United States, many states have recently experienced their largest and/or most destructive fires in history. Similar situations are happening on the global stage as well.

Two primary factors are contributing to additional acreage being burned by wildfires: climate and vegetation. We can only expect climate-related drivers to increase. We are experiencing increases in the frequency of warm days and decreases in cold days. Heat waves are increasing in length, frequency, and/or intensity over most land areas. Researchers have shown a 78 day increase in the western fire season since 1970. Rising spring and summer temperatures across the west appear to be correlated to the increase in size and number of wildfires. Time of snowmelt also may be a factor. Scientists predict the western states will get hotter and drier by the end of the century. Fire seasons will grow longer and fires will increase. More and bigger fires will become the norm as climate continues to change. Key considerations to consider:

- In the absence of treatment, fuels continue to accumulate, setting the stage for future fires to be more extreme. In many areas fuels are at higher levels than historic norms.
- Where we are able to treat fuels and vegetation, we are able to reduce fire impacts. The Forest Service monitors when wildfires burn into treated fuels and the monitoring showed that, of almost 1,200 cases studied, 94% of the fuel treatments were effective in changing fire behavior and/or helping with suppression.
- The pace of our fuel management activities has not kept pace with the trends that drive fuel accumulation. Even with the increase in wildfire many areas are still accumulating more fuel than is being burned. Natural vegetation succession, drought, land use patterns, insect outbreaks, invasive species, and fire suppression—all contribute to accumulating fuel loads.
- New construction of homes in the wildland urban interface (WUI) greatly compound the fire management problem. About 1/10 of land area occupied by housing and about 1/3 of all housing units in the conterminous United States are located in the wildland urban interface.
- Severe fire may bring landscape conversions which can lead to reduced habitat for endangered and threatened species such as spotted owls, sage grouse, and cold water fish species. These type conversions will also have impacts on water yield and quality.
- The increased presence of wildfire is already having costly and serious impacts on public health with increased levels of smoke. As the fire seasons grow longer and fires increase, there will be increased impacts to local and state economies.
- Regional action plans are being developed with Federal, state and local cooperators to meet the goals of the National Cohesive Wildland Fire Management Strategy (Restoring and Maintaining Resilient Landscapes, Creating Fire-Adapted Communities and Responding to Wildfires)

State and Private Forestry Programs

The Forest Service works with a variety of partners to help private forest landowners conserve and manage their forest resources so the lands can contribute to local, rural economic growth and provide ecosystem services on which we all depend. Many rural economies rely on the proximity of forests and forestry sector jobs, and most of the nation's forest land, about 2/3, is in private ownership. Through our National Woodland Owner Survey and other related studies, we attempt to better understand private and family forest owners—about 11 million of them—so we can continue to deliver appropriate tools and the types of technical assistance most needed.

The Forest Stewardship, Forest Legacy, Community Forest, Urban and Community Forestry, Conservation Education, Forest Health Protection, and Cooperative Fire Protection Program first work to keep our state and private forests as forests in the face of increasing development pressures and other threats. These programs then work to protect these forests from harm while enhancing the benefits they provide.

The Forest Stewardship Program is delivered directly to landowners through state forest agency partners, and a vast network of forestry technical assistance providers, forestry consultants, state forestry agencies, and nonprofit partners. Sustaining forest health on private ownerships through this program is thus vitally important, not only for the environment but also for the economic and social well-being of surrounding communities. Program funding is frequently leveraged locally to train professional consulting forester pools that landowners can then access. Assistance is provided primarily in the form of comprehensive long-term Forest Stewardship Management Plans. Currently, about 20 million acres of private forestland are being sustainably managed under these plans nationally. According to a study by the National Alliance of Forest Owners (NAFO, 2009), the contribution of these managed acres to employment is significant: "On average, each 1,000 acres of privately-owned forest is responsible for the creation of eight jobs."

The program is also increasingly serving as a "gateway" through which landowners can gain access to a variety of assistance, programs, and incentives including USDA cost-share, state tax abatement, forest certification, and emerging ecosystem service and renewable energy markets.

Our newly adopted Landscape Stewardship Approach is attempting to provide further access to emerging markets by creating economies of scale for smaller landowners. Landscape-scale plans also facilitate cross-program and interagency coordination, make more efficient use of limited resources, tie individual ownership objectives to landscape-scale resource management objectives, and help landowners un-

derstand how their actions contribute to broader landscape management efforts and their local economies.

The Forest Health Protection Program (FHP) is helping states, landowners, communities and tribes combat insect pest, disease and invasive plant infestations that, if left unchecked, can have severe local and regional economic impacts. Restoration of bark beetle infested landscapes across rural western communities is one of the priorities of the Forest Service Western Bark Beetle Strategy. FHP also produces the National Insect & Disease Risk Map, which provides vital information on future risk to forests across all lands. In addition, on-going Aerial Detection Surveys are conducted to assess general and annual forest health conditions. Both of these information sources are essential to help Federal, state, and local land managers make better management decisions in the face of landscape change, potentially resulting in significant rural forest industry and related economic benefits.

Forest Research and Development

Forest Research and Development (R&D) serves the nation and communities with a variety of research efforts to better understand forests and their economic impacts. Forest Service R&D continues to adapt and reposition its programs as needed to address the needs of a rapidly changing society. The social, economic, and environmental forces driving the change have the potential to fundamentally change existing relationships among people, cultures, communities, political institutions, and the natural environment. Forest Service R&D is responding to these issues through six priority research Areas: (1) Forest Disturbance, (2) Biomass and Bioenergy, (3) Urban and Natural Resources Stewardship, (4) Nanotechnology, (5) Water Management and Restoration, and (6) Localized Needs Research. These priority research areas demonstrate Forest Service R&D's commitment to remaining an interactive, vibrant, and visionary partner in addressing today's critical natural resources problems with science and technology. This science and leadership service is a highly important investment for a world struggling with environmental change.

Forest Inventory and Analysis (FIA) information provides the forest resource information needed to assess current and future opportunities and risks to maintaining healthy forests and vibrant rural communities. FIA data and information are updated annually for all 50 states. The information is used by states, forest landowners, forest planners and forest investment firms to plan silvicultural treatments. Investment decisions for development and location of wood based manufacturing facilities also access FIA information. We have also learned from assessments based on FIA information that urbanization is resulting in forest losses and that reduced demand for domestic forest products is impacting rural communities.

Additionally, we continue to set priorities for fuels treatments around communities linked to restoration goals resulting in avoided costs to water, decreased insurance costs to owners, and decreased loss of infrastructure. Forest Service fire scientists, analysts, and technology transfer specialists put science in the hands of managers, decision makers, policy makers, homeowners and communities in the form of user-friendly software and data, real-time support of trained analysts on active wildfires, and educational material for schoolchildren. Smoke modeling tools have been developed to integrate meteorological data, cutting edge smoke science, and fire behavior predictions to help fire managers schedule essential prescribed burns to minimize these health impacts. The Wildland Fire Decision Support System assists fire managers and analysts in making strategic and tactical decisions for fire incidents by providing easier sharing of analyses.

I-Tree, a peer-reviewed software suite, provides urban forestry analysis and benefits assessment tools to help communities strengthen their urban forest management and advocacy efforts by quantifying the structure of community trees and the environmental services that trees provide.

The Forest Service is expanding the use of wood and a sustainable and environment friendly material by developing new materials and technologies at the Forest Products Laboratory. These new materials range from Nano sized particles that can be used in developing light weight and strong car bodies or a green substitute for petroleum based plastics and films to new construction materials and techniques for multiple story buildings. These new technologies use low value wood from restoration treatments to provide sustainable alternatives to non-renewable materials and create jobs in rural area. Forest Service studies show that using wood products for building materials, instead of fossil-fuel intensive alternatives, results in a smaller carbon footprint.

The Forest Service also provides science-based information for community planning in recreation planning, including the social and quality of life benefits of recreation on communities and society, and the impacts of economic cycles on tourism-dependent communities and the effects of changing land use and ownership pat-

terns, amenity migration, and labor markets on recreation businesses and management.

In summary, the Forest Service continues to work toward accomplishing restoration objectives, providing information, research, and quality recreational experiences, all linked to healthy rural communities. I want to thank the Committee for its interest, leadership, and commitment to our National Forests and their surrounding communities. I would be pleased to answer any questions you may have.

The CHAIRMAN. Thank you, Chief. Let me take the liberty of taking the first 5 minutes of questions.

Chief, within your testimony, you noted, and specifically to wildfires, that climate change and vegetation were two issues, and I can see that it has been dryer, it has been hotter, and obviously if vegetation quite frankly is not managed, the undergrowth provides a tinderbox. Given the fact that we have known for some time we have had this trend of warmer summers, it seems to me the only real remediation to that is to be more aggressive with harvesting. Some of it is stewardship contracting, also green timber sales. I actually prefer that because that has to tie back into the local communities with dollars. So we need to use both tools. What have been the obstacles to using those tools to provide more wildfire prevention?

Mr. TIDWELL. Well, Mr. Chairman, you are correct. We recognize we need to be doing more, and one of the ways to reduce the threat, especially to our communities and to improve the effectiveness of our suppression activities is to get in there and reduce the amount of biomass, reduce the number of trees on these landscapes. That is one of the reasons why we have increased our rate of restoration, increased our rate of harvest, and especially with a focus on the areas around the communities and our wildland-urban interface. Each year over the last few years we have continued to increase the number of acres that were treated. There is strong evidence to show that when we do that, we definitely change the fire behavior and our firefighters are more successful. So we are moving forward with that.

The challenge that we have is the amount of acres that need to be treated, and in the last few years, of the markets for a lot of the saw timber that needs to be removed and the smaller diameters, there is very little value in a lot of this timber that needs to be removed. And so that is one of the things that has slowed down the efforts, especially with stewardship contracting. There haven't been as many receipts available. I am pleased to know that the prices especially for saw timber have been improving over the last year, so that is going to help us.

The other thing that is really making a difference is these collaborative efforts across the country where people have come together and recognized the type of work that needs to be done on these forests so that there is more and more support for us to be able to move forward and to treat the areas that we need to treat. The thing that we have really changed over the last couple of years is to recognize we need to treat larger areas. The 500 acres, the 1,000 acres, that is not enough, and that is why we put our efforts in the last couple years into doing analysis on tens of thousands to hundreds of thousands of acres at a time so that we can treat the amount of country we need to, to really make a difference.

The CHAIRMAN. It seems like those collaborations are a way to leverage other monies obviously with different areas of government, so I congratulate you for including that as part of the strategy.

You talked about the market, and the market is somewhat of an issue obviously, and I am a huge fan of our Forest Research Labs. These are scientists that are really doing tremendous work. I have had an opportunity to visit some of the laboratories and I know that the Forest Service is involved in looking at nanotechnology, and they are battling invasive species, they are looking at all different types of things. How well does the forest research look at developing other innovations? I have a bill that Mr. Schrader and I introduced last week, the Forest Products Fairness Act, and that is more of a marketing to make sure that our forest products are able to benefit from that BioPreferred label. That is about marketing and expanding, but obviously innovation, creating, looking for new markets for our forest products. How much is the Forest Service involved with that?

Mr. TIDWELL. Well, Mr. Chairman, first I want to thank you for your support for finding ways to use more forest products, and whether it is in the BioPreferred markets or whatever, and I know that we are moving forward with trying to provide some additional flexibility, so I appreciate your support around the BioPreferred market opportunity.

Our Forest Products Labs, they spend a lot of their time really looking at how we can not only improve the marketability of wood but actually to create new markets. The first one is our Green Building Initiative where we are trying to find ways to be able to create more buildings out of wood. For instance, they developed a product called cross-laminated timber, which is able to take a combination of the high-quality wood plus the lower-quality wood and put it together in a way that passes all the tests so that it is stronger than just a timber cut from a tree. This will allow us to be able to pursue wood buildings that go beyond four stories so that commercial buildings will be able to go five to six stories, which is common in Europe and where they are moving to in Canada. So that is one of the things that we are moving forward with.

We do a lot of research in bioenergy to be able to find ways to make it more economically viable for us to use the small-diameter residual material that has no market like it for saw timber but it too needs to be removed, and so if we can defray the costs by converting that into usable, renewable energy, it is another way that will make it more economically feasible for us to get this work done. It also makes it easier for the mills to be able to have a cogen plant, that they can use the energy for their operations. USDA, with the Forest Service and Rural Development, have had a very successful program the last year to use a combination of loans and grants and expertise to be able to create more of a demand for bioenergy.

The other thing we are working on is with biofuels, and we have a ways to go yet, but our scientists are now to the point that they can produce a gallon of fuel for about $6 to $7 a gallon. We know we need to get it down to about $4 a gallon before it will actually become economically viable, but it is one of the things that we are

continuing to work on as just another way to help create more markets so that we can manage our National Forests.

You mentioned nanotechnology, and of everything I have talked about, it probably has the highest potential, but we are still a ways away with that technology, but I wish I would have brought an example today. I could show you a sheet that looks like plastic to me that is made out of cellulose, made out of wood cellulose, and I will tell you, it is stronger and more durable than any piece of plastic that is sitting here on the desk right now. But that is the potential that we have in these other markets. That along with being able to maintain our wood products industry, to maintain the saw timber, the sawmills in this country, that is what it is going to take for us to be able to have the infrastructure to be able to do the work that needs to be done on our forests.

The CHAIRMAN. Thank you, Chief.

At this time I will yield to the Ranking Member.

Mr. WALZ. Thank you, Mr. Chairman. Thank you, Chief Tidwell.

Again, I am really pleased to hear you talking about this commitment on moving towards biofuels. In southern Minnesota we have a pretty advanced biofuels industry and most of us who have watched this understand that this is an ongoing process. We are still in the infancy, but again, it is about providing a broader portfolio of energy uses, and there are folks that want to collaborate, and I am glad to see that that is moving forward.

Just a couple of questions here. In a February letter to the appropriators, Secretary Vilsack anticipated the effects of sequestration to the Forest Service fire management to be $134 million and the National Forest System to be $78 million. If you could verify those amounts and provide some details on how you are going to implement those cuts and what the impact will be on those programs?

Mr. TIDWELL. Well, those numbers are correct, and I will talk first about the five percent reduction to our fire funding. That is both in our preparedness funds and also in our suppression funds. So it will result in a few, we are estimating maybe up to 500 less firefighters, 50 to 70 less fire engines this year. To put that in perspective, just the Forest Service alone, we usually provide around 10,480 firefighters, so that would drop the number to just a little bit to 10,000.

So we will start the year with a few less resources. However, we have the ability to move our resources around the country to be able to preposition the crews and fire engines where they are needed, ideally right before that part of the country starts their fire season. So we will be able to mitigate some of the impacts by just moving more of the resources around.

Mr. WALZ. Do you save much money by moving firefighters that were there from another part to put them there?

Mr. TIDWELL. No, sir, it increases the cost so the suppression costs will go up because when we move prepositioned resources, they are then charged to a suppression code, fire code, and so the suppression codes will go up so that we can preposition these resources, but we will respond and we are going to do whatever we need to to be able to respond to wildfires without any question.

Mr. WALZ. Okay. I appreciate that. A question. We all talk about it is hotter, dryer, looking at some of these things. I am of the belief that that is probably the new normal. Should there be a new way of thinking about management based on that new normal, not based on historical past trends? Is that something that is being talked about and done?

Mr. TIDWELL. Well, sir, you are correct. It is the new normal, and I would like to talk about it. Our fire seasons, they are warmer, they are dryer and they are longer, in fact, often 60 to 70 days longer today than just what they were 10, 15 years ago. And so that is what we are up against. That stresses the need for us to be able to do hazardous-fuels reduction so that when a fire does threaten a community, that the flames drop out of the trees, get on the ground so the firefighters can be successful. It also makes it safer for our firefighters because we will not put our firefighters at unnecessary risk. So it is essential that we move forward and not just on the public lands, but this is an issue for all lands and it needs to be done in conjunction with the work done on private lands.

When I first started my career as a firefighter, it was seldom that we ever had to be worried about a fire threatening a building or a subdivision. Today it is seldom that we ever have a fire that we don't also have to factor in keeping that fire away from the community.

Mr. WALZ. And that is a combination of changes but also encroachment near these lands and buffers. Would you agree?

Mr. TIDWELL. Yes. People like to live next to these lands. I understand that, and we can do that in a way but they need to be able to treat the fuels on their private land in conjunction with us treating the fuels on the National Forests.

Mr. WALZ. My final point, and I guess this is more to think about. I would kind of like to hear what you think. You are going to hear testimony after you, Chief Tidwell, from folks who are seeing a way of life disappear, who are seeing it more difficult to continue, and we are looking for ways to make sure that people have the opportunities to live in these areas and to do that. What are the factors do you think in addition to what the Forest Service is doing that are leading to those changes, in your opinion?

Mr. TIDWELL. Well, it is probably a combination of things, but there is just no question that the economic benefits that come from the activities off the National Forests and Grasslands and how they can help sustain the local economies, and as you mentioned in your remarks, from recreation, it is across the board in this country. It is very important economic activity. And then the other part of it is to manage these lands. I mean, there are studies out there now that show for every million dollars that we invest in restoration activities, it creates another 12 to 20+ jobs. So we have those things going for us.

The other thing that we have that has changed in just the last, I am going to say the last 5 years where I spent the majority of my career dealing with controversy and conflict about how the National Forests should be managed, and I can tell you today that is being replaced with just constructive dialogue about how and why, not should you or should you not. Because of that, I tell you, we

are building support across this country where people are coming together. They want to work together. We are seeing it from communities that are willing to put their own money to help restore these lands because they recognize that if they can improve the conditions of that watershed, it is going to save the city more money, because when a flood occurs, there is going to be less impact. Folks are seeing that there is a connection to maintaining these lands with direct economic benefits. So those are the things that I think we can really start to turn this around. We just need to stay the course.

Mr. WALZ. Well, I am grateful for that, and our public land legacy is the envy of the world, so I appreciate the work you are doing, and I yield back.

The CHAIRMAN. I thank the gentleman. I now recognize the gentleman from Alabama, Mr. Rogers, for 5 minutes.

Mr. ROGERS. Thank you, Mr. Chairman. I hate to waste time in this hearing on a parochial issue, but apparently I have to since your staff has not been able to handle this for me.

I have a church in my district called the Union Baptist Church. It has had a permit for a cemetery since 1954. It is less than ½ an acre of land. And as late as 2009, your Department confirmed their permit was still active. They have been mowing it, burying people there for years. They sold the plots. Not all of them have been filled yet, which is a good thing, but there are people that own them. They were recently notified in 2012 that their permit had been revoked. We contacted your office to try to clear this up, and we are not getting anywhere. My question to you is, are you going to be able to take care of the Union Baptist Church cemetery for them?

Mr. TIDWELL. Congressman, I will personally look into that. This is a common situation throughout this country where we have cemeteries that are on National Forest System lands and we do have several different authorities that sometimes will help resolve this, so I will personally look into this and see if we can't use one of our existing authorities to be able to address this, and I will get back to you.

Mr. ROGERS. Well, I appreciate it. I understand my staff has been in contact with your staff, and I understand that you may not be able to do a waiver but we could do a land swap. The aggravating part to me is, this is less than ½ an acre of land they have had for 70 years almost, had a permit on, and it is costing your staff more time than the land is worth to fuss over this. Just handle it. Let them swap land or whatever. And it is also ridiculous to come up to these folks 70 years later after they have already sold the plots and say well, you can't bury anybody there when you have had permission to do it for all this time. So I would appreciate that and I look forward to hearing back from you.

My second question is a little broader. It deals with sequestration. I have a huge National Forest in my district. I am very interested in what, if any, guidance you have been given by the Administration as to how you are supposed to handle the cuts in sequestration.

Mr. TIDWELL. Well, the five percent is across the board, each of our appropriations, and so within each appropriation, we are look-

ing at how we can best minimize the impacts on operations. So I have asked each of my regional foresters and research station directors to provide me with their thoughts about how they are going to reduce their planned expenditures this year by five percent and then look at how we can work together to minimize those impacts. So we are in that process right now, but there will be impacts. The five percent for the National Forests that we look at with our trust funds, it is close to $300 million. And when I think about what I could do with an extra $300 million and if I take it right down to your forest what I could do if I could send an extra $3 or $4 million to that forest and how much more work they could get done, it is significant. So we are going to do everything we can to minimize but there will be reductions.

The thing I worry the most about is with our staffing, that over the last 15 years our fire staff has increased significantly because of the fire seasons we have. At the same time, the rest of the workforce has reduced significantly, almost 30 percent from where we were in the mid 1990s. That is our foresters, our biologists, our engineers. It is the people who do our business, financial work, and so there is less capacity there. And so that is the thing we are really focused on is trying not to lose any more of that expertise because as we are trying to move forward to look at new ways to do our work, to be more efficient, whether it is improving the efficiencies of how we do our NEPA or how we are just doing our sale preparation for timber sales, it is essential that we maintain that expertise. Those are the people that I need. I need their thinking, their knowledge, their expertise.

Mr. ROGERS. Well, I agree with that. My concern is, there has been some press reports that the Administration has given guidance to maximize the pain in the sequestration to demonstrate to the public these cuts are unreasonable. So I am glad to hear that you intend to minimize the effect of these cuts.

Mr. TIDWELL. Yes, Secretary Vilsack has been very clear that he wants these cuts of course to be fair across the board but he expects us to do everything we can to minimize the impacts.

Mr. ROGERS. That is all I have. Thank you, Mr. Chairman.

The CHAIRMAN. Will the gentleman yield? Thank you for yielding.

Is there any consideration—I mean, there are certainly areas that sequestration, with the rate flexibility, why would we make cuts in areas that are revenue generators? And I go right back to timber sales and all that is necessary to make those happen. Those are bringing revenue in to the Treasury. That is great for the Treasury. It puts on somewhat of a projection hopefully maybe some day balance this budget and pay down this debt, but it is also good for the local communities. And I guess this is more of a statement than a question. I would just hope that as you look within whatever latitude you have. I mean, I used to manage rural hospitals. I never had a year where I didn't have to cut maybe five percent. You know, it was just the way it was, given the economics of rural health care. But it just makes no sense in those areas that generate revenue to make significant cuts there.

At this time we will recognize the gentlelady from New Hampshire, Ms. Kuster.

Ms. KUSTER. Thank you very much, Chairman Thompson and Ranking Member Walz for the hearing today. I am excited to join this Subcommittee and bring a New Hampshire perspective for the first time in 70 years, and I look forward to working with my colleagues on both sides of the aisle here to advance commonsense solutions to create economic opportunity and support our rural communities.

I also want to thank you, Chief Tidwell, for joining us today to discuss the work that you are doing in the Forest Service. I am honored to represent a district that includes the majority of the White Mountain National Forest, which is truly a national treasure. Having grown up skiing and hiking in the White Mountains, I can attest to the recreational opportunities, and certainly for us, tourism is our number one industry and we appreciate the role that you play.

There is also tremendous opportunity in terms of the timber industry, and I am very excited to have recently visited the biomass plant in Berlin, New Hampshire, which is bringing back the forest services, and Secretary Vilsack was scheduled for a visit to New Hampshire today. I have just learned that that might have been canceled. But it is an interesting company, Pleasant View, where they have installed a biomass wood-fired boiler system to heat commercial greenhouses. So I would love to hear more from you about this wood-to-energy program that you are spearheading and opportunities for economic development in rural areas.

Mr. TIDWELL. Well, Congresswoman, thank you. You just provided an excellent example of the potential to be able to help folks to be able to move forward, and sometimes it is to be able to get loan guarantees or a grant to help defray some of the initial costs. And then the other key part of it is to make sure that the wood is available so that if after they make the investment, we have to be—before we even work with anyone, we make sure that there is the wood available, whether it is the pellets or the chips, to be able to continue that. The more that we can do this in various places, especially in the rural parts of this country, it really will help offset the costs of doing the work on the National Forests because it creates an additional market, and often that is the difference to make a timber sale viable or not if they can also make use of some of this low-value material, plus the benefit of renewable energy.

So with USDA, basically our Green Energy Initiative, that is what is bringing Rural Development, Rural Utilities along with the Forest Service, and the NRCS together where we are really making a difference, and I tell you, I am so excited about this because what we have been doing on our own in the past just wasn't getting much done. With the Secretary's direction on this, we are really changing the amount of investment, and the example that you are seeing now is that we are getting many of those in place. So thank you for your support and your recognition of the potential there.

Ms. KUSTER. Well, we look forward to many more of these programs in New Hampshire.

I just had one other question, and this also relates to the sequester that has come up a couple of times and access to recreational activities. As you know, this is the time of year that families are planning their recreational activities over the summer, camping

and hiking and using the new ATV trails that we have, and again, I share my colleague's concern about senseless across-the-board cuts. Could you comment on the impact to the public about the closure of recreational facilities this summer, and are any steps being taken to alleviate those closures?

Mr. TIDWELL. Well, we estimate that we may need to close around 670 recreation sites, and once again, we manage over 19,000 across the country and so what we are looking at are the areas that are low-use areas and whether it is a trailhead or maybe it is a boat ramp or maybe it is a small campground, but once again to really minimize the impact. So around 670 is what we estimate, and once again, as we move forward with this, we are going to try to find opportunities with more volunteer efforts or maybe working with the local community, that they would then take on maybe the maintenance to keep the place cleaned up, that sort of thing. So those are the things that we will continue to go forward with. But once again, there is going to be some impact but we will do everything we can to minimize it.

Ms. KUSTER. Thank you very much.

The CHAIRMAN. I thank the gentlelady and I now recognize the gentleman from Colorado, Mr. Tipton, for 5 minutes.

Mr. TIPTON. Thank you, Mr. Chairman, and I appreciate you holding this hearing, and Chief Tidwell, always a pleasure to be able to see you and I appreciate you taking the time to be able to come to our Subcommittee today.

In your testimony, you noted that between 62 and 85 million acres of National Forest land are classified as high fire risk, and in Colorado, the Forest Service does partner with the state through the use of the Good Neighbor policy and authority to allow greater state input and discretion in hazardous-fuel treatment projects. Do you favor these types of frameworks that foster partnerships between the Forest Service and the state and local communities?

Mr. TIDWELL. Yes, I do. Colorado is a great example of where we have been able to use the Good Neighbor authority and for the state and the Forest Service to work together, and then you all have a long list of communities that have stepped up in your state that are also working with us in conjunction so that we can get more of this work done, create more jobs primarily to be able to improve these watersheds, so there is less of an impact from the next fire season.

Mr. TIPTON. You know, I noted during some of your comments to the Chairman's question in regards to be able to create some economic opportunity and concurrently to be able to increase the health of the forest that you had noted some of the carbon emissions that are offset by our National Forests. Has there ever been a study in terms of the carbon output when we do have a forest fire?

Mr. TIDWELL. Yes, there is. Our research scientists have done analysis on those events too. I mean, it is part of the cycle. But there is no question that if we can reduce the size of these catastrophic fires, we will in the short term reduce the amount of carbon emissions. It is one of the things, if we can change the fire behavior by thinning out these forests, we are still going to have fires

but they are going to burn at a much lower intensity, thus release less carbon into the atmosphere.

Mr. TIPTON. I know in our areas, that is going to be critically important for the air quality issues in terms of some other industry as well, the impacts that we had from the fires in Colorado this past year. I think we are pretty dramatic when we are talking about being able to get in, create some of these treatments. Are you a little concerned in terms of some of the management programs with road closures going on that it is going to actually impact that opportunity to be able to get in and treat some of the forests?

Mr. TIDWELL. Well, before we make a decision on closing a road, it has to be a road that is not needed, so if there is a reason for us to be able to get in there to access, to be able to treat areas, especially around our communities, that is one of the factors that is factored into that decision. We do have more roads in the National Forests than we need or can afford to maintain, and they are impacting the water quality to the point where there are some places they restrict our ability to be able to manage some of the timber stands because of the amount of erosion that is coming from a road system that is no longer needed. So by making good decisions to close decommissioned roads that are no longer needed, it actually increases our ability to do more work but we need to factor that in. If we need access to be able to get that work done, we need to get in there and get that work done before we make a change in the access.

Mr. TIPTON. And hopefully to be able to build in some flexibility into those rules as well to be able to address that, and you did note a number of the methods that are in process now to be able to create some of the economic opportunity. Are there specific changes to current rules on stewardship contracting that you believe would be beneficial?

Mr. TIDWELL. Well, I will tell you, the first thing I believe is to get it reauthorized. I mean, it has been an important tool for us. We are doing about 25 percent of our work through stewardship contracts. We will always use our timber sale contracts but it is a tool where there is strong support across the board for that. It creates more jobs. So the first thing would be to get it reauthorized so that our folks know that we are going to be able to continue to have this authority.

Mr. TIPTON. In your testimony I think that you explained very clearly the degree to which active forest management is actually necessary to be able to create healthy forests. In our district where we have one program going on in Pagosa Springs, we saw that the groundwater actually went up 15 percent after the forests were treated. The health of the trees returned within 2 weeks to be able to get in. But, it is very important, Colorado, with the public forest lands where they are interspersed with the state and the private lands as well, to be able to bring together a comprehensive approach to be able to deal with this patchwork that we are dealing with. We have introduced, as I know that you are aware, the Healthy Forest Management and Wildfire Act, which is going to be very important as we approach this coming forest firefighting season to be able to address and to be able to empower those states, those local communities to be able to play an active role because

it is not only the urban interface with wildlands but it is also when we start to get into those deeper areas of the forest, how that impacts our water quality and ability to be able to address it. I hope that we are going to be able to count on your support to be able to push that forward. Thank you for being here. I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman for yielding back and now recognize the gentlelady from Washington State, Ms. DelBene.

Ms. DELBENE. Thank you, Mr. Chairman, and thank you, Chief, for being here today and for all the work that you are doing.

I come from northwest Washington, and the Mt. Baker-Snoqualmie National Forest is located in my district, and about five million people come annually to just that particular area, and it is comprised of about 2,500 miles of roads. In the prairie rural, there is no one stop, it is people driving all over. We talked a little bit about roads before but when you look at the impact of roads and recreation together and how you factor that in and what you think the impacts on recreation might be, even if things are open, just physical availability to drive and get there in regions such as ours.

Mr. TIDWELL. Well, Congresswoman, it is essential that we provide access to these lands so that we can all enjoy them, if you are just out for a hike or for hunting or just for driving. So when we go through the process with the public to determine the set of roads that we need to be able to manage the National Forests and the set of roads and trails that they want to see on the land. We work together with the public to make that determination. There is no question that we do have some roads that either need to have major work done on them or be decommissioned because of where they sit in the watershed that they are impacting our water quality, so we can do that. Sometimes that means we have to realign that road. But we do have more roads on the National Forests than are needed, without any question, and they are affecting the water quality and so over the years we continue to make decisions about which roads we need to keep open and which roads need to be decommissioned, and also the maintenance standard. We are finding in the past we used to maintain a lot of our roads to a much higher standard than really what the public needed. I mean, today most people have a vehicle that has a little higher clearance, so we are finding that they are okay driving on a rougher road, as long as it is left open. We just have to make sure that there is good drainage on that road so it is not impacting the streams, the fisheries that are in that country. So those are the things that we look at to be able to find this balance between having a road system that we can maintain, that we can minimize the impacts to water quality and at the same time provide the recreation access, the management access that we need on our National Forests.

Ms. DELBENE. So do you think that given the sequester and lack of funds that you will still be able to make the right tradeoff because you have more roads than you need to and not impact roads that you wish you were going to be able to keep open?

Mr. TIDWELL. And once again, the five percent cut across the board is also going to have an effect on the planning that we do, and addressing the road maintenance, there is definitely going to

be less, and it is something that we are going to have to factor that in. So there will be less roads that will probably be closed this year because of that, and I am concerned about the water impacts that can occur, so we are going to have to do our best to make the decisions to prioritize this money where it really will buy us the biggest benefit, and I have a lot of confidence in our forest staffs, that they can do the very best to make the right decisions.

Ms. DELBENE. Thank you. A slightly different question. There have been multiple definitions of *biomass* and also multiple definitions of *sustainable* and what that means. How do you view those, and are you working to help us clarify and come up with a common definition for terms like *sustainability?*

Mr. TIDWELL. Well, there are several definitions out there for *biomass,* especially when it comes to renewable energy. The 2008 Farm Bill had a good definition that will work. I think it is important as you go through your deliberations to think about the benefits of being able to use wood off our National Forests for renewable energy; it will never be the driving reason why we are ever doing anything on the landscape. It is not to produce energy. But being able to make use of that renewable material for energy, it makes more sense than to pay somebody to pile it up out there in woods and then burn it, because that is our option. So it one of the things I would encourage you to be careful in your deliberations about is that we need to think about what it takes to maintain healthy forests. The benefit: healthy forest equals clean water, healthy forest, equals clean air. Healthy forests provide the habitat for our species, provides for viability. So we need to be able to have the tools to be able to do that, and if we can offset the costs of managing these forests through renewable energy, it is a good thing to do. We need to do it the right way, but I can tell you from my view, that will never, ever be a driving purpose of why we are doing any activity on the National Forests is to produce energy from biomass, but it is a byproduct that can really help us to be able to do the management that these lands need.

Ms. DELBENE. Thank you, and thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentlelady and now would recognize the gentleman from Arkansas, Mr. Crawford, for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman.

Chief Tidwell, I appreciate you being here today. I represent the 1st District of Arkansas, and the State of Arkansas has a strong forest product industry. I am sure you know that. But we are always looking for ways to strengthen the industry and create new market opportunities and job creation and so on, and I am equally concerned that we have well-managed and healthy forests, both national and private forests. Several of my constituents have expressed some concerns about LEED standard, the system that sets standards for building construction, and obviously one of the primarily wood markets. My question is, they believe that this disadvantages wood. Does the U.S. Forest Service use the LEED system for the buildings that they have?

Mr. TIDWELL. We use the LEED system and then a couple other systems to be able to measure the sustainability of our buildings, and I agree with you, the LEED standard does not fully factor in the benefits of wood and so it is one of the things we are also look-

ing at other standards to be able to show that the buildings that we are building not only meet the LEED certification but other certifications where we can stress the benefits of wood. We think that is a better way to go forward. The challenge we have is, the LEED standard is by far the best known around the world, and it is valuable to have that certification on a building but it doesn't fully factor in the benefits of wood, and so that is why we try to use other certifications so that we capture that benefit, the lifecycle of having wood in our buildings.

Mr. CRAWFORD. Given the importance of wood in the marketplace for construction, do you think that there ought to be some revisiting of that standard to try and accommodate wood products in a more competitive way?

Mr. TIDWELL. We would like, yes, to have that certification revisit the use of wood and to fully factor in the lifecycle of wood products in buildings. For instance, the carbon that is sequestered in the lumber that is in a building should be part of what is considered to help promote the use of wood. I think that green building material is wood.

Mr. CRAWFORD. Thank you. I am going to switch gears on you a little bit. My district in Arkansas is home to Blanchard Springs Caverns, the St. Francis Unit of the Ozark-St. Francis National Forest. I am sure you are familiar with both of those. And they are huge tourist attractions. I know that St. Francis Unit is working with the Arkansas Parks and Tourism on the completion of a visitors center. Mississippi River State Park, I know that you have supported that and appreciate that. All that has a huge impact on our local economy, and that said, with the sequester possibly resulting in closure of 670 recreational sites, can you elaborate on what your plan is or what the guidelines would be for determining whether a recreation site might be closed?

Mr. TIDWELL. The direction we will be giving is to once again minimize the impact to the public, so we will be looking at those lightly used recreation sites, whether it is a picnic site, whether it is a small campground or maybe a boat ramp that just doesn't have a lot of use, and there may be another facility a few miles down the road. Also, once again, we will work with our local communities to see if there may be an opportunity for a volunteer group or maybe for a county or the city that would want to take on managing and maintaining that facility so that it can stay open. So those are the things we are going to look at, but there is just no question that there is going to be some impact but we will do everything to minimize, and I want to keep that in perspective. We have over 19,000 recreation sites on our National Forests and so we are talking around 670 spread across 42 different states.

Mr. CRAWFORD. Okay. And has there been any kind of analysis done to measure the potential impact on those communities? Do you have anything in writing that you might be able to provide the Committee?

Mr. TIDWELL. I can just share with you, we estimate that it will result in probably a loss of about 1.6 million visits. I mean, that is the capacity, the use that occurs on these lower-developed sites. As we move forward with that, and before we actually make the decision to close a site, we are going to be working with our com-

munities and we will keep Members of Congress informed so you are aware of that, but that is the only information I have at this time.

Mr. CRAWFORD. Thank you, Chief. I appreciate your being here. I am out of time, so I will yield back.

The CHAIRMAN. I thank the gentleman for yielding back and now will recognize Mr. Nolan, from Minnesota. You are going to pass? Okay. We will recognize the gentlelady from South Dakota, Mrs. Noem.

Mrs. NOEM. Thank you, Mr. Chairman, and Chief Tidwell, it is good to see you today. Thank you for coming. I have a couple of questions I want to visit with you about, but one of them is regarding grazing permits.

As you know, one of the responsibilities of the Forest Service is to maintain and manage our National Grasslands as well, and you do that in cooperation with many of our producers who are having trouble with grazing permits because they are trying to get out there and maintain existing structures. It may be to water their cattle, fences that currently exist, and apparently with this Administration there has been a change. If they are going to disturb any kind of soil, they are facing some challenges in actually doing that work to make sure that that maintenance can happen. I am wondering if you will help me with this. This is a situation that didn't exist previously. It is really challenging for them to go out and graze their cattle, get water to them when the Forest Service is blocking any kind of maintenance to those structures.

Mr. TIDWELL. Congresswoman, I will need to meet with you and to get a little more information on this. You know, grazing is part of multiple use and our record is very strong that we are doing everything we can to be able to maintain that, and we want the ranchers to maintain their improvements. I mean, the more water developments that we have, the more options we have, less impact, and so I will need to follow up with you and get a little more information so I can address that issue for you.

Mrs. NOEM. Yes, let us do that. I know specifically when it comes to disturbing the soil, so if it is putting a fence in, repairing a fence, fixing a water system where they may need to put a new pipe in the ground, that is where they running into the problem. So I appreciate your effort to help me on that.

The second thing I wanted to talk about is the mountain pine beetle response project that we have in the Black Hills, which I feel is very needed and necessary, and I want to thank you for your support. Secretary Vilsack recently came out and said due to sequestration, there was going to be a reduction in board feet harvested, 420 million board-feet reduction in timber outputs, and I was wondering, were you consulted on that number when it was put forward on what the reduction would be?

Mr. TIDWELL. That number is produced with a five percent reduction and it costs us about $65 a thousand board feet to put up a sale, and so you just factor that across and it comes up to be that level of reduction.

The other thing I need to stress is that 50 percent of our budget that we get each year is committed to dealing with ongoing timber sale contracts or with personal use for folks that want to be able

to have access to firewood and some fixed costs. So you have 50 percent of the budget that is available for preparing the next year's work or getting the contracts out late this year. So five percent of that 50 is really a ten percent reduction, and so those are the things that are factored into that number.

The other thing I want to stress is that our goal of getting to 3 billion board feet with a 20 percent increase by 2014, that is a stretch goal. We are budgeted for 2.4 billion but we made the commitment through some of the efficiencies that you have been so supportive of; I believe we can get to that 3 billion.

Mrs. NOEM. Can you use carryover funds?

Mr. TIDWELL. I will tell you, I am going to use every flexibility I have to be able to continue to move forward, but it does result in five percent less funds, and I can use the Black Hills Forest as a good example. Five percent of our forest products is about $17 million. You know the difference if we can send an extra $2 million to the Black Hills what we can get done with that. So that is the challenge that we have is to be able to work with this, to minimize the impacts and still be able to go forward and get the work done. I just want to be on record to thank you for your support for the work that is going on in the Black Hills, and especially from the State of South Dakota. To me, that is a model of really what we want to get done.

Ms. NOEM. Is that something you think could go nationwide?

Mr. TIDWELL. That is what we are moving forward with, the idea that they can do it on the Black Hills, to have one EIS to cover 248,000 acres so that we can get in there and do the work we need to, to maintain the forest health, we ought to be able to do that everywhere. But, it takes somebody to lead out, it takes support from people like yourself to be able to encourage our folks to be able to take that risk, and we are really excited now to be able to move forward with that decision.

Ms. NOEM. Thank you. One more thing I want to touch on while I have 20 seconds left, I want to thank you for your investigation into the collapse of our sheep industry that we have seen in South Dakota and the prices, so I appreciate you pursuing that for us. I know in Idaho, a recent court decision maintained and ordered forest management decisions to protect some of the big horn sheep habitat, and that is impacting their domestic sheep industry as well. Now, is that something that is going to stay isolated to Idaho? We are not going to look at that kind of a decision being spread nationwide and impacting our sheep industries across the country, will we?

Mr. TIDWELL. Well, we look at every situation separately. We have also in the State of Wyoming had a different outcome, working with the State of Wyoming to address the same problem. I think there are different solutions to this problem of being able to find a way so that domestic sheep grazing can continue along with maintaining our big horn sheep. There are a lot of folks who like the big horn sheep, whether to hunt or just go out and look at them, but we have to find a way to be able to do both, and from what we have been able to work out in the State of Wyoming is maybe a better approach than where we ended up in Idaho, but we

still want to move forward in Idaho to be able to do everything we can to maintain our sheep industry.

Mrs. NOEM. Thank you.

The CHAIRMAN. I thank the gentlelady. Now it is my honor to recognize a gentleman who was a former Member of this Subcommittee, and my first 2 years in the chair, he had my back at my side. Now he has still got my back with his picture behind me. The gentleman from Virginia, Mr. Goodlatte is not currently a Member of the Subcommittee but has joined us today, and I have consulted with the Ranking Member and we are pleased to welcome him to join in the questioning of witnesses today. Mr. Goodlatte.

Mr. GOODLATTE. Well, thank you, Mr. Chairman, and it is an honor to be back on this Subcommittee. In fact, when I served as Chairman of the Subcommittee that then had jurisdiction over forestry, we did not have near as much interest and representation from people all over the country in forestry issues. In fact, the Chairman of the full Committee told me that he had a town in his district in west Texas that was called No Trees, Texas, and so he gave me a lot of latitude on forestry issues, so I really appreciate your extending that to me.

And Chief, we are delighted to have you with us here today and we thank you for your efforts with our National Forests. I have a lot of forestland in my district. In fact, probably ⅔ of my district is covered in forests and about ½ of that land or 1.3, 1.4 million acres of National Forest land is in the George Washington and Jefferson National Forests, so in some respects it is like lot a western district in southwest Virginia. The George Washington National Forest has been leading an effort to do an update of their plan, and this has already been a multi-year process. What can you tell us about the effects of sequestration on further delays in that plan?

Mr. TIDWELL. Well, Congressman, we are going to do what we can to minimize those impacts and especially with the forest plans that we have started to be able to complete those. I look at that five percent reduction. It will affect new starts. But I feel it is essential we move forward and finish these plans that we have started. The public has spent a lot of time working with us and it is essential we get those completed as quickly as we can. So it will probably reduce the start of some new plans on the forests but we will maintain our efforts that we have ongoing.

Mr. GOODLATTE. So we should expect a plan some time in the near future on the GW?

Mr. TIDWELL. Yes.

Mr. GOODLATTE. The last release of the draft George Washington National Forest Plan caused concern among many since the plan had a ban on horizontal drilling. I think that is questionable whether there are any recoverable resources in the George Washington National Forest but there is a lot of concern about the precedent that this would set for other forest plans in other parts of the country. There are lots of National Forests that have extraction of natural gas and oil as a part of multiple-use purpose of our forests, and I am very concerned about the precedent that might be set there. And horizontal drilling is actually a very environmentally sound way to extract resources because it involves drilling fewer

wells and then using lateral drilling efforts to extract from a broad geographic area with minimal impact on the surface, and there are environmental issues with regard to that but they are addressed well in many places, and I just want to get some assurance from you that the Forest Service will look for other ways to ensure the environmental soundness of these efforts than simply a blanket ban on horizontal drilling in one of our forests.

Mr. TIDWELL. Now, what you see in the draft plan reflects what the forest has heard from the communities, and it is driven by a concern, sometimes of the unknown about horizontal drilling along with the fracking that is now becoming a—we are seeing more and more of that. But you are right, we have been doing this type of oil and gas operations in this country for decades, and we know the industry knows how to do it correctly.

I think there is some opportunity to provide some reassurances to the public along the lines of the rule that the BLM is proposing that would require for the proponents or the oil and gas companies to disclose what chemicals they are using to ensure that flow-back off of these wells is contained either into a pond or some type of a container so it doesn't pollute surface waters, to ensure that the well casings are designed correctly and implemented correctly. I think some of those reassurances, those are the sort of things I think will help our communities understand that this type of operation can be done in a way that is environmentally sound. I think that is the thing that we want to continue to work on to really address what is the concern when we hear folks say, "Well, we don't want you to allow any horizontal drilling." We need to really think about, "Okay, what is the real concern and then is there a way that we can address that concern so that they feel better."

Mr. GOODLATTE. Well, thank you. I am glad to hear that. I agree with that, that there are legitimate environmental concerns and you need to have a good regulatory process—disclosure of the chemicals used in the process are certainly good—but a blanket ban on a technology that is good and actually used correctly is environmentally very sound is a mistake. I would hope that the future plans would reflect something that would be compatible with all the different forest plans and the need to have this multiple use in our forests where it is appropriate, and as I say, so far it hasn't been done in the George Washington National Forest. I don't think we should set a precedent here that would create a difficult situation across the country.

Mr. Chairman, thank you very much for allowing me to participate today.

The CHAIRMAN. My pleasure. Thank you.

Chief, I just want to follow up on Mr. Goodlatte's line of questioning and then bridge that to one final question. Obviously we know what the sound science is in terms of oil and gas production, horizontal drilling, hydro fracking. Certainly, if you run into those folks who are just not confident because they don't know, this is new to them, invite them to the Allegheny National Forest. You know, it was an oil and gas—it was not just timber rich, and we have some of the best timber. We are real, real proud of the timber that is there. That is why we need good management. We don't want to lose that hardwood cherry to something else. It is one of

the most, I understand—despite its size, it is one of the most profitable for us for the Forest Service and the country.

Mr. TIDWELL. Yes, it is.

The CHAIRMAN. But it was an oil and gas field as well, those that exist concurrently as well as other multiple uses, and so I want to help make your job easier. So you get these doubters. If they want to come visit the Allegheny National Forest, I will be glad to join them in the forest. Any time I can get the time to spend in the ANF is a good day for me, so I just extend that as a resource for you, because it is not a matter of possibly can be done. Let us not talk about in terms of speculation because we have been doing for decades in the Allegheny National Forest, you can't find a more beautiful place to—I am a little biased obviously—to visit and to spend time.

I know that one of the biggest problems we have, and this is my opinion, I am not expecting you to go on the record with this and weigh in on it. I do have a follow-up question I am looking for an answer from. You know, the biggest problems we have, the biggest threats that we have to healthy forests and therefore healthy rural economies, rural communities are the lawsuits by environmental groups. They have had—environmental groups unfortunately have had a completely contradictory outcome on our National Forests. With all the actions and the lawsuits that they file, they have actually created unhealthy forests, because I know that that has really stood in the way of a lot of the management practices the Forest Service knows that are based on sound science to keep our forests healthy and therefore our rural economies.

As a part of that, the Federal Government in a broader sense has contributed to that. We have allowed the Equal Access to Justice Act to be abused. You know, that was originally designed to help those who have a stake in the game, those folks who are property owners where the Federal Government was impinging upon their rights, their property. You know, obviously the Federal Government has the resources of every pocket of every taxpayer in this country, rather a lot of pockets, maybe not so deep but a lot of them. And that is why the Equal Access to Justice Act was created. It has been hijacked, I believe, by groups who now use it to fund very specific purposes and missions, and they are not key stakeholders. They don't have direct interest in terms of ownership of property. Do we know how much the Forest Service has paid from agency budgets in attorney fees? And not just our agency, not just the Forest Service. I know the Justice Department gets involved with this. They have a lot of lawyers over there. But do we have any idea of how much has been paid in attorney's fees through the Equal Access to Justice Act in the last 5 years to environmental groups dealing with grazing decisions or, quite frankly, forest decisions? I know we were into a battle that there was—after three appeals by the Forest Service and others—I hope they finally given up on in terms of infringing on the subsurface property owners' rights up in the Allegheny National Forest.

Mr. TIDWELL. Mr. Chairman, I can tell you what the Forest Service has paid out in EAJA fees, and it averages about $1.2 million a year. We can actually provide you the last 5 years. I don't have

the information from the Department of Justice but we can provide that, but that is on average. It has been about $1.2 million.

For me the solution is our collaborative efforts because I see time after time where people, because of their concerns, they would turn to litigation. Those same people today are sitting at the table working with industry, working with the county commissioners to find ways for us to be able to move forward. I will tell you, that is what we are going to continue to focus on, and the more that we can do that and reduce some of these conflicts, the better off all of us are.

The CHAIRMAN. Well, I guess one of the indicators to monitor that is to see if that $1.2 million decreases at all. I hope it does.

Chief, thank you so much for your testimony today and for being with us, and thanks for your leadership with the U.S. Forest Service. It is greatly appreciated.

Mr. TIDWELL. Thank you.

The CHAIRMAN. And now I will ask that the four panelists on the second panel to please make your way up to the table, and we will prepare for our second panel.

Just brief introductions. I want to welcome our second panel of witnesses to the table. We are going to be joined by Dr. Charles McKetta, Natural Resources Economist, Forest Econ Inc., out of Moscow, Idaho, on behalf of the Society of American Foresters; Dr. V. Alaric Sample, President, the Pinchot Institute for Conservation based here in Washington, D.C.; Mr. Kenneth Kane, a constituent of mine who is President of the Generation Forestry Incorporated of Kane, Pennsylvania, on behalf of the Association of Consulting Foresters of America; and Mr. Jim Schuessler, Executive Director for the Forest County Economic Development Partnership in Crandon, Wisconsin. It looks like we are all seated. Gentlemen, you had a chance to watch—there are the lights there, the green, the yellow, the red. So each of you will have 5 minutes for your testimony. All Members have a copy of your written testimony, just so that you are aware.

Dr. McKetta, please begin when you are ready.

STATEMENT OF CHARLES W. MCKETTA, PH.D., C.F., NATURAL RESOURCES ECONOMIST, FOREST ECON INC., MOSCOW, ID; ON BEHALF OF SOCIETY OF AMERICAN FORESTERS

Dr. MCKETTA. Good morning, Mr. Chairman and Members of the Subcommittee. My name is Charlie McKetta. I am a Professor Emeritus from University of Idaho and a consulting Natural Resources Economist. Today I represent the Society of American Foresters with 1,200 forestry professionals who are members. They all believe in sound management and stewardship of the nation's public and private forests, and so we would all like to see the Federal forests restored to health and contributing efficiently to serve natural and local interests.

Our question is, how can National Forests use known economic linkages between them and natural resource communities to mutual advantage? I am kind of a gearhead, so what I will do is, I will share some of my findings that will help identify complementary economic opportunities from forest restoration. I gave similar testimony last March to the United Nations because they are trying to use forestry for economic development as well.

The first point is that the National Forests have some economic power, and the resolution of region and local, when the Forest Service acts, it changes the markets for resources and it changes the market for the labor and the community services, even though it does so unintentionally. The trade linkages in these societies means that these ripples get distributed across economies. We have the technology to be able to identify and predict where the ripples will lay.

I have studied the market and community effects of forest policy changes since the early 1970s. We have specialized techniques that allow us to do this, and with few exceptions what we have found since the 1990s is forest policy changes from the National Forests generally have negative economic effects. However, four impact analyses that we have completed all set in Oregon most recently are starting to demonstrate positive opportunities. I looked at the Bureau of Land Management western Oregon plan, and we found that when they were going to increase timber supplies 200 million board feet a year that their 75 percent fund returns to the ONC trust counties would be significant. They would accrue in patterns that we could predict, and they could almost offset their expected sunset losses of the Secure Rural Schools Act funds but that varied a lot by county. The most interesting finding was in Portland, Oregon, which thought it was not a timber community until we showed that it was the trade center for 34 timbered counties in four states. People don't know their linkages to forests.

Our 2012 Oregon report, we found out why the timber industry had contracted and how much it had contracted. There is still a major sector, about $12.9 billion a year, and they are recovering. Some counties have as much as 30 percent of their economic base tied directly to timber. The National Forest is a big player acreage-wise, about 60 percent, but a small power production-wise, only about 12 percent of the harvests across Oregon. There are bottlenecks to recovery in mill capacity, labor and public timber supplies.

The more interesting one is our analysis of forest restoration in northeast Oregon. We found that there is about 1.4 percent of the eastern Oregon land being updated and restored, and the gains do go across in those regions but they vary a lot by region but they also by what is done. They ranged from 15 jobs for million dollars spent to 132 jobs per million dollars spent between a watershed project or a stewardship project, and we found that the National Forests are dependent on private labor machinery and markets to succeed. There are avoided costs of about $1.40 in fire losses for every $1 of recreation—excuse me—of restoration spent, and there is avoided costs in unemployment of about $16,000 per job formulated. But to scale up, you need expanded acceptability, expanded activity, more efficient National Forest projects and get rid of the bottlenecks in private infrastructure and the markets for biomass.

I am available for questions or clarifications on these points, so on behalf of the Society of American Foresters, thank you for this opportunity.

[The prepared statement of Dr. McKetta follows:]

PREPARED STATEMENT OF CHARLES W. MCKETTA, PH.D., C.F., NATURAL RESOURCES ECONOMIST, FOREST ECON INC., MOSCOW, ID; ON BEHALF OF SOCIETY OF AMERICAN FORESTERS

Good morning, Mr. Chairman and Members of the Subcommittee. My name is Charles W. McKetta. I am Professor Emeritus from the University of Idaho and a consulting Natural Resources Economist. I am here today to testify on behalf of the Society of American Foresters (SAF).

The Society of American Foresters (SAF), with more than 12,000 forestry professionals across the country in all segments of the profession, believes in sound management and stewardship of the nation's public and private forests. The Society of American Foresters (SAF) and the USDA Forest Service (USFS) share goals. We'd all like to see Federal forests restored to health and operating efficiently to serve national and local interests.

I am here to address a narrow set of questions:

1. "What are the economic linkages between natural resource-oriented communities and nearby National Forests?"
2. "How can National Forests recognize those linkages to the mutual advantages of the agency and resource economies?"

The first is a technical question that I answer for specific projects on a regular basis. The second is inferential. From the numerous analyses that we have done, I've generated a set of personal insights that might be helpful to your Committee.

What do I bring to the discussion? The Society of American Foresters knows that I have worked on market and community effects of Federal forest policy changes since the 1970s. I did this while forest research station economist at University of Idaho and since 2002 as a natural resource economics consultant in cooperation with two regional economists, Dr. M. Henry Robison,[1] and Dr. Daniel Green.[2] They invented the spatially disaggregated input-output modeling process that we use to estimate policy effects at multiple economic resolutions. We have generally found, with few exceptions, that since the Endangered Species Act (ESA),[3] National Forest policy change effects on western natural resource community economies have been negative. However, one project in 2007, and two of our 2012 impact analyses, all set in Oregon, demonstrate that future interactions could be more positive in three ways.

1. **Unilateral resource supply augmentation:** The Western Oregon Bureau of Land Management (BLM) districts are charged with a community economic development objective. Their W. Oregon plan Draft Environmental Impact Statement (DEIS)[4] would have increased resource flows from BLM trust lands to improve 75% fund returns to 18 O&C[5] trust counties. Our work found that the pre-NW Forest Plan[6] forest industry had contracted significantly, but that total job and income and county revenue gains could still accrue in new patterns to many of the O&C counties.

2. **Integrated resource supply augmentation:** We quantified Oregon's forest sector economic linkages last year.[7] We found that national economic recovery is stimulating Oregon's forest-based industries, fueling recovery of the state's economy. This increases demands for Federal timber (and for other forest ecosystem services). We were able to show where bottlenecks to recovery exist (in existing mill capacities, lack of skilled labor, and public timber supply) and how relaxing such constraints could increase secondary economic benefits.

3. **Individual restoration project selection to enhance economic development:** Our analysis of E. Oregon National Forest restoration projects for Or-

---

[1] Dr. M. Henry Robision is founder of Economic Modeling Specialists Inc. (EMSI). Moscow, Idaho.

[2] Dr. Daniel Green is principal of Economic Modeling Systems (EMS). Moscow, Idaho.

[3] Endangered Species Act of 1973 (7 U.S.C. § 136, 16 U.S.C. § 1531).

[4] Forest Econ Inc. 2007. Western Oregon Plan Revision (WOPR). *Background analyses for Chapter 4: The affected environment.* Subcontract to Mason, Bruce & Girard for Bureau of Land Management.

[5] O&C Lands Act of 1937 (P.L. 75–405) Oregon & California Railroad revested lands to be managed by BLM with returns to O&C counties.

[6] *NWFP 1994 Northwest Forest Plan Overview.* Regional Ecosystem Office. *www.reo.gov.* The NWFP reduced National Forest timber harvests 90% and to a lesser extent reduced other public harvests.

[7] Forest Econ Inc. June 2012. *The 2012 Oregon Forest Report: An economic assessment of Oregon's forest and wood products sector.* Subcontract to Mason, Bruce & Girard for Oregon Forest Resource Institute.

egon Department of Energy[8] quantified how three specific types of National Forest restoration projects differentially stimulated local jobs, incomes, and tax flows. We also showed differential gains per unit of public expenditure and a lack of private manufacturing capacity for using the increased availability of undifferentiated Federal forest biomass.

Start by replacing dated resource community constructs: Much as concepts of forest health and ecosystem management displaced commodity production in Federal forestry, rural community economic health has replaced the old concept of forest-dependent community stability. Almost by definition, rural resource communities are small, specialized, and resource dependent. The model is that a few service sectors import commodities to service one or two dominant export sectors. These are open economies so multiplier effects may occur elsewhere up regional trade hierarchies. Community specialization makes their economic vitality subject to any external economic pressures that affect their dominant sectors. This happens to agriculture, grazing, mining, timber, or recreation-specialized communities. They are also sensitive to local pressures that affect the resources that they need in production.

There is a useful analytical corollary that is often ignored in forest policy formulation. It is popular to categorize rural resource communities as being dependent on National Forests for the resource base they utilize. Conversely, to make forest restoration work, National Forests are also dependent on the labor, services, capital and infrastructure that can be found in these communities. This is what ecologists call symbiosis. In an economic symbiosis, mutual well-being is equally important to both organisms. National Forest policies that ignore resource community economic health could be self-defeating. Policies focused on complementary moves are more likely to achieve mutual goals.

Scale and resolution matter: As in ecology, economic effects vary by the resolution scale. An organization's share of an economy dictates the extent of its influence. In perfect competition any one actor is too small to affect outcomes. At a national economy scale, the National Forest System is small. Failures of intentional forest community stabilization efforts as far back as 1944[9] demonstrated that intentional National Forest actions are insufficient to buffer them from boom-bust national economic cycles.

At higher geographic resolutions, *e.g.,* multi-county regions, coordinated National Forests' economic powers become influential. When the USFS acts, it changes markets for resources, labor, and community services. By affecting related sectors such as recreation, timber or water, trade linkages to other regional sectors mean whole regional economies can be affected. Those economic ripples are predictable. Whether such influences would be positive or negative depends on the nature of the policy change. Regional economic responses to the NW Forest Plan demonstrated that single agency policy changes can radically change the vitality of linked sectors and undermine the economic health of the communities that house them. Negative effects have declined. Now we are finding that positive responses to changed forest policy are becoming plausible.

National Forests as local monopolists: At the scale of individual community economies, a National Forest is usually economically dominant with many market powers. There is also a parallel social dominance caused by higher salaries, better education, and job security that is a peripheral complicating factor. We focus on just their exercise of economic power and typically find it to be both "unintentional" and "inept." As such, National Forests' economic influences on open rural economies can be erratic and counter-productive.

I say "unintentional" because the power to reengineer nearby economies has rarely been a conscious objective of National Forest decision-makers. Impacts analyses are made as required for NEPA[10] changes, but typically these have small influence on selections of preferred alternatives. The 1993 Interior Columbia Basin Ecosystem Management Project (ICBEMP)[11] was a singular coordinated exception that affected 24% of the National Forest System land base. ICBEMP analysts rationalized that National Forest ecosystem management changes could replace lost private timber jobs and incomes with preferred amenity recreation and retirement-based equivalents. The Association of Oregon Counties asked us for more realistic estimates,

---

[8] Forest Econ Inc. November 2012. *National Forest Health Restoration: An economic assessment of forest restoration on Oregon's eastside National Forests.* Subcontract to Mason, Bruce & Girard for Oregon Department of Energy.

[9] Sustained Yield Unit Act of March 29, 1944 (58 Stat. 132; 16 U. S. C. 583–5831).

[10] National Environmental Policy Act of 1969 (Pub. L. 91–190, 42 U.S.C. 4321–4347).

[11] USDA Forest Service. 1993. Interior Columbia Basin Ecosystem Management Project. *www.icbemp.gov.*

alarmed because the Wallowa-Whitman N.F. was quickly reducing timber harvests. Our projections of NE Oregon mill closures [12] accurately predicted the order and magnitude of job and income losses. We found few new non-commodity opportunities. Two decades later, few replacement jobs materialized, the collateral damage to commodity economies was compensated only to the extent of previous 25% fund payments,[13] while both local economic vitality and forest ecosystem health declined.

I say "inept" for two other reasons:

1. USFS non pecuniary decision criteria, such as achieving ecosystem function, do not maximize its own profitability, but redistribute potential gains (and losses) to others. Other actors game against generally predictable USFS market distortions. I used my own 1994 predictions of tripled timber prices in NC Idaho [14] to profit from buying my own private forest. My neighbor paid for a new tracked excavator when a widespread National Forest road removal project sucked up all the private earth-moving equipment within a 300 mile radius. For 2 years few private forest roads were built in the vicinity.

2. Often unintended (and potentially self-defeating) feedback loops with nearby private labor and capital resources can impede the agency's own internal objectives. Our two studies for the SW Idaho Forest Ecosystem Management DEIS [15] showed how three coordinated National Forest [16] timber program changes would close seven of eight mills without creating compensating non-timber jobs. Six years later, when the same National Forests wanted to increase ecosystem restoration harvests, private wood collection and processing infrastructure had disappeared. We calculated the present value of risky, dispersed, and low-quality Federal raw material flows and predicted little new private investment in wood processing capacity. The one attempt to build a new mill with Federal stimulus funds failed.[17] The point is that, at local scales, National Forest decisions could have incorporated the predictable reaction patterns of associated private decisions. Such a process might have stabilized the balance of public projects and supporting private infrastructure to mutually improve long-run outcomes.

Private monopolies are illegal[18] because of their power to extort wealth and erode economic efficiency. Government monopolies are used in special cases, but are regulated to harness and direct that power to achieve social objectives. In the unusual case of the National Forests, that economic power is generally overlooked. The Forest Service used to characterize its monopoly power as of the "benevolent type," [19] but have since avoided the terminology. However, "With great power comes great responsibility." [20] Forest restoration projects could be designed to complement local economic development, but the process would require explicitly integrating social preference and value criteria into National Forest planning decisions. As analysts, we have to measure the extent that National Forest actions affect economic linkages to make accurate policy response estimates. We try to avoid the moralities of how that power is ultimately exercised.

Focus on the economic linkages: Policy impact analyses are simpler for competitive functional economies. For National Forest-dominated open economies, we have to adapt our effects estimation process to reflect the dominance. We typically look at six factors that determine the potential influence of any particular economically dominant National Forest.

1. **The direction of the Federal policy shift and the signs of its various linkages:** This can be complicated and counterintuitive. For example Federal

---

[12] McKetta and Associates. 1993. *NE Oregon responses to Wallowa-Whitman timber harvest reductions. Chapter 3: Distribution of economic effects.* For county commissioners of NE Oregon.

[13] Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500, P.L. 106–393).

[14] McKetta and Associates. 1996. *Market effects of National Forest timber harvest reductions and projected NC Idaho mill closures and market effects.* Report to the Idaho Governor's office.

[15] Forest Econ Inc. August 2000. *Predicted wood products responses to Forest Service planning alternatives in SW and west-central Idaho.* Subcontract to Economic Modeling Specialists Inc. for the SW Idaho Forest Ecosystem DEIS.

[16] Boise, Payette, and Sawtooth National Forests.

[17] Emerald Forest Products sawmill, Emmett, Idaho.

[18] Sherman Anti-trust Act (July 2, 1890, ch. 647, 26 *Stat. 209, 15 U.S.C. §§ 1–7*).

[19] Lyle Watts, 1947. *Statement of the U.S. Forest Service Chief on the 1944 Sustained Yield Unit Act of 1944.*

[20] Voltaire, Jean, 1832. "Œvres de Voltaire, Volume 48". Lefèvre, (also Uncle Ben to Spiderman 2002).

log export restrictions,[21–22] had positive effects for domestic log users, but negative effects of similar magnitudes on shippers and private timber growers.

2. **The economic dominance of the agency and the size of its changes:** This varies by the type of change and the public market share. We've found small Federal harvest changes that caused a large price and local job effects, and large recreation changes that dispersed small job effects over a large spatial matrix of access routes.

3. **The availability of local private infrastructure, its technical flexibility, and its financial resilience:** Local private sectors have to accommodate Federal policy changes. The only part of a typical random length sawmill that effectively uses undifferentiated ecosystem management biomass is boiler. Woody biomass hauling requires both transportation capital and a viable end user. Even logging and restoration equipment may be specialized. Large fire expenditures are good examples of insufficient local services. Fire has become big business in the West, but little of that spending is retained locally either for control or rehabilitation spending. We examined one fire salvage project[23] where local contractors had long gone bankrupt, so all the contractors and their equipment came from 300 miles away at higher cost. As transients they left an extremely limited local economic footprint.

4. **The sensitivity of the community economic structure in four dimensions:**

a. Dispersed rural communities are low on regional transactional hierarchies, *i.e.,* they are naturally specialized as resource-linked sectors (*e.g.,* resorts, mill towns, transportation services). They have to react to changes in both directions—national economic and local forest policy changes. This pushes the limits of resilience.

b. Decisions in nearby National Forests can dominate large sectors of small undiversified adjacent economies. Actions of the Forest Service can effectively control private decisions that are forest linked.

c. Local effects leakages can be high and distributed spatially along trade hierarchies. By looking at linkages across the functional regional economy of N. Idaho, we found one case of direct job losses from a hinterland mill closure that were smaller than secondary job losses in the regional trade center 60 miles away. However, the smaller absolute losses were a huge percentage of a small population, compared to a larger absolute job loss in a more diverse economy 15 times larger.

d. Socioeconomic demographics are important. We often find working middle class compression, while entitlements households and retirees have expanded. Labor and equipment trade linkages often jump adjacent communities.

5. **The nature of policy change:** Rural subfunctional economies can adapt, but success depends on predictability, being within the limits of societal resilience, certainty of the response environment, and sufficient time to mitigate adjustment costs. Adjustment is a concern whether the effects are negative or positive. A rule of thumb is that a standard deviation change in a short period is likely to generate socioeconomic crisis. Spreading even large certain changes over longer time spans stimulates economic evolution within a set of survival parameters.

6. **Linkages mutate**: One of our toughest messages to local community leaders is that National Forest policy reversals do not return economies to historical patterns. The corollary is that intentional social reengineering can cause new and sometimes unexpected economic responses.

Ecosystem management and resource community health are complementary: A prime purpose of ecosystem management is to improve forest health and ecosystem function. Why? Because healthy forests produce lots more human benefits such as carbon sequestration, water quality, wildlife habitat, wood products, reduced risks of fire and disease, recreation opportunities, and aesthetics. Notice that these objectives can be simultaneously produced. With the exception of wilderness and some ESA species habitat protection, there are very few mutually exclusive benefits.

---

[21] January 1, 1969 amendment to the Foreign Assistance Act of 1968 (82 Stat. 966).

[22] Dr. Charles McKetta. 1996. *Economics of log export restrictions.* U of Idaho white paper for the Idaho Governor's Office. Forest Econ Inc. Subcontractor to Economic Modeling Specialists Inc.

[23] Forest Econ Inc. 2006. *School fire proposed salvage sales economic analysis.* For USDA Forest Service Umatilla National Forest.

In private forests, such complementarity means increased profitability, although public forests have non pecuniary objectives, complementarity increases net social benefits.

Economic linkages to surrounding communities are also typically complementary. Except for a few exclusive destination resorts, we have found that rural timber sectors and recreation sectors typically complement each other, enabling communities to have some diversity and larger service sectors. This construct recognizes a more complex potential for resource-based communities.

National Forests are aware of these linkages: Both NEPA and NFMA[24] require economic impact analyses. To that end, the Forest Service underwrote the IMPLAN[25] model development, and their specialists use this well-regarded tool. Most forest plans have plausible economic effects estimates for every alternative. We have often been hired by affected parties and counties to check or augment these estimates. Up to now a crucial disclaimer to our clients has been that that job and income effects arguments rarely sway National Forest choices between alternatives. We are recently seeing a change in that relevance. Our privately funded N. Idaho caribou policy effects study[26] was used by U.S. Fish and Wildlife Service to justify reducing designated habitat acreage on the Panhandle National Forest.

A take-away message: The National Forest System already has the technology and the professional capability to combine both forest restoration needs and surrounding economy improvements into project and forest planning decision processes. Decision criteria could include facets of economic development as complementary (or win-win) joint outcomes do exist. However, for this to succeed, and to expand the idea nationally, cooperative private activity and investment has to be made politically acceptable, profitable, and less risky. In the end, each National Forest would need the political will, authority, and budget to recognize local public expectations and allocate public resources as credible long-run product flow guarantees.

National Forests need an effective public interface to integrate their operations with local communities: In our experience, National Forest public information offices and public meetings function more as barriers to access than providers of useful data and insight. Recent National Forest experiments with collaborative working groups may mitigate this problem. For example, the Four Forest Restoration Initiative (4FRI)[27] organizes many stakeholders around an explicit goal of restoring forest ecosystems. Increased 4FRI wood supplies are also expected to attract private investment and 300 new processing jobs. In our Oregon studies, we had positive experiences with similar collaborative working groups. Their overhead costs appear high, but we have not yet explicitly studied their cost-effectiveness.

I am available for questions or clarifications of these points. On behalf of the Society of American Foresters, I thank you for this opportunity.

The CHAIRMAN. Dr. McKetta, thank you. I apologize for the pronunciation of your name. There is only one thing we come into this world with and leave with, and that is our name, and I hate screwing them up. Thank you for your testimony.

Dr. Sample, go ahead and proceed whenever you are ready.

STATEMENT OF V. ALARIC SAMPLE, PH.D., PRESIDENT, PINCHOT INSTITUTE FOR CONSERVATION, WASHINGTON, D.C.

Dr. SAMPLE. Thank you, Mr. Chairman. Most of my testimony will be submitted for the record so I just want to sort of cut to the chase here.

We have talked a little bit about stewardship contracting this morning, and one of the things that I would suggest to you and the other Members of this Committee is, the enactment of permanent authority. Reauthorization of existing authority for stewardship contracting is probably the single-most effective thing that Con-

[24] National Forest Management Act of 1976 (P.L. 94–588).

[25] IMPLAN is a widely used economic impact estimation input-output model currently marketed by Minnesota IMPLAN Group. *http://implan.com.*

[26] Forest Econ Inc. June 2012. *Economic effects of woodland caribou habitat designation in N. Idaho.* Report to the Idaho State Snowmobile Assn.

[27] Four Forest Restoration Initiative includes coordinated ecosystem restoration and industrial development efforts involving the Apache-Sitgreaves, Coconino, Kaibab, and Tonto National Forests. *www.fs.usda.gov/4fri.*

gress can do to strengthen this relationship between National Forest management and the communities that depend on those forests and provide a lot of support for those forests.

The relationship between communities and the National Forests is very much like the symbiotic relationship that we see in nature. We have two entities that depend on one another to the extent that if one fails, the other is not going to survive very long, and up until the early 1990s when the timber sale program was significantly reduced on the National Forests, there were a lot of activities—watershed protection activities, road maintenance, which goes along with that, wildlife habitat improvement. There was a large range of things including hazardous-fuel treatment, which we referred to a number of times here today, and all of these were accomplished through requirements that were in the government's contracts that they issued to the timber sale operators. With a decline in those timber sales, a lot of those things didn't get done, and the first thing that really sort of hit the wall was road maintenance, and what happened was, a lot of these roads began to erode and contribute sediment and debris into streams, in many cases the very streams where the Forest Service was under court order to protect habitat for endangered fish species.

Stewardship contracting was something that was developed to really address that, and it began with a small number of pilot projects. Eventually Congress authorized 83 different pilot projects. All of those were monitored very closely with multi-party monitoring teams at the community level. In 2003, based in part on the success of those early pilot projects and the reports that were developed and submitted annually to Congress on what was happening with those convinced Congress to go ahead and authorize that across the National Forest System and also extend that authority to the Bureau of Land Management. That was 2003, and that authority expires September 30 of this year.

I won't repeat a lot of what the Chief covered in his testimony but this has been an extremely effective way for the Forest Service to work with the kind of small businesses that really characterize most of this capacity that we have for doing forest management that exists in rural communities. You know, the multiyear aspect of this gives them an opportunity, and frankly their bankers an opportunity to have the confidence to invest in equipment that tends to be very expensive, but also to invest in employment and in training of those employees and to develop and maintain the kind of capacity at the local level that the Forest Service itself needs in order to do these sustainable forest management activities.

We have talked a lot about timber but there is a lot more that goes on in these stewardship contracts. In fact, timber is—actually merchantable timber is a very small part of that. We have had allusions here this morning to the effects of climate change, this warming and drying trend in the interior West but also actually even heavier precipitation, more of that coming in the form of severe storm events in the northeastern region of the United States, so it is not just about drought, it is about the role of these forests in flooding mitigation, stormwater management, protecting water quality and water supply.

I will stop there and yield the rest of my time to my fellow witnesses.

[The prepared statement of Dr. Sample follows:]

PREPARED STATEMENT OF V. ALARIC SAMPLE, PH.D., PRESIDENT, PINCHOT INSTITUTE FOR CONSERVATION, WASHINGTON, D.C.

Good morning, Mr. Chairman, and Members of the Subcommittee. My name is Al Sample. I am a forester and President of the Pinchot Institute, a nonpartisan conservation think-tank based here in Washington. This year we celebrate the 50th anniversary of the Pinchot Institute's dedication by President John F. Kennedy at Grey Towers National Historic Site, the former home of Gifford Pinchot-first chief of the U.S. Forest Service and twice Governor of Pennsylvania. The Pinchot Institute is a non-lobbying scientific and educational organization, so my statement here today is on my own behalf as an expert witness, and is not intended to reflect any policies or positions of the Pinchot Institute.

The relationship between communities and forests has parallels with the symbiotic relationships that we see in Nature—two entities that depend upon one another to the extent that when one fails the other cannot long survive. Sustainable forest management cannot take place where there is no local capacity, usually in the form of small businesses, to actually carry out the work of forest management—from reforestation, to ecosystem restoration, to maintenance of transportation systems for protection of water quality and aquatic habitat. Likewise, these community-based enterprises cannot survive for long when there is not a reasonably reliable stream of project work to sustain local capacity and expertise. When actions are needed to protect the ecological integrity and resilience of forests, resource managers have no one to whom they can turn to actually perform the work.

Resource managers on National Forests all across the country faced this situation in the early 1990s, in connection with the reduction in timber sales to expand protection for endangered species habitat. Stewardship activities for watershed protection, wildlife habitat improvement, and hazardous fuels treatments that had once been accomplished by incorporating them into the government's requirements in timber sale contracts were no longer being accomplished. Resources and environmental quality began to degrade. One particular problem was that forest roads that no longer received regular attention began to deteriorate, allowing sediment and debris to get into streams, damaging aquatic resources including spawning habitat for a number of threatened or endangered fish species.

Starting with a single pilot project on the Flathead National Forest in Montana, the Pinchot Institute worked with the U.S. Forest Service and local community groups to test the concept of a "stewardship end-results contract"—a multi-year contract that could encompass a wide variety of land management and stewardship activities. The long-term nature of the stewardship contract gave local businesses—and their bankers—the confidence to continue to invest in costly equipment, as well as in local employment and training. To the Forest Service it gave assurance that key resource management activities would be accomplished to high standards of performance, accountability, and efficiency, and within a specific agreed upon timeframe.

Congress subsequently authorized the Forest Service to conduct additional stewardship contracting pilot projects, 83 in all, the results of which were watched closely by local, multi-stakeholder monitoring groups, in a process facilitated by the Pinchot Institute. Each year the monitoring results were compiled nationwide, and summarized in an evaluation report delivered to Congress, as required by the temporary legislative authority. Based in part on the successes described in these annual reports, Congress acted in 2003 to expand the legislative authorization for stewardship contracting to all National Forests across the country, and extend the authority to Interior's Bureau of Land Management as well.

This legislative authority is set to expire this year, and I come before this Subcommittee to ask for your support and leadership in renewing this authorization. In a 2011 letter to Members of the Senate Interior Appropriations Subcommittee, six former chiefs of the U.S. Forest Service noted that "stewardship contracting authority has provided public land managers with an important tool in achieving forest management objectives, and increasing and diversifying job opportunities in rural communities." They further stated that:

> "Treatments authorized under these contracts promote healthy forests, reduce wildfire hazards, increase watershed resilience, and increase business and job opportunities. Stewardship contracting encourages collaboration and long-term

commitments among agencies, contractors, local communities, and other interested stakeholders. Organizations across the 'political spectrum' collectively agree that stewardship contracting authority extension is needed at this time to support public land management agency activities. Between the FY 1999 and FY 2010 Fiscal Years, the Forest Service has awarded approximately 854 contracts, resulting in thousands of acres of better managed forests and the establishment of jobs, expanded forest products markets, and improved watershed resiliency. Successful collaborative efforts across the nation have relied on this authority as a cornerstone of agreements for future planned activities in major watersheds."

Mr. Chairman, and Members of this Subcommittee, these assertions are backed up by the detailed results from more than 10 years of multi-party monitoring, evaluation, and reporting on stewardship contracts across the country. I would submit to you here today that the enactment of permanent legislative authority to extend the use of stewardship contracting on the National Forests and BLM lands is the single most important and effective step that Congress can take to support the positive, constructive, and mutually supportive long-term relationship that exists between these Federal public lands and the local communities that play a critical role in their sustainable management.

Appended to my statement is additional statistical information pertaining to the accomplishments under stewardship contracts, and the positive effects on income and employment in rural communities. Also in the appendices is information based on the results from studies by the Pinchot Institute on biomass energy development as it relates to the sustainability of forests, including the National Forests.

Mr. Chairman, I thank you for the opportunity to appear today before this Subcommittee. I would like to submit the balance of my statement for the record, and I would be pleased to address any questions you or the other Members may have.

APPENDIX 1

September 19, 2011

Hon. JACK REED,
United States Senate,
Washington, D.C.;

Hon. LISA MURKOWSKI,
United States Senate,
Washington, D.C.

Dear Chairman Reed and Ranking Member Murkowski,

As the Appropriations Subcommittee on Interior, Environment, and Related Agencies considers the Fiscal Year (FY) 2012 budget for the United States Forest Service (USFS) and the Department of the Interior, we as retired USFS Chiefs request your support for extension of the Stewardship Contracting authority as part of FY 2012 appropriations process. First enacted as a pilot program in the FY 1999 Interior, Environment, and Related Agencies Appropriations Bill, and then reauthorized for another 10 years within the 2003 Omnibus Public Lands bill, Stewardship Contracting authority has provided public land managers with an important tool in achieving forest management objectives, and increasing and diversifying job opportunities in rural communities.

Although initial use was limited, now more than a decade after this authority was provided, stewardship contracting is rapidly becoming the contracting "tool of choice" throughout the USFS. Treatments authorized under these contracts promote healthy forests, reduce wildfire hazards, increase watershed resilience, and increase business and job opportunities. Stewardship Contracting encourages collaboration and long-term commitments among agencies, contractors, local communities, and other interested stakeholders. Organizations across the "political spectrum" collectively agree that Stewardship Contracting authority extension is needed at this time to support public land management agency activities.

Between the FY 1999 and FY 2010 Fiscal Years, the Forest Service has awarded approximately 854 contracts, resulting in thousands of acres of better managed forests and the establishment of jobs, expanded forest products markets, and improved watershed resiliency. Successful collaborative efforts across the nation have relied on this authority as a cornerstone of agreements for future planned activities in major watersheds.

We urge the Subcommittee to extend Stewardship Contracting authority through inclusion in the FY 2012 appropriations process. It has provided many successes to Federal agencies and rural communities alike. Extending this authority will continue to build on successes already achieved while expanding positive impacts to our National Forests and other public lands.

Thank you for consideration of this request.

Sincerely,

R. Max Peterson
Chief, Forest Service
1979–1987

F. Dale Robertson
Chief, Forest Service
1987–1993

Jack Ward Thomas
Chief, Forest Service
1993–1996

Michael P. Dombeck
Chief, Forest Service
1997–2001

Dale N. Bosworth
Chief, Forest Service
2001–2007

Abigail R. Kimball
Chief, Forest Service
2007–2009

APPENDIX 2

Restoration Needs in the National Forest System

According to data provided by the Forest Service, 43% of the National Forest System (82 million acres) is in need of restoration. Over the past 10 years, 18 million acres of National Forests have seen widespread tree mortality associated with bark beetle damage. Before the 2012 fire season began, the Forest Service cited 65 million acres of National Forests as being at very high risk of severe wildfire. In 2012 alone, over 9.2 million acres of the country burned in wildfire according to the National Oceanic and Atmospheric Administration, mostly on Federal public lands.

The Role of Stewardship Contracting Authorities

Stewardship End-Results Contracting concepts have been around in one form or another for approximately 20 years. In 1998, Congress authorized a pilot program for the Forest Service to develop a small number of Stewardship End-Result Contracts and Agreements to:

1. More effectively involve communities in the stewardship of nearby public lands, and
2. Develop a tool in addition to the timber sale program that could more effectively address the complexity of forest ecosystem restoration.

The pilot effort concluded early with Congress passing legislation[1] in 2003 that removed the cap on the number of projects, extended Stewardship Contracting authorities to the Bureau of Land Management, and offered a 10 year authorization to the agencies to use stewardship authorities through September 30, 2013 to: "perform services to achieve land management goals for the National Forests and the public lands that meet local and rural community needs."

Stewardship Contracting in the Context of National Forest Restoration

The Pinchot Institute has annually monitored 25% of active Stewardship Contracting projects nationwide since 2005. Conclusions from this monitoring include:

- Ten of the 500 active Forest Service stewardship contracts are 10 year landscape scale projects, including the Four Forest Restoration Initiative, White Mountain Stewardship Contract, and Front Range Stewardship Contract discussed below. Landscape-level and multi-year contracts are realizing efficiencies and have enabled some contractors to make investments toward accomplishing ambitious programs of restoration work.
- From 2010 to 2012, non-Federal partners provided funding in 40–48% of stewardship contracts or agreements.
- Significant multi-year investments of private funds are being leveraged in Forest Service Collaborative Forest Landscape Restoration Program (CFLRP) projects, and stewardship contracts and agreements are critical to the success of these landscape-scale restoration projects.
- Stewardship contracting and CFLRP is resulting in private investments being made that are focused on processing the byproducts of restoration treatments, benefiting rural economies and reducing the cost of restoration work.

Front Range Stewardship Contract. In Colorado, insect and disease has devastated more than 1.7 million acres of forest on the Front Range over the last 15 years, with some areas seeing tree mortality as high as 80%. The Front Range Long-Term Stewardship Contract covers a 1.5 million acre landscape reaching south of Colorado Springs to the Wyoming border. The local business

[1] Interior Appropriation Act of 2003 Sec. 323 of P.L. 108–7 (16 U.S.C. 2104. Note, as revised February 28, 2003 to reflect Sec. 323 of H.J. Res. 2 as enrolled) the Consolidated Appropriations Resolution, 2003, amended P.L. 105–277, Sec. 347.

holding the contract, West Range Reclamation, suggests that they have "built our business around stewardship contracting." In doing so, West Range Reclamation has treated approximately 5,000 acres in 2012, creating at least 52 jobs. After receiving a USDA Forest Products Laboratory Grant they also began manufacturing new value-added products, tapping into 19 markets including mulch, wood chips, post and poles, shavings for animal bedding, kitty litter, and wood pellets, adding significant value to the raw material removed and reducing treatment costs below $300/acre in some places.

White Mountain Stewardship Contract. According to contract holder Future Forest LLC., the White Mountain Stewardship Contract has reduced restoration costs by 36% and created 226 direct jobs and 96 indirect jobs through a host of small scale businesses. Economic reports for the project state $30 million in government expenditures and $40 million in economic return. Future Forest LLC. is a partnership between WB Contracting and pellet manufacturer Forest Energy Corp, harnessing the ingenuity of the private sector to link restoration work on the public lands with new thermal energy markets, supporting biomass utilization.

Need for Market Development for Expanded Biomass Utilization

Public and private investments in local biomass utilization capacity are important to reducing the per-acre cost of restoration treatments. Federal investments through USDA and DOE loan guarantee programs, and grant programs like the Forest Biomass Utilization grants and Community Wood Energy Program authorized in the 2008 Farm Bill contribute to improved stability in rural economies.

For example, the Medicine Bow-Routt National Forest recently entered into a 1,000 acre, 10 year stewardship contract with Confluence Energy, a pellet manufacturer in Kremmling, Colorado, which will supply a new 11.5 megawatt power plant backed with a USDA loan guarantee. In Arizona, the Four Forest Restoration Initiative is underway with the Forest Service entering into their largest 10 year stewardship contract to date designed to restore 300,000 acres. Pioneer Forest Products based in Montana received the award, with plans to create 900 jobs and build an advanced biofuels plant in Winslow, Arizona.

Given long-term electricity market projections, due in large part to low natural gas futures, the prospects for biomass fueled electric power remains dim in most places. However, densified products (compressed wood logs, bricks, and pellets) and direct conversion of biomass to thermal energy for space heating and industrial process heat remain promising. Roughly ⅓ of U.S. energy consumption is thermal energy for heating and cooling spaces and for industrial processes. Using biomass as a fuel source has tremendous potential to offset costly consumption of petroleum-based heating fuels in rural communities while supporting forest restoration objectives.

For instance, in Oregon, the Oregon Department of Energy and USDA Forest Service have recently made investments to expand thermal energy markets in communities adjacent to National Forests in Eastern Oregon. Investing in these locations makes sense because these communities are adjacent to National Forests in need of restoration and are currently without access to natural gas, making woody biomass systems very competitive to fossil fuel alternatives, *i.e.,* propane and heating oil. Since 2008, at least ten small-scale biomass thermal installations have been installed in Eastern Oregon, ranging from a hospital to a small industrial complex.

On-farm uses of wood fuel are promising as well. Food production and packaging uses significant amounts of process heat, and in many places biomass is well suited to supply this energy. For example, consider that the average poultry house consumes about 6,000 gallons of propane per year at a cost of $2.04/gallon or $12,240 per year. If the poultry house is heated with wood chips costing $60/ton, the poultry house needs 40 tons of wood chips annually, costing $2,400, saving the poultry grower $9,840 annually per poultry house. The payback period for converting heating systems to biomass from heating oil and propane is usually short, as has been the case in Vermont where school projects predictably break even in 8–12 years. As an added benefit, the grower would see improved flock health and productivity due to reduced in-house air moisture associated with propane heat.

The CHAIRMAN. All right. Thank you, Dr. Sample.

Now it is my pleasure to once again introduce a constituent of mine, a consulting forester and a friend from the Pennsylvania 5th District, from Kane, Pennsylvania, Kenneth Kane, who—I have always been an admirer of Ken's involvement in the community, not just knowing the forest industry but 30 years as a school board

member and involved in every good cause that there is in that part of our Pennsylvania. So Ken, I am pleased to recognize you for your testimony for 5 minutes, and welcome to Washington.

STATEMENT OF KENNETH C. KANE, PRESIDENT, GENERATIONS FORESTRY INC., KANE, PA; ON BEHALF OF ASSOCIATION OF CONSULTING FORESTERS OF AMERICA

Mr. KANE. Thank you, Mr. Chairman. It is a pleasure to be here. Members of the Committee, I am here today on behalf of the Association of Consulting Foresters of America. Thank you for the opportunity to appear before you today to offer the consulting foresters' perspective on the National Forest management and its impact on rural economies and communities.

The Association of Consulting Foresters offers services to private landowners, forest management consulting services. We manage in 45 states about 75 million acres. Essentially, the Association of Consulting Foresters are the boots-on-the-ground foresters for the private landowner. Our services are wide and varied. It is a pleasure to offer a national perspective from our association because we have members across the landscape.

The primary issues that we would like to address is, there is pressure from local taxing entities on school districts, counties and townships that are adjacent to National Forests. There is a significant and growing problem caused by insects, disease and fire coming from delayed management on the National Forests, and response to salvage operations from natural disasters such as wildfires and storms is slow and the resulting change in forest composition reduces wildlife habitat.

From a local perspective, I am going to share with you the problems faced by a small community such as Kane on the Allegheny Plateau. What the Allegheny Plateau is, is 16 million acres of timber primarily forest type that is a unique forest type, comprised mostly of cherry, ash, tulip poplar, 16 million acres on the entire globe. That is a pretty unique ecosystem. The small community of Kane was developed to develop those resources, and you can see when they were developed in the early part of the 20th century, the harvesting was quite intense, and it was harvested by local barons such as the Central Pennsylvania Lumber Company and Collins Pine, and they used railroads to access the timber, and the harvesting, as you can tell, was pretty intense. And those railroads today provide recreational access, hiking trails, off-road vehicle trails and different things, so there is quite an opportunity there.

The Weeks Act provided the Allegheny National Forest to be established in 1923, and what you are seeing before you is what the condition of the National Forest was in the area called Little Arno in 1927. The next slide is 1928. That is the first harvest on the ANF. The next 70 years through the series of slides will show you the growth and development of that forest, how different silvicultural treatments and just by leaving the forest to grow over a period of years will create a very mature and healthy forest system.

You will notice that in the slides from 1988 to 2008 the change in the forest hasn't been as significant as the previous 60 years. That is because the forest is approaching maturity, and that maturity causes a risk for blow-down, and the productivity of the forest

when it should be higher has dropped, and from 1985 to 1994 the forest produced about 60 million feet of timber a year. We don't want to talk about extraction. We would like to talk about acres treated, but we have the volumes to talk about, so we have to stay with that subject.

But since then it has tipped over, and when it should be developed and managed for local communities to support our schools and townships, it has tipped over, and the delayed response has reduced the amount of revenue from that forest to create a habitat, as you see in the next two slides, similar to what it looked like when it was established. So management on this forest and the value of this forest at one time provided essentially more money than the entire Region 9 needed to operate its entire budget came from the Allegheny.

So we have an opportunity as I hear concerns of sequester, if we put the money to the Allegheny to truly do what could be done there, we could stimulate the Federal budget to help offset some of the Forest Service challenge to the future, because by supporting the forest and sound management, which is good science, it also supports the local communities. The one thing I would ask as we talk about stewardship is if we could consider putting some of that stewardship money back into those local communities, put it back into the 25 percent fund, because then we would stimulate local communities. I haven't even addressed the diverse resources of oil and gas in our region, which is also the bridge that we have to the future of America's energy independence.

But I thank you for the privilege to be here, and on behalf of the Association of Consulting Foresters and my new company, it is a privilege. I welcome any questions.

[The prepared statement of Mr. Kane follows:]

PREPARED STATEMENT OF KENNETH C. KANE, PRESIDENT, GENERATIONS FORESTRY, INC., KANE, PA; ON BEHALF OF ASSOCIATION OF CONSULTING FORESTERS OF AMERICA

Good morning, Mr. Chairman and Members of the Committee, on behalf of all members of the Association of Consulting Foresters (ACF), thank you for the opportunity to appear before you today and offer a consulting forester's perspective on National Forest management and its impacts on rural economies and communities.

ACF is the national association for consulting foresters whose primary work is consulting to the public. Our members manage more than seventy-five million acres of private forestland in 45 states.

I have been an Association of Consulting Foresters member in good standing since 1989, and have been a practicing forest resource manager since 1983. I am President of Generations Forestry, Inc., located in Kane, Pennsylvania.

From a national perspective, many of our clients and other landowners have significant problems when they own forests adjacent to National Forests.

- There is pressure from local taxing entities, School Districts and County Governments to make up for their lost share from National Forest timber sale proceeds,
- There is a significant and growing problem caused by insects and diseases coming from non-managed National Forests,
- The response to salvage operations from natural disasters such as wildfire and storms is slow; and
- There are resulting changes in forest composition and reduced wildlife habitat.

From a local perspective, I am going to present to you the problems faced by my local community. Kane, Pennsylvania is a small, rural community located in Northwestern Pennsylvania, on the Allegheny Plateau, at the eastern edge of the Allegheny National Forest. The Town of Kane and surrounding area was settled to de-

velop the diverse natural resources of the region. The vast timber resource was harvested utilizing the access provided by railroads in the early twentieth century.

The abundant amount of timber harvesting on the Allegheny Plateau by the Central Pennsylvania Lumber Company, the Collins Pine Company and other timber barons of the era created an environment for the natural reproduction of a unique Allegheny hardwood forest. The Allegheny hardwood forest type consists of black cherry, white ash and tulip poplar, with sugar maple, red maple and some oak. This unique forest type only exists on 16 million acres in the world.

During September 1923 the United States established the 500,000 acre Allegheny National Forest under policies established by the Weeks Act of 1911. The Weeks Act authorized the Secretary of Agriculture to purchase "forested, cut-over or denuded lands" for the purposes of watershed protection and timber production.

In the seventy years following the establishment of the Allegheny National Forest, many activities took place to promote the goals of the Weeks Act. The forestry activities were successful to the point that the Allegheny National Forest watershed supplies water to most of the communities downstream and consistently produced over 60 million board feet of timber from 1983–1995.

Since 1995 the timber harvest on the Allegheny National Forest has declined to a low of less than 15 million board feet from 2000–2005. The harvest level over the past 2 years has increased to 30 million board feet.

The Collins Pine Company retained their land on the Allegheny Plateau. Collins Pine obtained International Forest Stewardship Council (FSC) certification in 1995. The FSC third party certification assures sustainability of the resource environmentally, socially and economically through a series of international standards. Collins Pine currently owns 120,000 acres and sustainably harvests the same volume as the Allegheny National Forest on less than a quarter of the acreage.

The long-term impact of the lower harvest on the Allegheny National Forest has created a significant biological and economic impact on the region. The biological impact is a conversion of the unique Allegheny hardwood forest type to a more common Northern hardwood timber type that consists of tree species such as American beech, hard maple and hemlocks, which contain less diversity of flora and fauna and are more susceptible to invasive insect and disease attack. This conversion typically occurs through major blowdown from wind events.

The economic impact of the lower harvest has led to a decline in the local hardwood lumber industry. Since 1995 the hardwood industry in the Allegheny National Forest region has declined over fifty percent. In the Kane area alone nine sawmills have closed, costing over 100 jobs.

The reduced harvest has affected local townships and schools through the loss of revenue of the 25% Fund, under which 25% of the revenue from National Forest timber sales is returned to the state. The revenue to the local townships and school districts has declined 75%. This decline includes revenue provided through the Rural and Secure Schools Act. As a School Director of the Kane area school district for nearly thirty years, I have watched the Forest Service revenue decline from over 6% of our total budget to less than 1% this year. With increased mandates on public education, this impacts the quality of education for our children. The Kane area school district was forced to establish a National Forest allocation fund with money raised from increased taxes on an already stressed rural economy to mitigate the extreme impacts this has to our schools.

The challenge for the future is to prevent the continued biological conversion and the economic decline in the Allegheny National Forest region.

The wind event/blowdown experienced on the Allegheny National Forest is also experienced in National Forests throughout the South. In the West, the threat to under managed National Forests is catastrophic fire.

In order to maintain a healthy relationship between rural communities and National Forests, the National Forests should be managed using sustainable methods. This will assure the long term health of the National Forest, rural communities, the forest products industry and the adjacent private lands.

We appreciate the Subcommittee's attention to this important issue. This concludes my remarks and I would be happy to answer any questions you may have.

ATTACHMENT

1927

1928

1938

1948

1958

1968

1978

1988

1998

2008

Mature Black Cherry Blowdown

Typical Blowdown Event

Forest Structure Change of Blowdown

Susceptible Mature Northern Hardwood Forest

The CHAIRMAN. Thank you, Mr. Kane.

Now I yield to the gentleman from Wisconsin for the purpose of an introduction.

Mr. RIBBLE. Thank you, Mr. Chairman. It is a real privilege for me today to introduce a fellow Wisconsinite. Jim Schuessler serves as the Executive Director of the Forest County Economic Development Partnership, a public-private partnership in northern Wisconsin that works to improve the standard of living and quality of life for the citizens of Forest County. Jim holds a Bachelor of Science degree from the University of Wisconsin-Platteville. After receiving his degree, he spent 2 decades in television and ultimately served as Executive Vice President of the Broadcast Group. After selling the group in 2002, Jim purchased a tourism-based business in northern Wisconsin. He successfully operated that business until he joined his current organization in 2011 to give back to his community. With all due respect, Mr. Schuessler, you have been giving back to your community for much longer than that, and I appreciate that.

Mr. SCHUESSLER. Thank you.

Mr. RIBBLE. Jim and his organization have done important work for the people of northeastern Wisconsin. I am looking forward to hearing his remarks and the perspective he will provide. Jim, thanks for being with us today.

Mr. SCHUESSLER. Thank you, Congressman Ribble.

The CHAIRMAN. Mr. Schuessler, we look forward to your testimony here. Thank you.

STATEMENT OF JAMES SCHUESSLER, EXECUTIVE DIRECTOR, FOREST COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, CRANDON, WI

Mr. SCHUESSLER. Chairman Thompson, thank you. Distinguished Members of the Subcommittee, my name is Jim Schuessler and I serve as Executive Director for Forest County Economic Development Partnership. The stakeholders of FCEDP include the City of Crandon, the Forest County Board of Supervisors, the Forest County Potawatomi Community and Foundation, the Forest County Chamber of Commerce and Tourism Commission, the Sokaogon Chippewa Community, and the Wabeno Chamber of Commerce. Our mission is to foster an increased and diversified tax base and improve standard of living and quality of life for all the people of Forest County.

I know I am not the first person to appear in this place and tell you all is not well in our National Forests. However, let me relate from an economic perspective 120 year view in about 5 minutes, the good, the bad and the opportunity.

After the cutover and failure of forests, then farms, Forest County had a few choices. Number one, they could do nothing. Number two, they could work with the Wisconsin Conservation Commission reforester. Number three, Federal forest. In November of 1927, the board voted 17 to 2 against Federal forest. They received a lot of outside pressure, and the board relented and opened the matter to a countywide referendum. On March 14, 1928, Mr. L.A. Kneipp of the United States Forest Service appeared in Crandon for a presentation to the electorate. He promised a lot—jobs, low-cost material

and revenue sharing, a lot of other things too. Just days later, the electorate voted by nearly a 3 to 1 margin and bet the farm on the United States of America.

In the decades that followed, the United States Forest Service delivered on all their premises. These people are heroes. Citizens and industry thrived. Connors Leona Mill became the number one producer of hardwood in the world. In the 1980s, the Chequamegon-Nicolet National Forest alone output 150 million board feet per year.

Then the bad: the lawsuits, the underfunding. Raw material production declined sharply. As a result, a once thriving economic cluster began to crumble. Tribal communities and towns are getting creamed. An economic disaster has occurred in the National Forest. Today, over 4,000 direct jobs in forest products have been lost in the Chequamegon region alone. Outmigration has cost the lost of future generations. All of this is outlined in my exhibits.

The Leona School District located in a Norman Rockwell-type town is on the brink of collapse, which will fuel a domino effect over the entire region. Declining demand for forest products? Hardly. Local industries could add additional shifts if the raw material were available. As a matter of fact, American imports of Canadian wood pulp and pulpwood have increased 50 percent over the past 10 years. *Exhibits H, I,* and *J* display the significantly high unemployment rate in the counties of the Chequamegon *vis-à-vis the* rest of the state.

Landscape-level sustainable forestry must be restored within the National Forest. In the Chequamegon alone, it is conceivable $100 million could be added to the United States Treasury over the next forest plan. In addition, another $30 million to local governments. Imagine the impact to our economy.

Movement toward the allowable sale quantity will result in over 4,000 jobs in the region of the Chequamegon. The harvest levels would still be well below those of the 1980s. Four thousand jobs is an auto plant, folks. I know Dr. Benishek is chairing another subcommittee this morning, but somebody please pass along to him that within the Ottawa, there is an environmentally friendly auto plant ready to be unveiled there as well.

Some of our National Forests are disaster areas. This is not a slam to the current Chief. It is a crisis that has been decades in the making. However, the United States Forest Service desperately needs a crisis manager to support his efforts. This crisis has clobbered the local economy and will kill schools, and without a Hurricane Sandy type sense of urgency and focus, it is going to happen. And while Secure Rural Schools is appreciated as we emerge from this crisis, we don't need social welfare. The jobs are there, the demand is there. A hundred million to the Treasury. Somebody please tell—Congressman Ribble, when you get back to the Budget Committee, please let them know we have $100 million for them, another $30 million to local government, thousands of jobs.

Remember the old question, if a tree falls in the woods, does anybody hear it. We can really update that today. If thousands of jobs are needlessly lost in the National Forest, is anybody willing to listen and do something about it?

I look forward to your questions, and please know that FCEDP is ready to partner and assist in repairing the ecological and economic disaster by developing jobs and restoring a beautiful, well-managed National Forest. Thank you.

[The prepared statement of Mr. Schuessler follows:]

PREPARED STATEMENT OF JAMES SCHUESSLER, EXECUTIVE DIRECTOR, FOREST COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, CRANDON, WI

Chairman Thompson and distinguished Members of the Subcommittee on Conservation, Energy, and Forestry, my name is James Schuessler. I serve as Executive Director for the Forest County Economic Development Partnership (FCEDP) in Forest County, Wisconsin. The stakeholders of FCECP include the City of Crandon, Forest County Government, Forest County Potawatomi Community and Foundation, The Forest County Chamber of Commerce, Tourism Commission, The Sokaogon-Chippewa Community, Wabeno Chamber of Commerce and four business sector representative including Laona Machine, Laona State Bank, Wolf River Valley Seeds and Northern Lakes Service, Inc., and Link CPA Service LLC. FCEDP is a public private partnership and also includes the invited resources of the Wabeno, Crandon and Laona School Districts, Forest County UW Extension and Land Conservation, the Laona District of USFS, USDA Blackwell Job Corp., the Town of Armstrong Creek, Nicolet Technical College and the Crandon Public Library.

The mission of FCEDP is "To foster an economic environment that promotes an increased and diversified tax base, an improved standard of living and quality of life for all the people of Forest County." As a native of Northern Wisconsin I certainly embrace the beauty of our land, cultural diversity, and traditions that have helped establish a thriving economic cluster built around masterfully managed timberlands.

I know that I am not the first to appear in this place and let you know that all is not well in our National Forests. What I will do that is different from other testimony is share a story from a public, private partnership point of view about the economic impact of the Chequamegon-Nicolet National Forest on our local economy. And, I will offer what the immediate economic future portends, if unchecked, and finally suggest some solutions.

Our local story begins after what is locally called the forest cutover at the turn of the 20th Century. The idea locally for economic prosperity was forests and then farms. This formula failed however due to poor soils and harsh climate for agriculture production and the farms failed leaving the land largely barren.

By the mid-1920 the discussion turned to reforestation of the hundreds of thousands of acres in Forest County. The Wisconsin Conservation Commission offered to work with the counties on re-establishing forests on the cutover lands. Private companies owned by the Connor and Goodman families acquired substantial tracts, in our area, beginning the development of sustainable forest practices and pioneering the practice of selective harvesting of northern hardwoods. I must note that these family driven forests remained intact and managed under selective harvesting, provided millions of board feet of timber to support our economy, up until the late 1990's, when they too began to be parceled and fragmented.

Back in 1927, the United States Forest Service offered to take northern Wisconsin lands as part of a Federal Forest. After consideration, the Forest County Board voted on November 15, 1927, by a vote of 17–2, to keep the lands and work with the State Conservation Commission.[1]

Immediately, voices were raised outside the county criticizing the decision. An editorial in the *Rhinelander Daily News* condemned the Forest County Government and demanded that they immediately "get the cutover lands back into their best use—forestry."[2] Another from the *Antigo Journal* urged the Forest County Board to reverse their decision in part by saying "Langlade County will join in when they are asked, but they have not been contacted by the Forest Service."[3] By the way, Langlade County never was asked, and today their county owned lands provide nearly $2 million annually to their county budget.

Due to this outside pressure, the Forest County Board reviewed their previous decision and after debate voted to turn the matter to the electorate of the county in a referendum.

---

[1] Forest County Board Minutes, November 15, 1927.
[2] *Rhinelander Daily News,* Editorial, November 27, 1927.
[3] *Antigo Journal,* Editorial, November 24, 1927.

On March 14, 1928, Mr. L A Kneipp, employee of the United States Forest Service, appeared in a packed Circuit Court Room in Crandon to present his case as to why the lands should be turned over for the Federal Forest Program. According to local printed news accounts, Mr. Kneipp outlined the case for why the voters should choose the Federal Forest. He stated that at present timber was being harvested four to six times faster than it could grow. He stated that the primary purpose of Federal Forests was to restore forests, put forestry on a business basis, to carry on research in timber production, and to produce timber. He went on to state that the United States promised the following:[4]

1. Restoration
2. Plant trees where needed
3. Prevent fires
4. Practice selective cutting
5. Cover every acre with forest
6. Conserve and develop wildlife
7. Get the forest on a sustained-yield basis
8. Maintain stable wood-using industries
9. A supply of good lumber at a cheap price
10. 25 percent of the gross receipts to be used by the counties for schools and roads

Just days later the voters of Forest County voted, by nearly a 3 to 1 margin, to turn the lands over to the United States for Federal Forest purposes. Within the next 10 years, 396,500 Forest County acres were turned over to the United States Government—54.3% of the county's total land base.

To put it mildly, the citizens of Forest County "bet the farm" on the promises made by Mr. Kneipp, as well as a future tied to the forest product industry.

For decades, the United States Forest Service set out and delivered upon every promise that they made back in March of 1928. The Civil Conservation Corps rolled through northern Wisconsin forests helping reforest and establish the infrastructure, some of which is still producing timber today. This program operated successfully for decades, developing tremendous resources, jobs, and valuable commodities for a growing nation. The research done on the Argonne Experimental Forest, located in Forest County, provided the basis for sustainable northern hardwoods forest management practices still in use today among industrial and other managed hardwood forests.

It is no accident that, through the success of the National Forest program, a family owned sawmill, utilizing the forests of Forest County became the largest hardwood sawmill in the world by the 1940's.

All told, a thriving economic cluster built around masterfully managed timberlands was developed in places in and around National Forests not limited to but including CNNF, Superior (MN) and Ottawa (MI). At its peak, the Chequamegon-Nicolet National Forest (CNNF) produced 159 million board feet of timber in a single year.

The forest management practices in place within the CNNF from its formation until the 1980's followed sustainable forestry practices and mirrored forest policy as inspired by the March 1903 speech of Theodore Roosevelt. Prosperity began to decline in the 1980's due largely to the unintended consequences of uninformed groups that slowed down forest management with lawsuits, all of which they eventually lost but many of which have caused a dramatic devaluation of the standing timber. According to employees of the USFS, funding for the timber sale program began to decline, causing annual declines in the rate of forest treatments within the National Forest. (**Exhibit B**) These unintended consequences also caused a strain on industrial forest lands that have been overharvested to make up for the dramatic decline of National Forest timber stand management.

Currently, USFS timber sales have gone "no bid" as a result of the declining quality of standing timber, sales that are too large for small businesses, improper estimates, and onerous rules.

With the sharp decline in level of forest stand improvements in the CNNF, over 4,000 direct jobs have been lost in and around the eleven counties of the CNNF. (**Exhibit C**) Sawmills and processing plants have closed. Others operate sporadically and a tremendous outmigration of families has occurred in the past 20 years.

---

[4] *Forest County Republican* "Federal Forest Hearing Held at Crandon Last Week," published Thursday, March 22, 1928. (**Exhibit A**)

The Laona School District, ground zero for this tragedy, is on the brink of collapse. (**Exhibit D**) Laona's soul was "sold to the USFS" in 1928, and only 17% of its entire land mass is taxable. When the CNNF was operating at appropriate management levels, this mill town built around Nicolet Hardwoods, Inc. and WD Flooring, LLC was running multiple shifts and provided major employment to the region. Today, a 140 year legacy, including four generations of selective harvesting with eight rotational selective harvests of family-owned company timberlands appears to be at an end due to lack of raw material. Monday, I drove through their lumber yard—which should at this point of the season have been completely inaccessible due to the 2.5 million board feet of raw material normally stockpiled by spring "break-up"—instead, there was only another 2 weeks of work. (**Exhibit E**) The plant will likely close due to lack of hardwood saw-log and it appears that employees will be laid off and out of work.

Today, the Laona School district has the 5th highest mill rate in the state. Two years ago, the proud residents actually voted for a 3 year funding referendum to keep the school operating for 3 more years. Taxes on a home in Laona is roughly double that of Wabeno, located about 10 miles south. Laona can be considered one of our nations Norman Rockwell towns, and because of its dependence on the National Forests it is at ground zero for economic impact due to the decline of forest stand improvements on National Forests.

In 2014, if voters in Laona reject a new referendum, the school will likely close. That will trigger a "domino effect." Wabeno will likely be on the hook for the debt of their neighbor's school as they will be asked to take on the students of the neighboring district and this will drive Wabeno's mill rate through the ceiling.

Wabeno's low mill rate is largely fueled by waterfront homes in the southern part of the district, south of the Forest county line, in Oconto County. Oconto County voters will likely realign and move to a neighboring White Lake or Suring School District. Wabeno's financial structure will see the same issues faced by Laona and their financial structure implodes. And who suffers? In the end it is the children and families of the rural American Norman Rockwell Communities.

As an economic development practitioner I can tell you that there is no recipe to solve this problem—lose your school, lose your town. The grocery store and other small family owned business close. Health care options diminish. Usually, the town is left with a c-store on the highway, and remaining residents have to travel 10 miles for a dozen fresh eggs, fresh fruits and vegetables, and, considering where people like me hail from—a hunk of great Wisconsin cheese.

Shrinking demand for fiber? Hardly. All this is happening at a time when imports of Canadian wood pulp and pulp wood have increased 50% over the past 10 years. (**Exhibit F**)

At the time Forest County accepted the offer of Federal Forests, other counties such as neighboring Marinette County declined their offer. As a result, in the northern half of Wisconsin we have many counties, void of National Forest, with very successful forest management programs.

Like the USFS, these counties manage their lands for multiple uses and abide by all regulatory guidelines. All Wisconsin counties that manage their forests have fully-certified forests, standing up to very stringent standards and practices. As a result, their timber is generally more valuable.

Attached, is a comparison of Wisconsin's top eleven forest-managed counties that do not have National Forest *versus* the performance of the eleven county CNNF managed by the USFS; in essence, Wisconsin's own National Forest *versus* the USFS' CNNF (**Exhibit G**)

I am aware that the declining level of forest stand improvements on the National Forest are not limited to the Forest County or the CNNF, but the local story is where I concentrated my attention for this discussion. A similar impact has been felt across the eleven counties of the CNNF. From 1990, when management was much more prevalent, to 2010, after the dramatic decline, unemployment grew disproportionately in the eleven CNNF counties (**Exhibit H**) *versus* the top eleven counties with managed forests that did not turn land over for Federal Forests. (**Exhibit I**) In 2010, Wisconsin's overall unemployment rate stood at 8.5% quite close to the 8.8% of the eleven county managed-forest counties in the north. The eleven counties of the CNNF were 16% higher than the county managed-forest counties and 20% higher than the state as a whole. (**Exhibit J**)

Even more startling is the loss of the future that the eleven counties of the CNNF face. A comparison of 1990 Census to 2010 reveals that these eleven counties have suffered double-digit declines with the demographics of children (0–17), and the people aged 18–44, largely the families who have children. (**Exhibit K**) Over this same period of time the other 61 counties in Wisconsin grew in these two key demographics. When the jobs decline, people tend to go elsewhere.

So where is the opportunity? It is in our National Forests. An additional 60 million board feet in the CNNF alone would provide over 3,000 direct jobs, and according to North Central Wisconsin Work Force Development, over 4,000 jobs total. This would still have the CNNF below the Allowable Sale Quantity (ASQ) outlined in the current Forest Plan, and 20 million board feet below the annual delivery achieved in the 1980's and early 1990's. Over 4,000 jobs—that is an environmentally friendly automobile plant, folks. Representative Benishek—I have good news for you. By my calculations, you have another auto plant within the Ottawa National Forest adjacent to the Chequamegon-Nicolet to our north waiting to be unveiled as well. (**Exhibit L**)

But please remember, the value National Forest timber has already declined dramatically due to decline of forest stand improvements and regenerative treatments. Here is a photo, taken last Thursday, of what was thought to be saw-log in the Ottawa that is until it was harvested. (**Exhibit M**) The timber has over-matured, and is now worth about 90% less than had it been harvested when it should have been about 20 years ago, according to trained foresters. This contractor will lose money on this contract. He has stated that his firm will no longer bid on USFS projects.

This is another reason why USFS sales go "no bid", when it rarely, if ever, occurs on county or private timber sales.

The upside is tremendous. Setting aside the auto plant in the Ottawa for a moment, and just focusing on the one in the CNNF, the benefit is remarkable. (**Exhibit N**)

In just one National Forest alone, the economic impact is startling. (**Exhibit O**) How do we get this done? For one thing, we are Americans, and armed with a, sort of Conservation Correction Corps of USFS foresters, tribal forest professionals, and state and county foresters we should quickly determine priorities, salvage, and begin producing forest treatments on projects that are "on the shelf" with completed National Environmental Protection Agency (NEPA) completed forest stands.

Where will the product go? For one thing, processors (those not already gone) that have been choked by skyrocketing raw material costs will get some relief from reduced commodity prices. It is very likely that we can keep a few more domestic paper mills, for example, from closing if they know that the raw material prices they have been paying will likely ease.

Just last month, Wausau Papers announced that they would be closing their mill in Bemidji, Minnesota. One of the chief reasons cited for the closure was increased production in Asia. Certainly manipulated foreign currency and questionable foreign labor practices cause problems for American industry. But considering the state of management within the National Forests here in America, should we not get our own house in order—for the sake of American jobs and American industry?

A wonderfully executed government program that produced a tremendous economic cluster is being pulled under. The value of an asset owned by the taxpayer is losing value and the skilled personnel are available to fix this—now.

While I'm certain that the current Chief's years as a forester serve him well in normal times, these are not normal times. Let me introduce you to a few retired USFS employees that would help correct the picture. The crisis created by lack of sustainable forest management is crippling rural communities that believed the promises of L.A. Kneipp and the United States Government he represented. Let us keep true to the ideals that inspired the development of our National Forests; people such as Gifford Pinchot and Theodore Roosevelt. Roosevelt's charge to the Society of American Foresters is included in this presentation. (**Exhibit P**)

Although this disaster has been at least 2 decades in the making, it is in fact a Federal disaster. Call it Katrina or Sandy. At the local level we are told that Congress is to blame and there is need for more Federal money for timber sales. The most educated forester on Earth is not necessarily a gifted crisis manager. I suggest that we bring in a crisis manager that can get this fixed. As the successful manager Lee Iacocca said—lead, follow or get out of the way. This is not meant as political and is geared more toward personality, but I wonder what Governor Christie of New Jersey or Governor Nixon of Missouri would say to someone that said they needed more money when at the same time maintaining they are not in business to make money?

"Secure Rural Schools" financial assistance is appreciated to keep our schools alive in the near term. But, we don't need social welfare. The real fix is to recreate the local jobs and a revived forest economy through effective forest management. Your action can return the rural forest economy to sustainable and successful levels, similar to the 1970's and 1980's.

Once again, thank you for allowing me to provide testimony and comments as you consider National Forest Management and its Impacts on Rural Economies and Communities. Laona, Forest County, northern Wisconsin, and America can't wait.

To summarize, from a local economic development perspective and from a national perspective, the formula for revitalizing the National Forest Economies are. (A.) Declare the National Forests a Disaster Area. (B.) Hire a crisis manager in each of the districts across the Forests in the United States. (C.) Inventory lost production over the past 20 years and salvage harvest and implement forest health treatments on the backlog of NEPA approved forest land. (D.) Demand USFS implementation of the current ASQ on all National Forests above and beyond the salvage harvests and forest health treatments.

Ultimately this is no small matter at all. I am amazed and puzzled that such a meaningful, profound and simple solution has surpassed the great minds of the decision makers in the Department of the Interior and the Department of Agriculture and our great bureaucracy. And instead a small but dedicated group from an American apple pie and lemonade town stands before you to a call for action. The sustainability of tribal communities is on the line. With all due respect ladies and gentlemen, enough is enough. We are tired of the excuses. We are tired, angry, suffering and the regional economy has been needlessly fractured.

So, simply put; implementation of this strategy across all National Forests will pull local, regional and the national economies out of the mire of the Wall Street and housing crush. **And, the most amazing thing of all!** Every dollar invested in this strategy will return $3 to the United States Treasury!

I look forward to your questions and the Forest County Economic Development Partnership is ready to partner and assist you to make the National Forests a thriving and vital national economic resource engine once again. When you review my written testimony, consider that I am speaking on what I know about the impact of one United States Forest economy. And, on behalf of other forests, consider the impact of honoring the commitment to salvaging the backlog of timber, providing forest health treatments and fulfilling ASQ on all the National Forests. May God bless this great country.

EXHIBIT A

farms in the United States now," Mr. L. A. Kneipp emphasized. "The farmer is a poorly paid class of people. One seventh of the land now in farms should not be farmed."

The United States has been built upon our great store of natural wealth. We are having to adjust our economic system to meet our new conditions. Land that is producing nothing cannot continue to pay taxes.

Remedy Proposed

In Minnesota the conditions have become very critical. In one instance the tax rate reached 290 mills. In another case the rate was 112 mills. A committee appointed to study into remedial measures for that district recommended that the northern counties be abolished and that the area be controlled by the state as a territory.

L. A. Kneipp told Forest county folks it was up to them to decide the program they wished to follow. If you wish to make this a resort area, decide upon that. This, however, has the disadvantage of supplying only temporary employment. If you want private ownership of forests, decide upon that. If the county is prepared to reforest its thousands of acres of cutover land, the United States has no place here. If the state is prepared to reforest this area, the United States has no place here. If the private owners, the county, or the state is not prepared to do this—is it worth while for the United States to come in?

Justifications of a Federal Forest

1. Money is appropriated yearly to carry on the work.
2. 250,000 acres are to be purchased in these three counties.
3. This area represents a variety of soils, of trees, and systems of management.
4. A corps of men will be kept busy.

What Will the United States Do?

1. Restore forests.
2. Plant trees where needed.
3. Prevent fires.
4. Practice selective cutting.
5. Cover every acre with forest.
6. Conserve and develop wild life.
7. Get the forest area on a sustained yield basis.
8. Maintain stable wood-using industries.

What Will the County Get?

25% of the gross receipts from the sale of timber and other incomes is paid to the county to

EXHIBIT B

Chequamegon-Nicolet National Forest Sold Volume FY86–FY12, by Fiscal Year

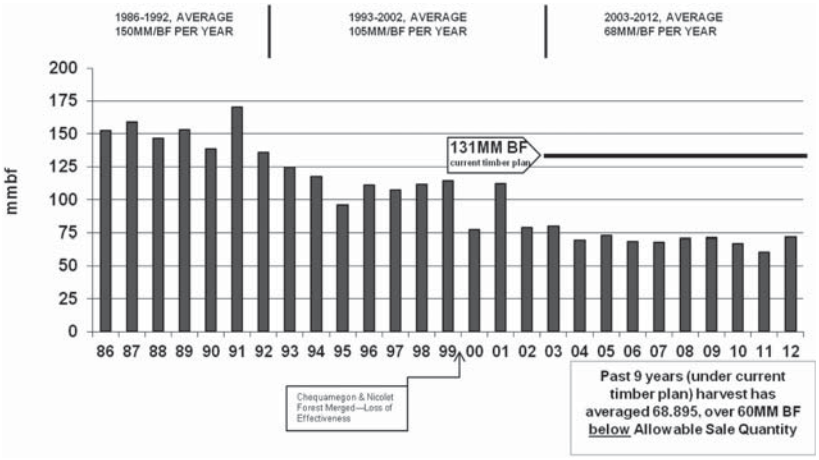

EXHIBIT C

The decline of over 80,000,000 BF per year has resulted in significant job loss in and around the eleven counties of the CNNF over the past 2 decades

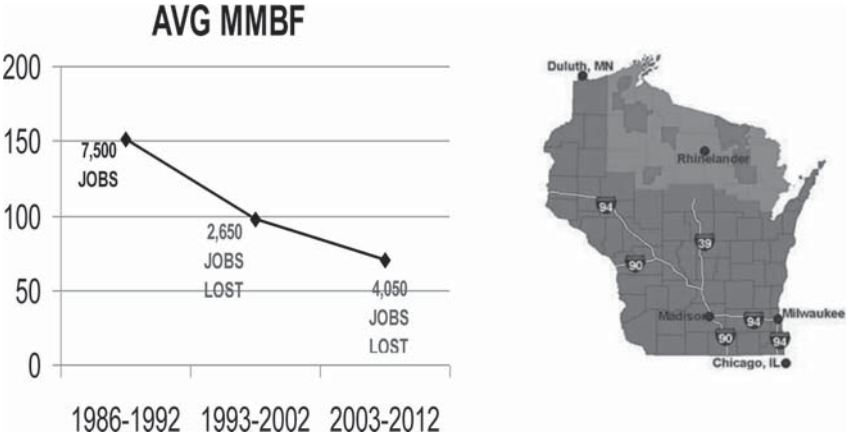

EXHIBIT D

The decline in harvest, and fewer jobs is having an impact on local school enrollment and funding

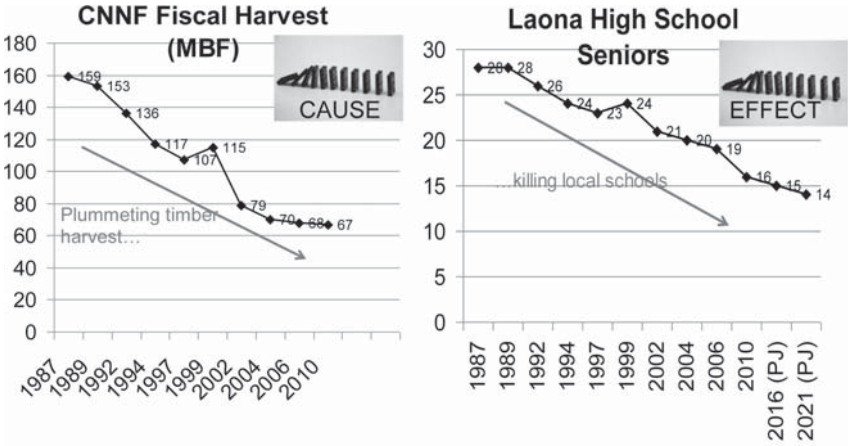

EXHIBIT E

EXHIBIT F

While timber harvesting declines on the National Forest, we send more dollars to Canada . . .

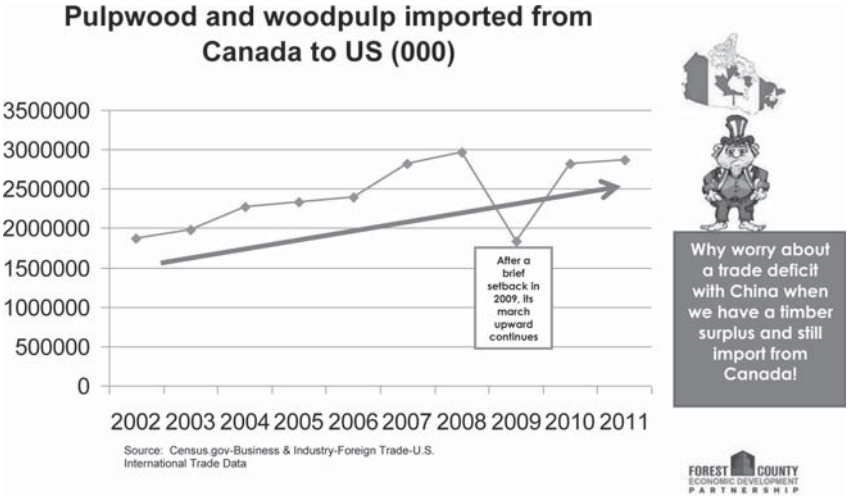

EXHIBIT G

County	Acreage	2004 $	2005 $	2006 $	2007 $	2008 $	2009 $	2010 $	2011 $	2012 $	9 year average $	9 year total $	Annual $ return per acre
Douglas	277,058	2,710,078	2,906,079	2,862,304	2,417,300	2,529,052	3,897,410	3,318,074	2,787,589	4,111,795	3,059,965	30,599,645	**11.04**
Marinette	230,905	1,767,302	1,866,115	2,791,123	1,858,576	2,472,448	2,352,220	2,640,081	2,693,838	1,996,033	2,270,859	22,708,595	**9.83**
Iron	174,261	697,884	603,513	1,600,876	1,252,782	1,339,311	1,324,313	2,540,010	1,636,892	1,623,692	1,402,142	14,021,415	**8.05**
Washburn	149,024	2,003,012	1,604,930	1,531,132	2,297,397	2,140,107	2,138,526	2,346,473	1,727,893	3,576,034	2,151,723	21,517,226	**14.44**
Clark	132,849	927,971	808,871	1,015,293	1,044,363	1,650,900	1,694,722	1,235,518	1,675,041	2,236,809	1,365,499	13,654,987	**10.28**
Jackson	121,491	1,496,208	1,088,223	1,600,876	1,201,039	1,213,726	1,524,381	1,070,156	1,202,681	1,157,485	1,283,864	12,838,640	**10.57**
Burnett	106,554	668,051	1,385,074	978,459	573,247	1,853,430	1,288,718	1,501,337	1,135,862	2,118,710	1,278,099	12,780,987	**11.99**
Lincoln	100,845	1,213,820	1,569,775	1,270,094	1,312,809	1,667,366	1,155,896	1,018,074	2,127,740	1,393,618	1,414,355	14,143,546	**14.03**
Rusk	89,006	977,628	1,245,994	1,192,234	1,544,838	2,222,006	597,275	1,120,390	1,702,449	2,573,928	1,464,082	14,640,824	**16.45**
Eau Claire	52,373	480,467	470,916	348,298	593,793	374,389	655,098	413,240	969,913	712,102	557,580	5,575,795	**10.65**
Wood	37,366	63,879	765,708	253,936	126,311	616,410	346,829	501,039	85,801	486,126	360,671	3,606,709	**9.65**
WI Top 11	1,381,992	12,461,954	13,078,575	14,842,391	13,502,350	17,088,347	15,973,462	16,790,113	16,689,984	20,788,105	15,690,587	141,215,279	**11.35**
CNNF	1,530,647	5,024,331	8,615,905	6,622,464	5,023,083	3,658,797	4,866,320	5,303,252	4,710,884	6,075,540	5,544,508	55,445,084	**3.62**

Sources: County Data, Wisconsin Department of Natural Resources
CNNF: United States Forest Service

FOREST COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP

EXHIBIT H

While imports increase, unemployment levels have skyrocketed in the 11 CNNF counties

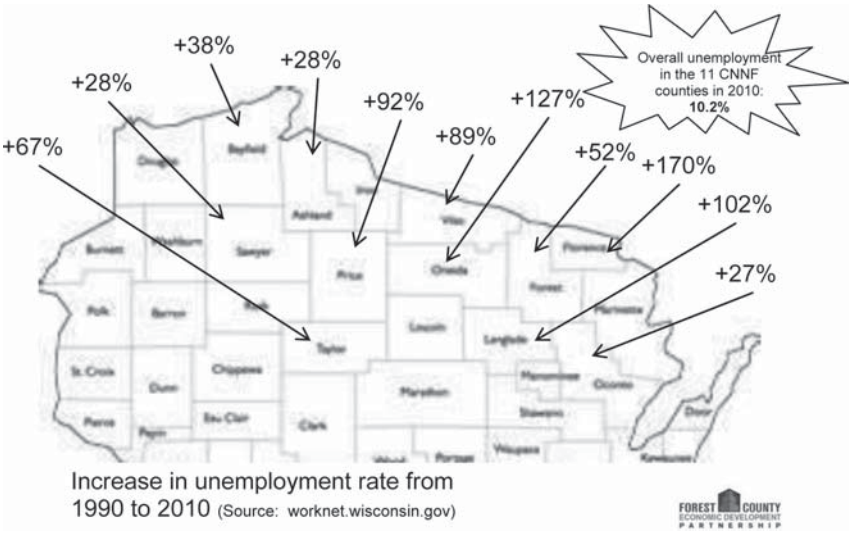

EXHIBIT I

Unemployment remained much lower in the top 11 counties that manage county timber without CNNF acreage

EXHIBIT J

The unemployment rate within the 11 counties of CNNF exceeded that of the state overall and the top 11 counties managing timberlands without National Forest

EXHIBIT K

Our future has been harmed by job loss and outmigration within CNNF counties

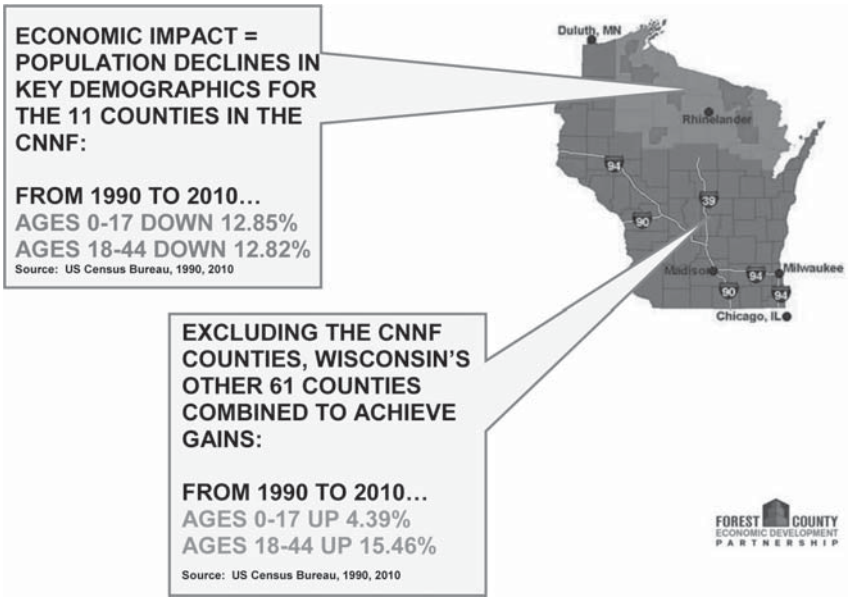

EXHIBIT L

Ottawa National Forest Harvest Volume FY87–FY11, by Fiscal Year

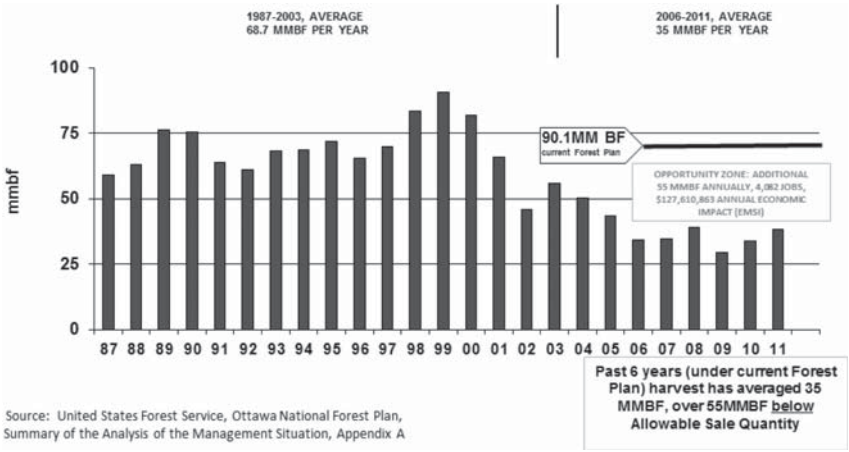

EXHIBIT M

EXHIBIT N

What is the annual opportunity in the CNNF?

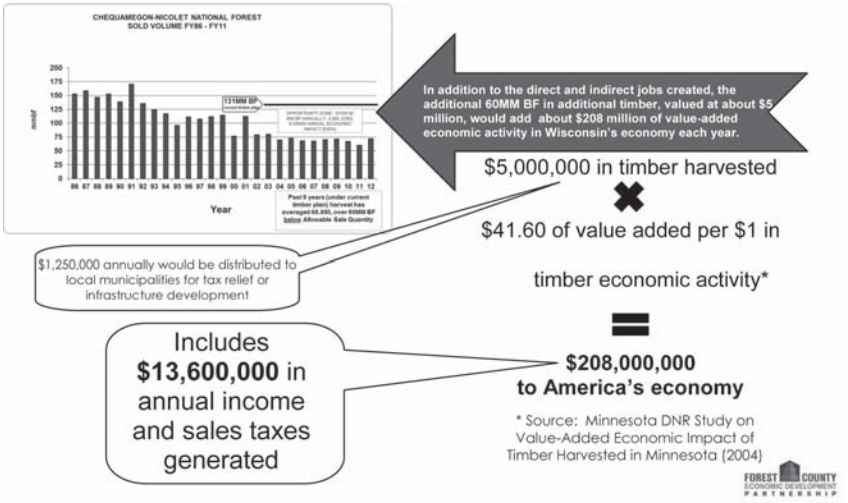

EXHIBIT O

What is the opportunity in the Northwoods?

- ,105,000 BF represent an additional 4,089 jobs *
- 4,089 jobs represent $121,127,951 in added effect on earnings*
- 62,105,000 BF of timber provide added value of over $200,000,000 annually to Wisconsin's economy **
- 4,089 jobs represent $121,127,951 in added effect on earnings*

An environmentally friendly auto plant that grows on trees

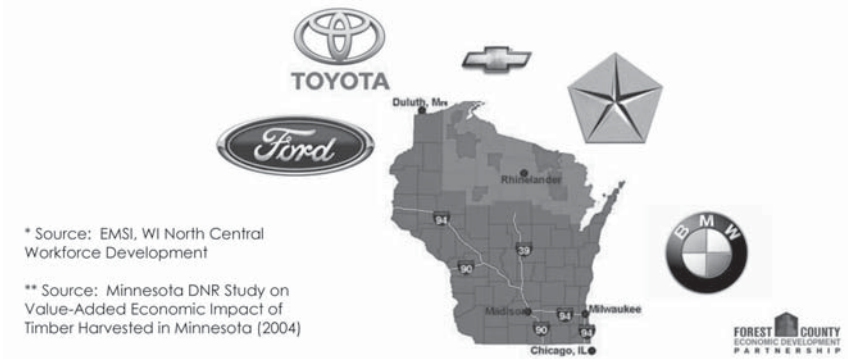

EXHIBIT P

"And now first and foremost you can never afford to forget for one moment what is the object of our forest policy. That object is not to preserve the forests because they are beautiful, though that is good in itself, nor because they are refuges for the wild creatures of the wilderness, though that, too, is good in itself, but the primary object of our forest policy as of the land policy of the United States, is the making of prosperous homes. It is part of the traditional policy of home making in our country. Every other consideration comes as secondary. You yourselves have got to keep this practical object before your minds, to remember that a forest which contributes nothing to the wealth , progress or safety of the country is of no interest to the Government and should be of little interest to the forester. Your attention must be directed to the preservation of forests, not as an end in itself, but as a means of preserving and increasing the prosperity of the nation."

President Theodore Roosevelt from a speech to a meeting of the Society of American Foresters, Washington DC, March 26, 1903

The CHAIRMAN. Thank you, Mr. Schuessler. I am going to recognize the gentleman from Wisconsin, Mr. Ribble, for 5 minutes of questioning.

Mr. RIBBLE. Thank you, Mr. Chairman. I appreciate your flexibility this morning with what is turning out to be a very hectic day for this Budget Committee Member as well as a Member of the Agriculture Committee.

Mr. Schuessler, thank you again for coming. I want to thank all the panel for spending some time. I do have a couple of questions for both you and Mr. Kane this morning. I just to want to read a quote from your written testimony: "It is no accident that through the success of the National Forest program, a family-owned sawmill utilizing the forest of Forest County became the largest hardwood sawmill in the world by the 1940s."

Mr. SCHUESSLER. That is correct.

Mr. RIBBLE. What has happened to that sawmill?

Mr. SCHUESSLER. Well, it is a travesty, and there are still people working there today, but if you take a look at *Exhibit E,* I took a couple shots on Monday morning, and I apologize for the darkness of it and the snow. We had snow Sunday night.

Mr. RIBBLE. It is Wisconsin.

Mr. SCHUESSLER. And it is Wisconsin in March. We had snow, and then of course, the time change kind of hit me there, so it was a little bit early in the morning. But this is—the Connor Mill has a 400 acre lot in the Town of Leona, right in the center. You know, originally it was the company town. They should have, by the time of breakup, about 2.5 million board feet. Now, I am not a forester. Some of you guys that come from that area can probably tell me, but I am told that is about 2, maybe 3 weeks of work. Two and a half million board feet can't be found anywhere. The product just isn't there. People are going to be out of work. The layoffs have already started.

Mr. RIBBLE. The trees are there, aren't they?

Mr. SCHUESSLER. Absolutely. They are tipping over.

Mr. RIBBLE. In your testimony, you also noted that the decline in timber harvesting in Wisconsin has resulted in roughly 4,000 job losses in the 11 National Forest counties. I am interested in hearing about how you arrived at that figure. Additionally, you noted that at its peak, Wisconsin National Forests produced 159 million board feet of timber in a single year. Do you believe we can ever accomplish that again?

Mr. SCHUESSLER. I will take them in order. First of all, I am blessed by being surrounded by skilled foresters and silviculturists in my region. It is not my background. There are a few people, a couple people, Dick Crowsey, who is a very seasoned veteran and a retired United States Forest Service, and a second person who was a retired United States Forest Service person got together and really put together using today's technology how many board feet equals a job, and they came to the conclusion looking at the technology that exists today and the things that we use out in the woods that about 20,000 board feet equals a job. So taking from that the fact that we are down over 80 million board feet in the Chequamegon-Nicolet National Forest, we have lost over 4,000 direct jobs.

Could you repeat the second question?

Mr. RIBBLE. Yes. The second question was regarding the 159 million board feet that was being harvested. I wanted to know if you think we can ever get back to that.

Mr. SCHUESSLER. I can't imagine, and I can tell you that Forest Service employees can't imagine it. I was up in the Washburn about a week ago meeting with the Regional Forester up there, a very dedicated employee who is doing some great things on stewardship that we would like to bring back to the east side of the Chequamegon. I related to her, and her experience, as I understand it, goes back to the 1980s, and when I related to her the kind of harvesting levels that existed back then, she couldn't even fathom it. So it has really become—it has really moved outside the DNA. Allowable Sale Quantity, ASQ, is something that is not looked at. It is just sort of this number that is out there, and so it is going to require a remarkable change in thinking to take folks back to those times.

Mr. RIBBLE. Certainly the demand is there, though, and I can tell you, as someone who has spent my entire life in construction, it troubles me greatly that I see so much imported timber from Canada while we have foresters not working in Wisconsin.

Mr. SCHUESSLER. And skyrocketing prices.

Mr. RIBBLE. This is a problem. And Mr. Kane, thank you for coming. I really enjoyed the photos of Pennsylvania. What a beautiful place that you live, almost as beautiful as northern Wisconsin. That is good to see.

In your testimony, "There is a significant and growing problems caused by insects and diseases coming from non-managed National Forests." I am curious about the words, *non-managed National Forests:* What do you mean by that?

Mr. KANE. Part of the National Forest System is wild areas, scenic areas and natural areas. Just outside the community of Kane is the Tionesta Scenic Area. It is a 500 acre area of old growth consisting primarily of beech. The beech is decadent because of the beech scale nectria complex, which is a whole other story that I won't go into, but in 1991, it was identified that a native insect, the elm span worm, population was just growing out of proportion because of that beech ecosystem created the perfect habitat for elm span worm development. We pointed out to the Forest Service because it was a natural area, they couldn't do anything about it. In 1992, it spread outside. It is kind of a ripple of a stone in a smooth pond. It went outside that area, and the Forest Service still was unable to do anything about it. In 1993, it was larger and encompassed essentially the entire Allegheny Plateau. We had to pull ten different organizations, consulting forests to compete with each other daily. Five sawmills to compete with each other daily formed a consortium. We sprayed over 100,000 acres in 1994 at a cost of over a million dollars for something that could have been stopped in 1992 for ten percent of that investment.

Mr. RIBBLE. Mr. Chairman——

Mr. KANE. That is the prime example.

Mr. RIBBLE.—could you yield another 30 seconds?

The CHAIRMAN. Without objection.

Mr. RIBBLE. Thank you. I just want to follow up on that, because the American people, if they were listening to this, would be surprised by this. We have the Forest Service to manage them. Are there regulations that are preventing them from taking care of this or is it something outside stopping them? Because it defies belief that they wouldn't want to stop it.

Mr. KANE. Ironically, there are regulations. They can't operate in the natural area. There are regulations that prevented them from getting the bulls eye, but when it had spread out, it was a natural insect with minimal experience because it always collapsed, but because we provided the right habitat at the right time, a natural insect became quite the crisis. The ironic part, in 1994 the Forest Service also had a spray program for the elm span.

Mr. RIBBLE. Thank you very much for your testimony today. Thank you to the panel. With that, Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman, and I recognize Mr. Walz, the Ranking Member, for 5 minutes.

Mr. WALZ. Thank you, Mr. Chairman. Thank you all for your testimony. It is very insightful and very helpful.

Dr. McKetta, I was especially interested in your work of this linkage issue to regional communities and trying to understand that, listening to what you say and what Mr. Schuessler says, you had a quote, Dr. McKetta, "economic power of the national Forest Service is unintentional and inept in some of the ways, and it was a monolithic entity." My question, I guess, to the both of you is, Dr. McKetta, first, do you anticipate with changes to the Forest Service as you heard that we would return to the historical patterns and those economics? Because in many of these communities, they are very undiversified, if what I am hearing is correct, if the Forest Service policies have decimated communities based on that, how do we—is there a guarantee that if we change those rules that we will go back to historical patterns?

Dr. MCKETTA. In fact, one of the hardest messages that I have to give my clients is that the historical pattern is something that we will never return to. Particularly if you look in the western states, we have seen concentrations of industry, a movement of labor away from the forests so that what happens when the forest does need labor, it often has to jump those communities. It has to jump for equipment and infrastructure as well. The Forest Service has always had a capability of measuring the impact of their actions. Although they do not recognize their monopoly powers in these small areas, they have modeling that does show the impacts. However, we very rarely see that as a primary criterion in the forest planning process. It is only recently that we have started to see in the forest restoration activity, and my experience is limited to the Northwest where we are starting to see intentional connections of stewardship projects to particular groups within the impact areas to mutually benefit from those kinds of investments. In order to expand that, the Forest Service could expand its activities a little bit but not to its historical levels because it is now constrained by things that didn't exist in 1980.

Mr. WALZ. That data would be valuable to someone like Mr. Schuessler, because I don't know if I am interpreting right. Is it your contention, Mr. Schuessler, that the policies that you de-

scribed as a catastrophe that is happening with the Forest Service, if they were doing things differently in your mind, you would see a resurgence approaching historical economic growth?

Mr. SCHUESSLER. Absolutely. A great part of that economic cluster that feeds that industry still exists. It just deteriorates as years go by. So a lot of those people have gone to the city, they have gone elsewhere, but really, their home is back where they come from, and a lot of them would return if the jobs were there.

Mr. WALZ. Today if you had the magic wand, what three things would you do?

Mr. SCHUESSLER. I think the first thing I would do is hire a crisis manager to come in and do an assessment of the harvesting that could immediately take place. Remember, harvesting is ultimately a regenerative treatment. We can't get the undergrowth if we don't get that old stuff out of the way.

Mr. WALZ. And you don't believe they are doing that?

Mr. SCHUESSLER. It doesn't exist. I was in the Ottawa last Thursday, again, not a forester, not a silviculturist, but what I saw there, and I have it in one of my exhibits here, I took a shot of row of logs that had been cut out of there. It is supposed to be saw log. It is a junkyard. It is all overly mature. I am told 20 years ago this would have been wonderful saw log, and the problem is, some of these things, the pulping mills, they are over 30 inches. They should have been kept as a legacy tree because the pulping mills won't even take them. It is literally junk out there.

Mr. WALZ. What is your belief of why that doesn't happen? Why hasn't it happened?

Mr. SCHUESSLER. Well, for one thing, we are not sustainably managing those forests fast enough. I think Dr. Benishek would be livid if he saw what I saw last Thursday because it is in his own backyard.

Mr. WALZ. Do you think they are ignoring it or they don't have the right data or they are choosing to make a decision that is detrimental to the local community? What is your assessment of why, with their expert opinion, they are not doing that?

Mr. SCHUESSLER. The Forest Service tells us that they are underfunded for putting those regenerative treatments out there, and certainly the lawsuits had a lot to do with it. People had—these unintended consequences of these lawsuits ended up slowing down these timber sales and the treatments couldn't take place.

Mr. WALZ. My final question. Dr. McKetta, you talked about needing political will. What do you mean by that, the political will?

Dr. MCKETTA. When I look at the potential *versus* the actual restoration job, right now the example we have is from eastern Oregon, about 1.4 percent of the forest is being treated. There is difficulty matching the output of the Forest Service to the people who would utilize it and finding the labor. If this was expanded and you had some kind of a contracting structure which would allow a simultaneous expansion of the private infrastructure because nobody is going to invest in something that is uncertain. You need a symbiotic relationship, as Dr. Sample pointed out, in the planning process to look at the Forest Service objectives and intents and the private sector reactions to that so that they can be coordinated to joint benefit.

Mr. WALZ. Mr. Schuessler, is this what your crisis manager would do? Is that what you envision them doing?

Mr. SCHUESSLER. Absolutely.

Mr. WALZ. Okay. Well, I thank you all for your testimony, and I am grateful for you bringing your expertise to us.

Mr. SCHUESSLER. Thank you.

The CHAIRMAN. All right. I thank the Ranking Member, and I will proceed with my 5 minutes of questions.

Mr. Kane, within your written testimony, one of the things that really jumped out at me is when you said Collins Pine, which owns 120,000 acres, in the same basic geographic area where the Allegheny National Forest is located, that Collins Pine sustainably harvests the same amount as the Allegheny National Forest on ¼ of the acreage, and I was wondering if you could explain that a little bit. How is that possible?

Mr. KANE. It is really interesting. I was actually went to Collins Pine to get permission to use that testimony before using it, and a little background of Collins Pine. Teddy Collins was one of the original timber barons of the Allegheny region, and he didn't sell his land to the National Forest. It is a great story, but they called him Ten Percent Teddy, and when the National Forest bought that land, they were paying 50¢ an acre, and Teddy Collins wanted 55¢, and he by God wasn't going to sell it. So his land, a lot of his land is contained within the boundaries of the Allegheny, and in 1995 Collins Pine Company obtained FSC certification. Those that aren't familiar with it, it is an international certification to assure that lands are managed sustainably both economically, socially and environmentally, and their allowable cut and they are currently harvesting on that land equal to what the Allegheny National Forest is producing with a forestry staff of nine people and it is because their forest—T.D. Collins didn't overharvest his forest and the family is really unique. It is interesting if you research them. They are great people, and they are very much committed to sustainability, and they are currently harvesting that because it is a mature resource, and they are trying to balance their age classes. If you look at the Allegheny National Forest in their 1985 plan, they had a desired future forest condition. The 2005 plan is further away from that desired future forest condition than what the 1985 plan was, and with the reduced harvest, every year they fall farther and farther behind. That is why I use the slides, hopefully that the picture would speak 1,000 words showing that my last slide looked very similar to what the structure of the forest was in 1927 because it is in need of management.

If we could fund the Allegheny adequately, use the stewardship program because it appears that the unfounded lawsuits against the Allegheny for their silvicultural activities, they are completely unfounded. They have not been significantly successful at all in their challenges to the Allegheny. In fact, the Allegheny has prevailed in essentially every lawsuit against the environmental challenge, and if they could just use the money that is available and reinvest that money into the Federal system, it could be extremely sustainable and support the local economies through the 25 percent fund. It doesn't seem, from a boots-on-the-ground forester, that complicated because we have to do it on private ground every day,

but that is the story of Collins Pine. Their forest is mature and they are capitalizing on it today to regenerate it in the future. There are other detailed challenges there but the big, broad-brush approach, it is working for them. It is sustainable, and they are being monitored.

The CHAIRMAN. Very good. Thank you.

Dr. Sample, outside of the general reauthorization, are there ways that we can improve upon stewardship contracting activities on Forest Service and BLM lands?

Dr. SAMPLE. I think there are, and not just on the western lands that have been sort of a primary focus here but because they are long-term contracts and because they span across a lot of different kinds of activities from road maintenance to streamside zone restoration. There are a lot of things that small businesses that are typical in these rural communities can do and they can plan their activities over the 5 year, 10 year life of that contract so that they can continue to invest in capacity. Reauthorizing the Act that passed in 2003 would be the way to do that because it spanned across the National Forest System also included BLM lands, so I think that would be what I would recommend, yes.

The CHAIRMAN. Thank you.

Mr. Schuessler, if Forest County had a chance to vote again on its countywide referendum to turn over its forests to the Federal Government, do you think they would do that again?

Mr. SCHUESSLER. I don't believe that they would. I think it would be a dramatically different outcome.

The CHAIRMAN. You pointed out in your testimony that there were major issues such as declining quality of standing timber costs, onerous rules. Can you discuss some of the rules that are detrimental to the industry and how each may affect different regions?

Mr. SCHUESSLER. Well, if I understand you correctly, how is the management of the National Forest impacting the other regions, one thing I can outline for you, I did a chart, and it is one of my exhibits there, is we had counties like your gentleman that wouldn't sell to the Federal forest back in the 1920s. They made the wiser choice in the long run, and the reason is, as the chart reveals—and that is why I really believe that there is $100 million within the Chequamegon alone to be had just to the Federal Treasury by managing at the sustainable levels that those counties are currently doing. So you take the 11 counties, the 11 top counties that don't have National Forests and you put them head to head with the Chequamegon-Nicolet, there are actually fewer acres in those top 11 counties but it is about a 3 to 1 margin in return as far as revenue coming out of those counties, and no one is clear-cutting their forests unless it is a poplar stand or aspen stand where that is the kind of regenerative treatment that you do. This is sustainable management taking place.

And I guess the other thing I would add to that is, a couple of the counties, for example, wood counties, they really don't have the benefit of the northern hardwoods that we have within the Chequamegon-Nicolet. If I had the three counties that have a little bit of National Forest like Langlade and Oconto to it, Oneida, it changes the number dramatically. It is probably well in advance of

$100 million using those because of those species that exist within northern Wisconsin.

The CHAIRMAN. Thank you.

Dr. McKetta, based on your studies, do you believe that the Forest Service does an adequate job of accounting for its economic impact on a community by its management decisions, and if not, what do they need to consider?

Dr. MCKETTA. We use a different technique so that we get different answers than they do, but they developed a very useful system called IMPLAN that does the accounting. It is the incorporation of that accounting into the planning process that seems to where the breakdown is.

The CHAIRMAN. With IMPLAN, your testimony indicated that that economic model is utilized in NEPA and NFMA planning processes. You know, from your analysis, how are the IMPLAN outputs used in decision making?

Dr. MCKETTA. If we look at what these generate, all of these modeling processes give us a physical perturbation or a biological perturbation and then we can tell you jobs and income, and our system will tell you where the jobs and income. IMPLAN does a mix but it doesn't tell you directly how to increase that or decrease that. That is up to the planning process itself.

One of the things that I have had to tell my clients regularly is that jobs and income do not seem to sway the resource allocation decision itself. There has been, in my experience in the last year, two instances where it appears to have changed, where the job and income effect seems to influence the preferred alternative.

The CHAIRMAN. Well, thank you, and thank you to all four of you on the second panel for your experience and your testimony, coming today to help us, prepare us to make better decisions.

I now yield to the Ranking Member to make any closing remarks he has.

Mr. WALZ. Again, thank you, Mr. Chairman. Congratulations on assuming this. You are the right person for this job, and I am grateful. It is a good first hearing.

Thank you to all four of you. It is good stuff to think about. You are a great resource for us. Please use our office now as things come forward to make sure we are being contacted.

I would just highlight and give a thank you. I don't know if the four of you noticed, but Chief Tidwell came and listened to all of your testimony and stayed through this whole hearing. I can tell you from being around here, that is an unusual and a very appreciated gesture and it shows his concern. I think it bodes well for the future on this. I am optimistic, as I said. Again, this is a legacy that is the envy of the world. We get things right. We can get it right again, and I am seeing it in my state that it doesn't have to be an either/or. You can manage these forests, you can have economic gain off those. We can look to the future on biomass and value-added products, at the same time keeping that legacy of outdoor usage. So thank you all for being part of it. I yield back.

The CHAIRMAN. I thank the Ranking Member, and once again, I thank all the panelists. You know, the Chief put an emphasis on the importance of collaboration, working together, and we have a lot of expertise here just in this room, so I know the Subcommittee

is committed to continuing to look at forestry issues, and we all share the same goals. So thank you so much to everyone.

Under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplemental written responses from witnesses to any question posed by a Member.

This hearing of the Subcommittee on Conservation, Energy, and Forestry is adjourned.

[Whereupon, at 12:06 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER OF PHIL RIGDON, PRESIDENT, INTERTRIBAL TIMBER COUNCIL

Hon. GLENN THOMPSON,
Chairman,
Subcommittee on Conservation, Energy, and Forestry,
House Committee on Agriculture,
Washington, D.C.;

Hon. TIMOTHY J. WALZ,
Ranking Minority Member,
Subcommittee on Conservation, Energy, and Forestry,
House Committee on Agriculture,
Washington, D.C.

Dear Chairman Thompson and Ranking Member Walz:

The Intertribal Timber Council (ITC) hereby submits this statement for the Subcommittee's hearing record of the Subcommittee's Hearing on "National Forest Management and its Impacts on Rural Economies and Communities," held Wednesday, March 13, 2013.

The ITC is a thirty-seven year old national association of Indian tribes and Alaska Native organizations holding more than 90% of the 18 million acres of tribal forestland held in Federal trust, as well as over four hundred thousand forest acres in Alaska. The ITC's purpose is to advance the understanding and management of Native American forests and natural resources. Along with other forestland owners, tribes and Alaska Natives share a collective stake in the health, utilization and sustainability of our nation's forests.

Our forests are an integral part of our homelands. We have cared for them over countless generations, relying upon them for cultural, spiritual, and physical sustenance, as well as providing a source for governmental revenue and jobs for the local community. A number of tribes have sawmill operations, which can be the last such facilities across wide areas. The Federal Government also has fiduciary obligations to protect and perpetuate the health and productivity of tribal forest resources. Beyond the borders of our reservations, federally reserved tribal rights and interests often apply to neighboring public lands.

The inability of the Forest Service to manage National Forests has severely impacted the economies and well being of forest-dependent tribal communities. We have long expressed concern over administrative paralysis that grips the Forest Service and prevents it from providing the care required to maintain the health and productivity of the forests. The inability to actively manage National Forests has created conditions that severely threaten lands and resources held in trust for Indians by the United States. Potential for catastrophic loss of life and property resulting from disease, insect infestation, invasive species, climate change and wildfire are great and growing. The inability of the FS to harvest forest products has contributed to the loss of management, harvesting, transportation and processing infrastructure essential to our ability to generate income and employment to care for our lands and communities. Ecological functions are deteriorating, diminishing tribal opportunities to benefit from tourism or development of enterprises that utilize non-traditional forest products or produce renewable energy. Our ability to practice our cultures, religions, and traditions, to protect water, fish, wildlife, and plants so we may continue to exercise reserved rights and to continue our lifeways by fishing, hunting, trapping, and gathering foods and medicines is being adversely affected. Tribes share many of the forest issues, concerns, and responsibilities that apply to other forestland owners. The inability of Federal agencies to manage the forests entrusted to their care poses potentially devastating consequences for tribes, states, and other neighboring forestland owners, and is prompting the tribes, like the states, to pursue alternatives to address this growing problem.

On this occasion of the Subcommittee's hearing on the management of National Forests and its impact on local economies, the ITC seeks to provide the Subcommittee with a brief overview and update of tribal perspectives on similar issues. These comments seek to introduce the Subcommittee to ITC activities that are now still in process and are pending final reports:

(1) A review of impediments to implementation of the Tribal Forest Protection Act, which seeks to facilitate tribes performing forest health projects on neighboring Federal public forests;

(2) The ITC Anchor Forest pilot project, which seeks transboundary cooperative forest management to preserve forest health, productivity and infrastructure; and

(3) Imminent completion of the third statutorily mandated report of an Indian Forest Management Assessment Team (IFMAT–III). IFMAT–III is an inde-

pendent comprehensive decadal review of the status of Indian trust forests and forestry, and is the only such review of Federal forests.

(1) The Tribal Forest Protection Act

The Tribal Forest Protection Act (TFPA, P.L. 108–278) was enacted after a series of devastating wildfires came off of Federal public forestland onto Indian reservation land, burning thousands of acres of tribal forests, destroying homes, disrupting vital ecological functions, and trapping and killing reservation residents. Tribal lands have close to three thousand miles of common boundary with National Forests. The TFPA seeks to facilitate tribal efforts to carry out fuels and forest health treatments on Forest Service and Bureau of Land Management lands that pose threats to tribal trust lands or reserved rights. Tribes propose the projects, and while their acceptance is at the discretion of the local US Forest Service or BLM, the TFPA intends that the two agencies give the proposals special consideration. Implementation, however, has been a disappointment. Only six TFPA projects have been successfully implemented on Forest Service lands since the TFPA was adopted in 2004. The consideration of proposals has been extremely slow, often taking years, frustrating both the tribes and the Forest Service, which, with its extensive common border with tribal land, has received most of tribal TFPA proposals.

To identify impediments to the Act's success, the ITC, working in collaboration with the Forest Service and Bureau of Indian Affairs, has been conducting an investigation into the TFPA's implementation. The final report is expected out in the next few weeks, and while not yet final, it appears that points of difficulty include a lack of training on the TFPA and Federal-Indian relationships, inadequate agency funding for tribally proposed projects, frequent staffing turnover, and the cost and legal hurdles posed by Federal administrative processes. It is hoped the TFPA report and its findings and recommendations can provide information helpful to improving the TFPA's effectiveness. Stewardship Contracting is one of the tools available for TFPA projects, and the TFPA provides limited authorities similar to the "Good Neighbor" authorities for Colorado and Utah and under consideration for expansion to other western states.

(2) The ITC Anchor Forest Proposal

The ITC is undertaking a pilot project to explore the concept of Anchor Forests as a means to try to maintain healthy working forests on the landscape. Economic benefits from harvest of wood products are essential to address forest health problems on Federal lands, sustain stewardship practices on private, tribal, and state forests, defray costs of management, and provide environmental services. Anchor Forests are intended to provide a foundation to foster collaboration and cooperation across ownership boundaries and among diverse interests. For regional planning and development, *Anchor Forests* support the capacity to mount and focus financial resources for investments in infrastructure and ecological functions by identifying regional needs, opportunities, and priorities.

Anchor forests are large, contiguous areas of land with four major characteristics:

1. A reasonable expectation for sustainable wood commodity production as a major management objective; and
2. Production levels sufficient to support economically viable manufacturing, processing, and work force infrastructure within accessible transportation; and
3. Long-term management plans, supported by inventory systems, professional staff, and geographic information systems; and
4. Institutional and operational capacity for implementation.

The first two characteristics center on the relationship between commercial activities and the ability to care for forests. *Anchor Forests* are intended to be capable of sustaining production levels of forest products at a scale necessary to maintain at least a minimal level of competition (~200 MMBF) within viable transportation distance (~60 mile radius) of processing facilities. Because of long-term commitments to stewardship on relatively large blocks of land, Indian forests are prime candidates to be recognized *Anchor Forests.* Participation in an *Anchor Forest* is voluntary.

The ITC initiated a pilot study to evaluate *Anchor Forest* prospects with the assistance of the US Forest Service. This ITC/USFS *Anchor Forest Pilot Project* in Washington State is expected to be completed in late 2014, but we will be continually gathering additional information on the *Anchor Forest* proposal while the Pilot Project is underway. The on-going goal is to establish working *Anchor Forests* and evaluate both their creation and operation. *Anchor Forests* are also being examined by a group of independent forestry experts in the third decadal assessment of the status of Indian forests and forestry, IFMAT–III.

(3) IFMAT–III

Section 3111 of the National Indian Forest Resources Management Act (P.L. 101–630, 1990) requires that every 10 years the Secretary of the Interior provide for an assessment of Indian trust timber resources and its management, to be conducted by a team of independent experts. Each report of an Indian Forest Management Assessment Team (IFMAT Report) is to include examinations, with findings and recommendations, of eight statutorily identified tasks, and is be delivered to the Senate Committee on Indian Affairs, the House Committee on Natural Resources, Indian tribes and the Administration. The Interior Department has contracted with the ITC for the assembly of the assessment teams and delivery of the reports. The first IFMAT Report was completed and delivered in November 1993, the second in November 2003. Congress held oversight hearings on both reports. The third assessment has been underway for more than a year and is expected to be completed this June 2013.

The IFMAT report is the only regularly scheduled independent review required for any Federal timber land, and as such is unique and valuable, particularly as the reports accrue over time. In addition to its value to the tribes and the Federal trust management of Indian forests, the report's discussion, findings and recommendations include required comparisons to Federal public forests that could cast an informative light on Federal public forest management.

As Congress considers Federal public forest policy, arrangements that might be struck regarding the management or disposition of Forest Service lands with states, other governments, or private parties, including such proposals as "good neighbor" management authority, leases of Federal public lands, Federal forest land "trusts", or any form of Federal land title transfer, must fully recognize and respect tribal interests and implications for tribal economies. Fiduciary obligations to protect the health and productivity of lands and resources held in trust for Indians by the United States must be honored, as must duties to prevent adverse impacts on Tribal treaty rights and other reserved rights and interests on Federal public land.

The ITC's testimony submitted last Congress to the House Natural Resources Subcommittee on National Parks, Forests and Public Lands for its July 20, 2012 hearing on H.R. 6089, the Healthy Forest Management Act of 2012, remains relevant today:

> *"The Intertribal Timber Council (ITC) is concerned over the potential for H.R. 6089 to adversely impact tribal rights and interests. While ITC shares concerns regarding the need to undertake active management of lands under the jurisdiction of the U.S. Forest Service and Bureau of Land Management, state assumption of significant Federal administrative and programmatic functions must be constrained to ensure that management fully complies with requirements of Federal statutes, regulations, judicial decrees, and fiduciary responsibilities towards Indian tribes. Our concerns are multi-faceted, including the need to preserve the opportunity for tribes to initiate projects to protect trust properties under the Tribal Forest Protection Act (TFPA, P.L. 108–278, 25 U.S.C. 3115a), protection of cultural and archeological sites, respect for the exercise of religious freedoms and the conduct of ceremonies, and protection and preservation of tribal treaty and other reserved rights."*

Conclusion

The ITC urges the Subcommittee, perhaps in conjunction with the Natural Resources Subcommittee on Public Lands and Environmental Regulation or Indian and Alaska Native Affairs, to hold further hearings on the comprehensive status of our nation's forests, concerns regarding their economic and ecological viability, and potential initiatives that are needed to sustain their health and productivity.

Such a hearing could take testimony from tribes, states, Federal tribal and public forest land managers, academic experts, NGOs, and private parties on numerous similar or overlapping interests:

- All the parties' concerns about the declining health of Federal public forests;
- The Tribal Forest Protection Act, current Good Neighbor Authority, Stewardship Contracting, and other management alternatives;
- The Anchor Forest Pilot Project, its similarities to, and differences with, the Collaborative Forest Landscape Restoration Program, and other Federal, state and private collaborative forest management efforts,
- Various land disposition ideas, wherein the idea of Federal forest trusts for states could be compared and contrasted to experience with the Federal trust for tribal forests, and

- The IFMAT–III report, with its detailed examination of the status and management of tribal forests held in Federal trust and its comparisons with Federal public and private forests, and other contemporary reports and evaluations on Federal forest management.

The ITC is actively engaged in a variety of activities generally parallel to those being explored by Federal agencies, states, NGOs, and other parties. We appreciate the opportunity to inform the Subcommittee of the ITC's undertakings, and hope our efforts will be of interest and assistance to the Subcommittee as it considers current Federal public forestland issues.

Sincerely,

PHIL RIGDON,
President.

SUBMITTED QUESTIONS

Response from Thomas Tidwell, Chief, U.S. Forest Service, U.S. Department of Agriculture

Questions Submitted By Hon. Glenn Thompson, a Representative in Congress from Pennsylvania

Question 1. In 2011, you indicated the Forest Service restored 3.7 million acres with various treatments across the National Forest System. Can you provide the Subcommittee with 2012 numbers?

Answer. Just over 5 million acres were restored on NFS lands, including watershed, fish and wildlife habitat restoration, range habitat restoration; noxious weed treatment, reforestation, timber harvest, and hazardous fuels reduction.

Question 2. Chief Tidwell, can you offer us a detailed breakdown of the cost to do a timber sale? Can you explain the cost breakdown and if you believe there are any ways to reduce this cost?

Answer. Typically, timber sale costs at the field level average $100 per thousand board foot. This cost includes all costs associated with NEPA (environmental analysis and consultation with other Agencies); timber sale preparation work, including unit delineation, marking and cruising; sale appraisal, package preparation, and sell; and sale administration.

This cost, adjusted for inflation, has decreased by 28% since 1998 as we continue to explore ways to reduce these costs. In an effort to further reduce these costs, the FS' Forest Management Service Center formed a taskforce to review processes, regulations and policy and develop a set of recommendations to reduce sale preparation costs and improve efficiencies.

Question 3. Given ample opportunity, can you explain why USDA did not inform the Committees of Jurisdiction that the Secure Rural Schools program is subject to the sequester and that states would have to return money that had been previously disbursed?

Answer. The Office of Management and Budget notified Congress of the estimates of sequestrable and exempt budgetary resources as required by the Sequestration Transparency Act of 2012 on September 14, 2012. The sequestrable budget authority for the Secure Rural Schools, Payments to States accounts are included in the Forest Service Permanent Appropriations, Mandatory funds.

When it became clear that the sequester would apply, we notified Governors and Congressional Committees of that fact and the steps needed to implement the sequester.

Questions Submitted By Hon. Kurt Schrader, a Representative in Congress from Oregon

Question 1. The Forest Service uses U.S. Green Building Council (USGBC) LEED standards in the construction of many new buildings and major renovations of existing buildings. Unfortunately, the LEED system, the more widely used green building rating system, discriminates against wood. As the lead agency in the Federal Government with expertise in wood products and an understanding of the connection between robust markets and healthy forests has the Forest Service provided comments to the USGBC recommending they change their LEED standard to provide due credit to wood as a recognized green building material?

Answer. Yes. In a March 31, 2011 letter to Forest Service Leaders, Chief Tidwell affirmed the Forest Service's commitment to encouraging sustainable building con-

struction and emphasized that it is the goal of the Forest Service to increase our ability to support the use of sustainably grown, domestically produced wood products, including wood from the National Forests.

In May 2011, the Forest Service officially changed its policy to include Green Globes and other third-party green building certification systems in addition to LEED. Green Globes permits certified products from Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), American Tree Farm System (ATFS) and Canadian Standards Association (CSA) to be counted towards green building certification. The Forest Service's Southern Research Station currently plans to attain Green Globes certification of a new office and training center planned for Research Triangle Park, NC.

In December 2011, the Forest Products Laboratory published *Science Supporting the Economic and Environmental Benefits of Using Wood and Wood Products in Green Building Construction.* This report summarizes the scientific findings that support the environmental and economic benefits of using wood and wood products in green building construction. It addresses a general lack of recognition that wood is a renewable resource, helps mitigate climate change, promotes healthy forests and is a green construction material. The report also:

- Provides solutions to advance wood as a green building material, including:
  - Scientific advancement in the area of life cycle analysis
  - Development of new technologies for improved and extended wood use
- Outlines benefits in helping achieve USDA objectives, including:
  - Creating domestic jobs
  - Bolstering the competitive position and long-term economic stability of the wood industry
  - Reducing U.S. dependence on foreign oil
- Offers recommendations on how to accomplish:
  - Research and development—life cycle analysis
  - Technology transfer—carbon and green building benefits of typical wood structures

Forest Service continues to preferentially select wood in building construction projects while maintaining its commitment to green building standards. The Agency has incorporated a significant amount of LEED-certified wood past construction. New agency buildings currently being planned will consider pursuing green building rating under GBI Green Globes or other American National Standards Institute (ANSI)-accredited third party certification systems.

Examples of prominent wood-use in Forest Service buildings completed after 2011 include:

- Camino Real Ranger Station, Carson National Forest, Penasco, NM

  An 8,500 square feet building that prominently features locally milled wood products in the architectural design. Besides reusing wood salvaged from demolition, the building incorporated wood in framing, sheathing, doors and windows, interior and exterior trim. Other wood products incorporated in the building include i-joists, glulam, SIPS, lumber trusses, locally milled columns, beams, ceilings and fixtures.
- Wood Products Insect Laboratory, Starkville, MS

  A $1.1 million 4,729 square feet project incorporating FSC-certified framing lumber, casework, wall and ceiling panels as well as 8¼″ R–33 SIPS panel with FSC-certified plywood skin in the roof system. It is estimated that approximately 25% of the building was constructed using wood products.
- Corvallis Forest Science Laboratory and Siuslaw National Forest HQ Office, Corvallis, OR

  A $4.1 million 9,700 square feet project with wood exterior, wood interior paneling, glulam and wood fixtures.
- Angeles National Forest Supervisor Office, Arcadia, CA

  A 24,500 square feet 2 story wood frame building with wood exterior and wood trusses in its roof system.

All Forest Service building projects also incorporate green building principles such as energy efficient, locally produced wood products, recycling and reuse of building materials. As noted above, the Research Triangle Park Forestry Science & Assessment Center, a $1.6 million 8,000 square feet facility planned for FY14 is being de-

signed to achieve Green Globes Certification (2 Globes) and feature extensive use of wood instead of masonry. Approximately 45% of the building is expected to be constructed of wood or wood products. The building design process will also evaluate if cross laminated timbers (CLT) are a viable option for constructing this facility.

Question 2. As you are aware, the 9th Circuit Court's decision against the State of Oregon and Tillamook County with respect to forest roads, if allowed to stand, would require Federal, state, tribal and private landowners to secure point source permits under the Clean Water Act for forest roads. Could you share your views on the impact on the U.S. Forest Service—National Forest System—both from a cost and forest health perspective, if this decision is allowed to stand?

Answer. On March 20, 2013, the U.S. Supreme Court reversed the Ninth Circuit Court's decision in *Northwest Environmental Defense Center* v. *Brown,* 640 F.3d 1063 (9th Cir. 2011) (*Decker* v. *Northwest Environmental Defense Center (NEDC),* No. 11–338, 568 U. S. (2013)). The Court held that the Clean Water Act and its implementing regulations do not require National Pollution Discharge Elimination System (NPDES) permits for stormwater discharges from logging roads into navigable waters of the United States. In addition, on December 7, 2012, the Environmental Protection Agency revised its Phase I stormwater regulations to clarify that stormwater discharges from logging roads do not constitute stormwater discharges associated with industrial activity and that an NPDES permit is not required for these stormwater discharges. With these two actions, stormwater discharges from logging roads would not require NPDES permits.

Questions Submitted By Hon. Gloria Negrete McLeod, a Representative in Congress from California

Question 1. I understand from my California Agricultural Commissioners the U.S. Forest Service in every activity that is subject to the National Environmental Policy Act (NEPA) process is very costly and redundant. Can you tell me what the percentage is of NEPA analysis and other environmental documentation costs compared to the actual on-the-ground activities that improve forest health for California and the nation?

Answer. We do not track NEPA analysis and other environmental documentation costs compared to actual on-the-ground activities. Generally, based on a 2007 study, the agency spends approximately $365,000,000 a year on NEPA and related environmental analysis.

To accomplish more effective vegetation management, the Forest Service is fostering a more efficient National Environmental Planning Act (NEPA) process by focusing on improving agency policy, learning, and technology. These NEPA process improvements will increase decision-making efficiencies and public engagement, resulting in on-the-ground restoration work getting done more quickly and across a larger landscape. In addition to the Forest Planning rule, the agency has initiated a NEPA learning networks project to learn from and share the lessons of successful implementation of efficient NEPA analyses. The goal of this effort is to maintain decision making transparency for the public and ensure that the Agency's NEPA compliance is as efficient, cost-effective, and up-to-date as possible. Specifically we are looking at expanding the use of focused Environmental Assessments (EAs), iterative Environmental Impact Statement documentation (EISs), expanding categories of actions that may be excluded from documentation in an Environmental Assessment (EA) or an Environmental Impact Statement (EIS), and applying an adaptive management framework to NEPA.

Our landscape-scale NEPA projects will also increase efficiencies. For example, our Mountain Pine Beetle Response Project on the Black Hills National Forest is implementing a landscape-scale adaptive approach for treating current and future pine beetle outbreaks. We are also implementing the Four Forest Restoration Initiative (4FRI) project in the Southwest, as well as other landscape-scale forest restoration projects such as the 5-Mile Bell project in Oregon. The Draft EIS for the first 4FRI area covers about one million acres. All of our efforts are aimed at becoming more proactive and efficient in protecting the nation's natural resources, while providing jobs to the American people.

Question 2. Can you tell me if this same NEPA process is used by other resource agencies (Bureau of Land Management (BLM), National Park Service, U.S. Fish & Wildlife, Army Corp of Engineers)? Are each of these agencies completing their own NEPA, separately? In the current year, Congress and the President provided the Department $14 million of funds for the Watershed Rehabilitation Program that would be used to protect lives and property, while also creating jobs and repairing the nation's infrastructure. We understand that OMB has blocked the distribution of the funding to NRCS.

Answer. Generally, the same NEPA process is used by other resource agencies, with some variations. Each agency complies with NEPA separately; however in cases where there are joint decisions to be made, they cooperate to conduct one environmental analysis. In regards to the Watershed Rehabilitation Program, your inquiry was forwarded to Natural Resource Conservation Service for a response.

Question 3. I understand that in Lake County, Oregon the U.S. Forest Service has joined with BLM to streamline the NEPA process for multiple Federal agencies to conduct multiple activities. I congratulate you for such endeavors. Can you tell me about other activities in California and throughout the nation that the U.S. Forest Service is engaged with that continue to streamline the NEPA processes?

Answer. The Forest Service is continuously improving the NEPA process. Current efforts include technology applications to speed public comment analysis, project file management, publishing environmental documents to the internet, and managing mailing lists. We have focused our NEPA training on key skills for managing the process, including team management and decision making. We are also improving our documentation in environmental assessments and environmental impact statements (EIS). Recently, an EIS was prepared on the Black Hills National Forest to make a decision on treating bark beetles on over 250,000 acres (3 to 6 times larger than typical EISs on the Black Hills NF).

○