

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

THURSDAY, MARCH 11, 2004

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.
Present: Senators Burns and Dorgan.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF HON. MARK REY, UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

ACCOMPANIED BY:

DALE N. BOSWORTH, CHIEF

HANK KASHDAN, DIRECTOR, PROGRAM AND BUDGET ANALYSIS

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. I will call the committee to order. I am very pleased to see Chief Bosworth and Mark Rey this morning appearing before this subcommittee. Let me start off. I want to congratulate you and cite you for carrying out the duties of your office with great skill, because we have been through some tenuous times here the last couple of years. It does not look like the drought is completely broken, but we are a little bit better off in moisture this year than we have been, and that is the good news.

PROPOSED BUDGET INCREASES

The fiscal year 2005 President's budget for the Forest Service is \$4.238 billion in discretionary appropriations. This represents a very modest 1.1 percent increase compared to the 2004 level of \$4.19 billion in non-emergency funds. Many of the Agency's operating programs are funded at levels similar to those of last year. There are some significant increases, however, including: Research, \$14.2 million; the Forest Legacy program, which has an additional \$35 million in it; the Hazardous Fuels program, \$33 million; and Wildfire Suppression, \$88.2 million. That is probably where we will center some of our discussion today.

I believe the increase for Wildfire Suppression is particularly important given our experience with the fire seasons of the past few years. The average annual cost of fire suppression for the Forest Service in the last 4 years has exceeded \$1 billion. We do not know what return the American taxpayer got on that, but nonetheless, it is a figure that worries a lot of us.

By the way of comparison, in the 4 years prior to that, it was \$349 million. So we can see a drastic increase in our fire suppression.

These increased costs have forced the Agency to borrow massive amounts of money from non-fire programs. Last year alone, the Agency borrowed \$695 million. In 2002, it borrowed close to \$1 billion. This annual borrowing has created serious management problems and forced the Forest Service to cancel or delay many important projects.

While I support the proposed increase of \$88 million for fire suppression in the 2005 budget, no one should be under any illusion that this will solve the fire borrowing problem. In fact, if the fire season is anything like we have seen in the last few years, the Agency would still have to borrow hundreds of millions of dollars from non-fire programs.

That is why I supported the language in the Senate budget resolution that provides up to an additional \$400 million each year for the Forest Service firefighting from 2004 through 2006, and I assure my colleagues that this will not be a blank check for the Forest Service. In my view, cost containment procedures must be tied to the use of the funds. I hope to discuss this issue with you today.

PROPOSED BUDGET DECREASES

I mentioned some of the increases in the budget request. There are also some significant decreases, which do concern me. For example, funding for Capital Improvement and Maintenance has been decreased by \$54 million, or 10 percent, compared to the current level. I believe this is unwise, given the \$5 billion backlog of maintenance work in our national forests.

Funding for State Fire Assistance has also been decreased, by \$25 million. That is almost a 30 percent cut. This program provides critical funds to train and equip local fire departments. These local fire departments are often the first to respond to wildland fires and they provide a vital link with the Forest Service and the Department of the Interior.

I am also troubled by the \$17 million cut to the Forest Health program in State and Private Forestry. We have millions of acres in our Nation's forests that are infested with insects and diseases like the western bark beetle, the southern pine beetle, and the gypsy moth. The dead trees that result from these pests add to our already excessive fuel loads in our forests. Reducing this program directly affects the Agency's ability to monitor and eradicate these problems.

On the financial management side of the budget, I am pleased to see that the Agency obtained a clean audit opinion for their 2003 books. That is good because, as you know Chief, up until you came we had many problems in getting an audit. I congratulate you. I think this is the second year in a row that you have passed your

audit and that is a good sign. They always had excuses before, but I think your leadership at the Forest Service, to not only deal with all the challenges that you had and then still come up with a good audit is really an achievement.

I want to thank you today for joining us, you and Mark. I look forward to hearing your testimony, asking you both some questions in the hearing.

Now we have been joined by the ranking member and good friend from North Dakota, Senator Dorgan.

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Senator Burns, thank you very much. I appreciate working with you on this subcommittee.

Chief Bosworth, thank you for joining us, and Under Secretary Mark Rey and Mr. Kashdan.

I agree with most of what my colleague has described with respect to priorities. The Forest Service is a big old bureaucracy that is charged with some very important work. When I say “big bureaucracy,” I do not mean to be pejorative, but the fact is, big organizations are big and bureaucratic and sometimes slow to act. My hope is that as we work through this Forest Service budget, we can find ways to restore some funding in some of the areas that have been cut that I think are critical and perhaps cut some funding in areas that are not so critical.

I would like to just mention one thing that I am going to be doing with a number of agencies. In 1993, then-President Clinton required of all Federal agencies that they identify their “overhead,” quote unquote, or their G and A, general and administrative, expenses. I just had the GAO finish a study of what the compliance with that has been, and virtually no Agency has complied with it.

So I am going to be asking agencies to take a look for us at what in fact are the true G and A or overhead expenditures in the Agency. The reason is fairly obvious. With the kind of Federal deficit we face and the critical needs for funding, as my colleague just described it in certain areas, we need to cut some funding as well. If this were a business—I know it is not, but if it were a business, the first thing we would take a look at is taking a few percent off overhead. That is the first place you try to cut back just a bit, tighten your belt with respect to overhead, travel, and so on.

It is very hard to do that because most agencies have not developed an accounting process by which they establish what their overhead really is. So I am going to ask you to work with us on that if you will.

The \$4.5 billion for the Forest Service in our subcommittee accounts for almost 20 percent of all the funding in this Interior bill. So this is a very, very important matter for Senator Burns and myself.

INVASIVE SPECIES AND NOXIOUS WEEDS

I do want to mention, I did bring a weed once again, as I did last year. This is a very small part of this issue. Chief Bosworth, you well recognize this at first glance, I know. Very few Americans do, but I know you do. It is called leafy spurge and it is no friend of the Forest Service, no friend of ranchers, and no friend of mine.

I brought it last year because, as you know, I added an earmark in the Appropriations bill to help control leafy spurge on Forest Service lands because the Forest Service has a responsibility to be a good neighbor. If it does not control its weeds, then the weeds move over into the adjacent land and private landowners get mighty upset because they feel the Federal Government is not a good neighbor.

I felt the money I had added before had been misused. I do not mean it was stolen or frittered away, but I mean that I felt the Forest Service subsumed it for its other expenses rather than putting it on the ground in the form of chemicals and controlling these weeds.

My understanding is that things have improved in the last year—this is not, by the way, the same leafy spurge I brought a year ago, although I probably could have. It is hardy. It is pretty hard to kill. I probably could have kept it alive for the year.

But my understanding is that you have done better and I want to hear from the Forest Service about that. I just think it is important, it is really important to private landowners who have land adjacent to the Forest Service. This noxious weed problem is a very serious problem for them.

My father, bless his soul, he used to—Senator Burns probably had relatives like this. My father felt that 2-4-D cured everything. You know, in that movie “My Big Fat Greek Wedding” where the guy used Windex on everything; no matter what happened he just sprayed Windex and it cured it all. My dad just walked around with a can of 2-4-D, which of course is now illegal. But he would just spray 2-4-D on everything.

Leafy spurge would not have worked well in our yard or in our pasture because he would have killed it dead. But now the things he would have used to kill it would not really work well with current law. So we have to work within the confines of our environmental interests in doing all of this.

Let me say that I think the deferred maintenance account is a very serious problem. We have a big backlog. I believe the backlog is very close to \$8 billion, and as I look at it, the budget request, appropriations request, cuts fiscal year 2004 funding by 68 percent. Well, I do not know how we can sit there with a deferred maintenance backlog that is so big and then decide, well, not only is it not a priority just to keep level, but we will cut it by nearly 70 percent. I just do not think that works.

WILDLAND FIRE

My colleague Senator Burns talked about firefighting, and that is an issue he has been especially aggressive on. We in North Dakota are number 50 among the 50 States in native forest lands, so I am not the world’s expert on fighting forests fires. But Montana has had a huge and growing problem with these issues, as have many other parts of the country. We have to get our hands around this and find a way to deal with these needs.

Having said all of that, let me again say that Senator Burns and I are from neighboring States and from different political parties, but he and I work closely together. I admire the work he does and I enjoy working with him on this subcommittee. We want to work

with the Forest Service to accomplish your goals on behalf of the American taxpayers.

I do have to say as well, before we hear statements, that I have a 10 o'clock hearing that I do not have much of a choice to miss. It is over in the Commerce Committee and it is being held specifically because I demanded it. I have a hold on a nominee. So I am going to ask my colleague from Montana to continue without me after 10 o'clock.

But, Chief, thank you for being with us. Senator Burns, thanks again for convening the hearing.

Senator BURNS. You bet. Do not go over there unless you have got your pistol cocked now; you know, you have got it all ready and everything.

Thank you, Senator Dorgan; I appreciate those statements. It is a committee where we get along pretty good. It seems like our priorities along the northern part of the United States, the northern tier States are similar. We all have a lot of similar problems and we try to deal with them in our own way.

Chief, thank you very much for coming this morning and we look forward to your testimony and our discussion this morning. Do you want to go first, Mr. Secretary? Is that what you want to do?

SUMMARY STATEMENT OF HON. MARK REY

Mr. REY. I will go first with a very brief statement and then I will defer to the Chief.

Let me start by thanking you for the opportunity to present the President's fiscal year 2005 budget for the Forest Service, the budget for the centennial year of the Forest Service. But before we discuss the specifics of that budget, I would like to take the opportunity to express my gratitude and that of the President for the bipartisan support of the Congress that led to the passage of the Healthy Forests Restoration Act. All of the members of this committee understand the devastation and tragedy caused by catastrophic wildfire and more than half of the members have experienced it firsthand in their States, whether through forest fires or grass fires.

The commitment to protecting communities and natural resources that Congress demonstrated in passing the Healthy Forests Restoration Act will be reflected in the priorities of the Forest Service and our sister agencies in the Department of the Interior for years to come. So again, I would like to thank the committee and the Senate for that effort.

Chief Bosworth will be highlighting a number of items of importance to the Forest Service today. In my testimony, let me just touch on two of these issues as well: the implementation of the Healthy Forests Restoration Act and the Agency's achievement of its second clean audit opinion in 2 years.

HEALTHY FORESTS RESTORATION ACT

Prior to fiscal year 2000, attention was beginning to focus on the vulnerability of natural resources to catastrophic wildland fires due to the buildup of hazardous fuels. The devastating fire season of 2000 brought the seriousness of the forest health problem to the

homes of all Americans through seemingly constant reports in newspapers, on television, or in other media.

Congress responded quickly with its support for treatment of hazardous fuels, invasive species infestations, and other threats to our Nation's forests, range and grasslands. The overwhelming support for the Healthy Forests Restoration Act in which Congress underscores the importance of this legislation across the Nation, not just in the western United States, but also in other parts of the country that are affected by drought, fires, invasive species, and similar problems.

In reflecting the President's Healthy Forests Initiative, the fiscal year 2005 President's budget places increased emphasis on protecting communities and property from the effect of catastrophic wildfire. The President's budget provides funding for many activities that support forest health, including \$760 million for activities in the Forest Service and the Department of the Interior that directly and visibly will result in protecting communities and restoring watersheds through reduction of hazardous fuels.

CLEAN AUDIT OPINION

Now touching on the second issue, which is the clean audit opinion that the Forest Service recently received; as I indicated and as you mentioned, Mr. Chairman, this is the second unqualified opinion in the last 2 years for the Forest Service after many years of financial accountability problems. The Forest Service and the Department are working to ensure that timely, reliable financial information is provided in which the receipt of a clean opinion is the byproduct of an efficient and cost-effective financial management organization that can be sustained in the long term. The Chief will be telling you about some of our plans to that end as he speaks shortly.

LEGISLATIVE PROPOSALS

Inasmuch as both of you mentioned our maintenance backlog, I would like to draw your attention to the legislative proposals in the President's fiscal year 2005 request to provide the Forest Service with the authority to convey at fair market value excess assets and to use the proceeds from the sale of those assets in doing maintenance across the National Forest System.

It is my judgment that the size of the maintenance backlog is such that even if we restored the money that we reduced from the fiscal year 2004 enacted budget and sustained that increase over time, it would take us until the bicentennial of the Forest Service, at that rate of expenditure to deal with the maintenance backlog. So, obviously, we are not going to address the maintenance backlog in its entirety solely through appropriated dollars.

PREPARED STATEMENT

Providing us the legislative authority to convey excess and unneeded assets and to use the proceeds from that to do maintenance work will accelerate our efforts to address the maintenance backlog in a way that merely appropriating more money will not. It will do that, first, by giving our land managers an incentive to

divest themselves of unneeded assets as opposed to carrying them on our inventory of assets and including them in the maintenance backlog; and of course, the proceeds that we get from the sale of assets—in some cases such as southern California, extraordinarily valuable assets which are of no particular land management or resource management value—will generate revenues that will move us more quickly to that end than our combined efforts through trying to find additional appropriated dollars.

So with that, I would refer your attention to that legislative proposal and defer to the Chief for his remarks. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. MARK REY

Mr. Chairman, Senator Dorgan, and members of the Subcommittee, thank you for the opportunity to discuss the President's fiscal year 2005 Budget for the Forest Service. I am pleased to join Dale Bosworth, Chief of the Forest Service, at the hearing today on the budget for the centennial year of the Forest Service. Before discussing the specifics of the budget, I would like to take the opportunity express my gratitude and that of the President for the bipartisan support of this Subcommittee that led to passing the Healthy Forests Restoration Act (HFRA). All of the members of this Subcommittee understand the devastation and tragedy caused by catastrophic wildfire and more than half of the members have experienced it firsthand in their States. The commitment to protecting communities and natural resources you demonstrated in passing the HFRA will be reflected in the priorities of the Forest Service for years to come. Again, thank you.

OVERVIEW

Chief Bosworth will be highlighting a number of items of importance to the Forest Service today. In my testimony, I want to address two of these issues as well. I will talk more about the HFRA, and the agency's achievement of its second "clean" audit opinion in 2 years. In managing natural resources, we often use the term "sustainability" in context of maintaining long-term forest and rangeland health and ensuring the long-term delivery of services to the American people. The bipartisan support demonstrated by Congress in passing the HFRA will ensure significant and measurable returns on the investment of the American public. "Sustainability" can also be applied to obtaining a clean opinion in terms of maintaining the public's trust that their funds are being managed effectively. Implementing HFRA and effective financial management will require diligent and concerted efforts on the part of employees throughout the Forest Service to take the agency to sustainable levels of improvement. I am confident that the Forest Service under Chief Bosworth's leadership will meet these challenges and continue to provide the high quality of natural resources management that the American public expects.

HEALTHY FORESTS RESTORATION ACT

Let me specifically address the Healthy Forests Restoration Act. Prior to fiscal year 2000, attention was beginning to focus on the vulnerability of natural resources to catastrophic wildland fires due to the buildup of hazardous fuels. In the late 1990's, the Forest Service developed risk maps that highlighted fuels buildups and serious threats to forest health throughout the Nation. I recall Senator Craig noting in reviewing what was referred to as "forest risk maps," that northern Idaho was a "big red blob" signifying the dangerous buildup of hazardous fuels in that area. Because of the serious nature of the problem throughout the Nation, and especially in the West, Congress responded by authorizing focused experiments to restore health and productivity of our forests and rangelands by authorizing the Quincy Library Group activities in northern California, as well as stewardship end results contracting demonstration authority.

The devastating fire season of 2000 brought the seriousness of the forest health problem to the homes of all Americans, through seemingly constant reports in newspapers, on television, and in other media. The catastrophic fire seasons of 2002 and 2003 further underscored the problem. Although the Forest Service and bureaus in the Department of the Interior have worked together diligently since 2000, the complexity and extent of the problem do not afford us quick solutions. From 2001 to 2003, the Forest Service and Department of the Interior agencies have treated a total of 7 million acres to reduce the levels of hazardous fuels in our Nation's forests

and grasslands. In fiscal year 2004, the Forest Service will treat an additional 1.6 million acres and plans to treat 1.8 million acres in fiscal year 2005 with hazardous fuels funds. Additionally, in fiscal year 2004, the agency will accomplish more than 600,000 acres of hazardous fuels reduction through other land management activities including wildlife habitat improvement, vegetation management, and the sale of forest products. This integration of land management treatments is an important aspect of the President's healthy forest emphasis.

Congress has responded quickly with its support for treatment of hazardous fuels, invasive species infestations, and other threats to our Nation's forests. Funding for hazardous fuels reduction and fire suppression activities since fiscal year 2000 has increased dramatically. In response to the President's Healthy Forests Initiative (HFI), Congress, with strong bipartisan support in both the House and the Senate, passed the Healthy Forests Restoration Act in December 2003, which contains key elements of the HFI. This Act gives the Forest Service and the Department of the Interior much-needed tools and authorities to reduce the threat of catastrophic wildfire to communities and to restore our Nation's forests and grasslands. Mr. Chairman, over the past several years, your support and that of Senator Bingaman and other members of the Subcommittee have provided a focus on natural resource management today. This is especially true for the support you have shown for the HFI and HFRA.

The overwhelming support for the HFRA in Congress underscores the importance of this legislation across the Nation. The passage of this legislation shows the American people that Congress and the Administration are working together to combat hazardous fuels buildups, insect and disease infestations, and other threats to the Nation's forests and grasslands. Through the HFRA, Congress has also provided Federal land management agencies with additional tools to improve the condition of watersheds, as well as fish and wildlife habitat; enhance grazing allotments; and utilize biomass from forest lands, which may in turn provide local communities with new, and often needed, economic opportunities.

HEALTHY FORESTS INITIATIVE

In reflecting the President's Healthy Forests Initiative, the fiscal year 2005 President's Budget places increased emphasis on protecting communities and property from the effects of catastrophic wildfire. The President's Budget provides funding for many activities that support forest health, including \$760 million for activities in the Forest Service and the Department of the Interior that directly and visibly will result in protecting communities and restoring watersheds through the reduction of hazardous fuels. With this funding and by working together, the Forest Service and Interior bureaus will be able to treat more acres more quickly. Much of the coordination for these activities will come about through the 10-Year Cohesive Strategy and Implementation Plan, in which Federal, State, tribal, and local partnerships have formed a foundation to improve the protection of natural resources and communities.

Some of the key aspects of the HFI include administrative initiatives that help expedite projects designed to restore forest and rangeland health. These efforts include new procedures, provided under the National Environmental Policy Act, to allow priority fuels reduction and forest restoration projects identified through collaboration with State local, and tribal governments to move forward more quickly. Guidance from the Council on Environmental Quality has helped to improve environmental assessments for priority forest health projects. As a result, the Departments of Agriculture and the Interior have developed 15 pilot fuels projects using this guidance and have completed the assessments on 13 of the 15 projects. Another improvement to the administrative process has been early and more meaningful public participation in the planning and implementation of forest health projects.

Let me provide some examples of what can be accomplished with the new authorities. Due to its mountainous topography, the Gila National Forest in southern New Mexico has the highest fire occurrences in the State. Dense stands of mature trees and a continuing drought have combined to create a very dangerous wildland fire situation that threatens local communities and wildlife and fisheries habitat. In the summer of 2003, the Gila National Forest successfully used expedited administrative processes to complete planning on four categorical exclusions under the Healthy Forests Initiative. The four projects total 510 acres. All of the projects will reduce hazardous fuels by removing trees mechanically and using prescribed fire. Small diameter non-commercial trees will be chipped or piled and burned. Since some of the projects are located in and around communities, this effort will afford additional protection to the communities, which may be the difference that avoids disaster during a wildland fire.

In Arizona, the benefits of stewardship contracting authority, which was significantly enhanced under HFRA, will be realized through a 10-year project on the Apache-Sitgreaves National Forest. The White River stewardship project, which will start this spring, includes multiple treatments over a 150,000-acre area. The project will use the full stewardship contracting authority authorized in HFRA, thereby reducing costs of current contracting methods by one-half to two-thirds. The project has the full support of the Governor, county commissioners, and local officials.

The administrative relief provided in the Healthy Forests Initiative made possible the planning and implementation of these projects in the same year, thereby allowing projects that are essential to protecting communities to proceed as quickly as possible. HFI is helping to decrease the wildfire threat to communities in a timely manner and promote a healthier forest. I firmly believe that over the long term, the reduction of hazardous fuels in priority areas through efforts supported by the HFRA will be the single most important factor in reducing the cost of wildfire suppression.

With Federal wildfire suppression costs exceeding \$1 billion in 3 out of the last 4 fiscal years, this factor alone makes passage of the HFRA an important accomplishment. The fiscal year 2005 President's Budget also reflects a continued commitment to containing wildfire suppression costs by including cost containment performance measures and implementation of actions called for in the fiscal year 2004 President's Budget, including a study of the use of aviation resources on large fires. An emphasis on the accountability of line officers and incident commanders also will be continued.

CLEAN AUDIT OPINION

Now I would like to address the second issue, which is the "clean" audit opinion the Forest Service recently received. This is the second unqualified opinion in the last 2 years for the Forest Service, after many years of financial accountability problems. The Forest Service and the Department are working to ensure that timely, reliable financial information is provided in which the receipt of a clean opinion is a byproduct of an efficient and cost-effective financial management organization and system sustainable in the long term. Chief Bosworth can be justifiably proud of the accomplishment of two clean audits, although as I noted last year, it is the minimum the public should expect. However, as he will tell you later, achieving this opinion required a Herculean effort by Forest Service employees that cannot be sustained with the organization that is currently in place. This effort was highlighted in the USDA's Office of Inspector General's Audit Report for fiscal years 2003 and 2002, which stated that the Forest Service does not operate as an effective, sustainable, and accountable financial management organization. This illustrates additional work on business process design, operation, and control needs to be undertaken to address the reportable conditions and material weaknesses indicated in the fiscal year 2002 and fiscal year 2003 audits.

With this in mind, there are two imperative objectives the Forest Service will be facing this year: sustaining the clean audit opinion for fiscal year 2004 and, even more importantly, addressing the underlying financial management infrastructure challenges the Forest Service faces by building a highly reliable and cost-effective financial management organization. A massive effort to meet the fiscal year 2004 accelerated and congressionally-mandated audit deadline of November 15, 2004 is already under way. The approach being used is different than those used in the past, in an effort to find and address financial accountability problems as early as possible. In addition, the agency is taking steps to consolidate and centralize operations where feasible and practicable in order to make a more efficient and cost-effective organization. I know Chief Bosworth is committed to implementing reforms that will ensure the continued trust of the American taxpayer and the most efficient administrative organization possible.

CONCLUSION

Mr. Chairman, in closing, let me emphasize the importance of the fiscal year 2005 President's Budget for the Forest Service. We have great opportunities and challenges ahead. Due to the support of Congress for the Healthy Forests Restoration Act, we can pursue a strategy for returning our Nation's forests and grasslands to a healthy state. As you know, this will take time, but with the continued support of your Subcommittee and Congress, we will be able to see significant, sustained progress in that direction and will ultimately reach our goal.

I look forward to working with you in implementing the agency's fiscal year 2005 program and would be happy to answer any questions.

Senator BURNS. Thank you very much, Mr. Secretary. And I plan to be at that celebration to cut the tape in the second 100 years.

Anyway, Hank, I am sorry I did not introduce you. I looked past you. Welcome this morning. We appreciate your good work. I know it has been some of your good work that has turned up the good audits. So I appreciate that very much.

Chief, we can hear from you now.

SUMMARY STATEMENT OF DALE N. BOSWORTH

Mr. BOSWORTH. Thank you, Mr. Chairman. Mr. Chairman, Mr. Dorgan; I do appreciate the opportunity to be here. What I have is a prepared statement, but I want to do a very brief summary and then I will get into answering questions.

As Under Secretary Rey said, next year is our 100th anniversary in the Forest Service. That means that we have spent 100 years now managing the national forests and the grasslands. We have spent 100 years doing what I believe is world-class research, providing that to people all over the United States and the world. We have had 100 years of assisting States and private lands with their forestry issues and problems.

Over that time, priorities have adjusted and shifted and funding has changed, and we expect that that will continue. But one thing that has remained: our guiding principle is conservation. Throughout those 100 years, conservation has been our principle and it will continue to be our principle in the future.

We were founded in part because there was an awful lot of short-sighted destruction that was occurring on the forested lands of the United States. People at the time believed that an organization such as the Forest Service should stop some of that destruction and be in charge of managing these national forests. I believe my predecessors have done a good job of taking care of the national forests and grasslands over the past 100 years. In fact, that is probably why we have about 230 million recreationists that want to visit the national forests every year, and that will be increasing.

On occasion, when I read the newspapers I come to wonder if people do not think that maybe Forest Service people are the greatest threats to the Nation's forests and grasslands. In fact, I think our Forest Service people are not the threat, but they are the protectors of the national forests and grasslands.

HAZARDOUS FUELS

But we do face four great threats and I want to mention those briefly. The first of those is one that we talk about a lot, and that is the unnatural accumulation of fuel in our forests and the resulting catastrophic wildfires. I will not go into that any more because we spend an awful lot of time talking to that.

INVASIVE SPECIES

But the second one, the second great threat in my opinion, is invasive species, invasive species all across the country: leafy spurge as you have got there, spotted napweed, kudzu, and salt cedar, or tamarisk. Then there are insects and diseases, things like emerald ash borer that has taken out the white ash in Michigan,

and hemlock woolly adelgid in the Northeast. These are a major problem for us.

Before I move on, I would like to just respond to the leafy spurge there and put a picture up, just because I know you are going to be leaving pretty quick, and show you a place in the Medora Ranger District on the Dakota Prairie grasslands. On the left are the yellow fields of leafy spurge and on the right is that same area about 3 or 4 years later, that was treated with flea beetle that has pretty well wiped it out. I mean, it is an amazing contrast in my opinion.

There is another picture that I would like to put up that shows some cooperators working together with the Forest Service. It looks like they have butterfly nets running out through the woods, but actually they have flea beetle nets. They are catching flea beetles and then they contain those, and take them out to other places.

Senator BURNS. Could I inject something here? Was that the work that was done in Sidney, Montana?

Mr. BOSWORTH. Some of that has been done there.

Senator BURNS. No, but I mean the first research on that?

Mr. BOSWORTH. There was research that was done there around Sidney.

Senator BURNS. I think these fleas attack leafy spurge. They have got another one that attacks spotted napweed.

Mr. BOSWORTH. That is right.

Senator BURNS. By the way, for the folks that are here today, that is a joint effort between North Dakota and Montana, the Sidney Research Station in Sidney, Montana, which is over on the North Dakota border. We tried to move it a little more west, but that is between North Dakota State University and the cooperators there. They are doing some good work up there.

Mr. BOSWORTH. Again, I think that demonstrates some hope in trying to deal with and take care of some of these invasives. I had hoped to bring a little vial of some of these flea beetles with me so I could have them attack your leafy spurge if you brought one today, but I could not get any in time to get them in here.

Nevertheless, they are working well and we have high hopes that they will continue to work well.

Senator DORGAN. That is the way it is in the wild, Chief. There is more leafy spurge than flea beetles.

Mr. BOSWORTH. That is right. We are hoping to level that out some.

LOSS OF OPEN SPACE

The third great threat in my opinion is the loss of open space. In particular, I am talking about some of the ranch lands and some of the forested lands that end up being subdivided and turned into ranchettes, particularly when they are adjacent to national forests. Even when they are not, we end up losing some of the biodiversity across the landscape that we need for deer and elk and other species. So I am concerned about that and the results of what that might mean.

UNMANAGED RECREATION

The fourth threat in my opinion is the threat of unmanaged recreation. I am particularly concerned when I talk about unmanaged recreation about off-highway vehicles and the damage that can come from unmanaged off-highway vehicles. My view is that we need to do a better job of managing that use so that people in the future can have a good place to recreate on the national forests and so that they do not also damage some of the other valuable aspects of national forests.

COLLABORATIVE PROCESSES

We are modernizing our processes. We are changing our processes. In some cases, we take some heat for that. We are trying to get our processes modernized so that we can engage people in a collaborative way at the community level up front as we are making these decisions, so that we can have people working together with Forest Service employees to come up with solutions that will be much more effective.

We are spending more time on the ground; part of the purpose of changing these processes is to get work done on the ground.

I would like to respond to one last thing in terms of the general administration costs that we have that Mr. Dorgan was concerned about. I agree with you that we have to cut our overhead costs. We are looking at, for example, centralizing our financial management processes into probably one area to cover all the country. My hope is that we will save \$30 to \$40 million when we do that. It will be a little controversial and you will probably get phone calls from people when we start moving some folks in some of the locations. But we have to cut our costs. We have to cut overhead costs and we will continue with that.

PREPARED STATEMENT

Finally, I would just like to say that I have been with the Forest Service now for 38 years and my father worked for the Forest Service about 34 years. So together we have probably been with the Forest Service for at least two-thirds of its history, and I am very proud of that.

But I am more proud of the opportunity to be here today and to thank you for your assistance and your help with the Healthy Forests Restoration Act and the many other things that you have assisted us in that will help us to carry out the mission of the Forest Service in a better way. So thank you for that. I would be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF DALE N. BOSWORTH

Mr. Chairman, Senator Dorgan, and members of the Subcommittee, thank you for the opportunity to discuss the President's fiscal year 2005 Budget. I also want to personally thank you, Mr. Chairman and Senator Dorgan for the support provided to the Forest Service this past year in supporting the President's Healthy Forest Restoration Act and for the strong support in protecting America's forests and rangelands from the threat of catastrophic wildfire. I have seen first hand the interest both of you has shown in supporting the improved health and sustainability of forests and rangelands across multiple public and private ownerships.

OVERVIEW

This President's Budget is for the Forest Service's centennial year. It supports the agency's mission of sustainable natural resource management. On February 1, 1905, President Theodore Roosevelt signed into law The Transfer Act, transferring the forest reserves from the Department of the Interior to the Department of Agriculture. On March 3, 1905, the Appropriations Act for the Department of Agriculture referenced the "Forest Service." On the day of the transfer, then-Secretary of Agriculture, James Wilson, wrote a letter of instruction to the first forester of the Forest Service, Gifford Pinchot. He directed that:

"In the administration of the forest reserves it must be clearly borne in mind that all land is to be devoted to its most productive use for the permanent good of the whole people, and not for the temporary benefit of individuals or companies. Where conflicting interests must be reconciled, the question will always be decided from the standpoint of the greatest good of the greatest number in the long run."

Now, 100 years later, that advice encompasses the multiple use management principle that guides the Forest Service's program of work. We are here today to ensure that our nation's forests and grasslands are treasured resources for the benefit and enjoyment of all people now and in the future. The decisions made in formulating the President's fiscal year 2005 budget for the Forest Service are for the long-term good of the public and the resources that we are entrusted to manage for the American people.

I am here to talk with you today about the fiscal year 2005 President's Budget request for the Forest Service as we enter a new century of service to America. In 1905, the Forest Service spent just shy of \$1 million total for the young agency. As we propose a budget to begin the second century for the agency, the President's request is \$4.9 billion, \$68.4 million greater than the fiscal year 2004 enacted budget, excluding emergency funding for repayment of fire transfers and funds for Southern California. The fiscal year 2005 Budget provides funding to reduce the risk of wildland fire to communities and the environment by implementing the Healthy Forest Initiative and the Healthy Forests Restoration Act (HFRA) which President Bush signed into law this past December. In addition, increased funds are provided for research, fire suppression, Forest Legacy, Forest Products, and Minerals and Geology.

In my testimony today, I want to reflect on the challenges faced by the Forest Service in 2005, many of which are similar to those faced in 1905. I want to discuss the new opportunities offered by HFRA that will result in improved forest and rangeland management, healthier landscapes, and reduced risk of catastrophic wildfires. I want to talk about four major challenges facing the Forest Service, which I often refer to as the "four threats." I also want to highlight some other areas of performance accountability and legislative emphasis that comprise the President's fiscal year 2005 budget.

As I talk with you today about the fiscal year 2005 budget, I am reminded of the challenges that the agency, Congress, and the American public have worked through and worked out over the past 100 years. A brief review of the land management issues of 1905 shows that issues were as contentious back then as they are today. The challenges that we faced today are still contentious and complex. I believe, however, that we have an opportunity to change the debate. We want the American people to judge us not on what is taken off the land, but how we have improved its condition after conducting natural resource management activities.

PROGRESS TOWARDS HEALTHY FORESTS AND GRASSLANDS—PROTECTING COMMUNITIES

Today the cleanest water in the country comes from our national forests. More than 60 million Americans get their drinking water from watersheds that originate on national forests and grasslands. A century ago, competition for clean water in America was not the issue it is today and will be in the future. Protecting wilderness values wasn't on the radar screen 100 years ago. Today, we protect some 35 million acres of wilderness, about 18 percent of the land in our National Forest System. At the 1905 American Forest Congress, President Roosevelt spoke of vast forest destruction and an inevitable timber famine if the destruction continued. Large parts of the East and South were cutover, burned over, and farmed improperly. Today, tens of millions of acres of federal, state, and private forests in the East and South have been restored and the total number of forested acres is the same as 100 years ago. A century ago, many animal and plant species were severely depleted or on the brink of extinction. Today, many of these species have made remarkable comebacks after finding refuge on our nation's forests and grasslands. A century ago, the profession of forestry was in its infancy in the United States. Early for-

esters used a much younger set of scientific principles in managing natural resources. Today, after 90 years of Forest Service research, we have a much firmer and broader scientific foundation for sustaining forest ecosystems into the future.

REDUCING THE THREAT OF CATASTROPHIC WILDFIRE

Today we are putting research-based knowledge to use in restoring the nation's watersheds to a healthy condition. The President's Budget provides \$266 million, an increase of \$33 million over the funding appropriated in fiscal year 2004, to reduce hazardous fuel. This will allow treatment of 1.8 million acres, an increase of 200,000 acres above the 2004 level. Over the past several decades, declining forest health conditions have led to an increasing incidence of uncharacteristically severe wildfire. Forests that are naturally adapted to frequent natural fires have gone many years without such fire, thus becoming overly dense and laden with fuels. These forests are at abnormally high risk to damage from wildfire as well as insects, diseases, or infestations of invasive plants. The President has acted to address this risk by establishing his Healthy Forest Initiative and providing a budget for hazardous fuel reduction that has more than tripled since fiscal year 2000. In addition, the Healthy Forests Restoration Act passed by Congress last year will bring new administrative initiatives that will compliment expanded stewardship contracting authority that will further reduce hazardous fuels and restore watersheds.

Mr. Chairman, we need only look at how expenditures for wildland fire suppression have doubled in the last 10 years, to understand the need for this bold strategy. Just this past October we saw a graphic illustration of the serious forest and rangeland health problems we face. Although tragic in terms of loss of life and property, the severe wildfires in Southern California this past fall burned for the most part in mixed ownership chaparral areas and did not appreciably affect the forest health situation on forested lands in Southern California, particularly on the San Bernardino National Forest. In the forested areas, much of the remaining unburned acres are still choked with mostly small trees, many of which are dead and dying from drought and bark beetle infestations. Much of these forested lands are still at risk. Additional work remains on the national forests in Southern California as well as on other areas across the country that are experiencing serious forest health problems. Nor are these risks limited only to Federal lands. Mitigating the risks of catastrophic wildfires and treating forest health challenges across ownerships and jurisdictions requires cooperative action to be taken on the parts of governments, communities, private landowners and individual homeowners.

Mr. Chairman, I want to thank you and the other members of Congress for working last year to pass the Healthy Forests Restoration Act and expanded Stewardship Contracting authority. The President's Budget and new authorities provided by HFRA will aid Forest Service field managers work with local communities to treat more areas more quickly than in the past. The President's Budget also recognizes the need to integrate the fuels reduction program with other programs that support wildlife habitat improvements, watershed enhancements, vegetation management, and forest products. Restoring and rehabilitating our fire-adapted ecosystems may be the most important task that our agency undertakes. To provide optimal wildfire risk mitigation across the landscape, we are prioritizing our hazardous fuels reduction work to ensure the most beneficial use of funds. We are moving from treating symptoms towards treating the underlying problems, and treating hazardous fuel in locations on our nation's forests and rangelands where they will be most likely to influence large-scale fire behavior. We expect this approach to restore forest health and significantly reduce the potential for large, damaging fires over the long term, as well as the costs of fires that do occur—both in terms of the taxpayer and the environment.

We must also realize that it is not only the hazardous fuel reduction program that will improve overall forest and rangeland health. The integrated approach of multiple management activities in the agency's wildlife, grazing, vegetative management, and timber programs will improve the condition of the land, or in the Forest Service vernacular "improve condition class." This emphasis encompasses one of the "four threats" I refer to in managing this agency. We are committed to accomplishing the aggressive treatments planned in the President's Budget for fiscal year 2005 using new authorities in the Healthy Forests Restoration Act that improve the condition class of the nation's watersheds and thus protect communities and resources for future generations—and our Research Station directors are committed to providing the Forest Service with the best science available.

I have discussed in detail wildland fire, the first of the "four threats." I will discuss elsewhere in my testimony the other three threats; invasive species, loss of

open space, and unmanaged outdoor recreation. Before doing so, let me highlight other areas that will require our attention in our Centennial year.

PERFORMANCE AND FINANCIAL MANAGEMENT ACCOUNTABILITY

The Forest Service efforts to improve agency efficiency continue to focus on the implementation of the five initiatives in the President's Management Agenda (PMA). One key element of the PMA is improved financial performance. In the past few years we made an unprecedented effort to get our financial house in order. For a second year in a row, we received a clean audit opinion and made progress in reducing the number of material weaknesses from 6 in the fiscal year 2002 audit to 4 in fiscal year 2003. The remaining material weaknesses are; need to improve financial management and accountability; accrual methodology needs strengthening; controls over certain feeder systems needs improvement; and Forest Service needs to improve its general controls environment. We look forward, in the not too distant future, to also seeing the agency removed from the General Accounting Office "high risk list." I am proud of our financial management progress. To be candid, however, the effort made by Forest Service employees to keep the agency from falling into a type of financial receivership was so unprecedented that the agency cannot sustain this level of effort as we are currently organized. Our internal financial management and administrative support infrastructure is based on a 50-year-old model that is archaic. It does not operate within acceptable government-wide standards. It fails to use today's technology and business based models that can make our operations more efficient and our accountability the best it can be. With this in mind, the Forest Service will implement a new model for Forest Service financial management that involves significant centralization and consolidation of administrative support. We anticipate a minimum cost savings of \$30-\$40 million over time, although there may be some short-term costs incurred associated with setting up this model.

We are also reengineering human resource management processes. Our objectives are to maximize automation, streamline processes, provide for consistency, and reduce overhead costs. At the same time, we will ensure compatibility with OPM's Government-wide initiatives.

We will implement this overhaul without affecting the ability of field line officers to make decisions about natural resource management. We will continue to put considerable effort into improving the effectiveness of our financial management and administrative support program with the objectives of improving efficiency, reducing indirect costs, and dedicating funds to accomplish on-the-ground resource management objectives.

An important tool that will help the agency improve its operational and program accountability is contained in the President's Management Agenda. It is the Program Assessment Rating Tool (PART). For fiscal year 2005, the Office of Management and Budget conducted reviews on the Forest Service's Forest Legacy Program, Land Acquisition Program, and reevaluated the Capital Improvement and Maintenance Program. This analysis recommended that the programs reviewed include the development of long-term measures that focus on outcomes, development of efficiency measures that assess the cost on a unit basis, and completion of program analysis to help focus program objectives and management.

The PART process for fiscal year 2006 will assist the agency in addressing one of the "four threats" because the agency will utilize PART to evaluate invasive species activities. In addition to utilizing PART, the agency will use funds to address emerging threats to the nation's natural resources from the spread of unwanted pests and pathogens. The President's Budget proposes \$10 million for an Emerging Pest and Pathogen fund to be used for quick response. We will integrate our National Forest System, State and Private Forestry, and Forest and Rangeland Research programs to ensure we are focused on this invasive species threat. I intend to emphasize line officer performance accountability for halting the spread of invasives as an important element of the performance appraisal process. The PART program will be a tool to ensure the effort is integrated, outcome-based, and properly focused.

RESEARCH

I noted earlier that I felt the agency's Forest and Rangeland Research program was a foundation of improved ecosystem health. I am pleased to support an fiscal year 2005 President's Budget request that emphasizes a renewed focus on Research as a foundation for establishing management practices that are applied to the national forests and grasslands as well as state, tribal, local, and international lands. The total Research and Development budget for fiscal year 2005 is up \$14.3 million.

The President's fiscal year 2005 Budget recognizes that the demand for solutions based on research is exceptionally high, and the Forest Service should organize to optimize the delivery of information to provide solutions in the timeliest, accurate manner. To enhance the linkage between forest researchers and on-the-ground resource managers in both the public and private sectors, it is critical that the most efficient development and delivery of mission-critical information be employed. Enhancing the linkage between the information user and the information generator helps ensure this efficiency. The President's Budget provides additional funding for optimizing the transfer and implementation of research findings.

Within R&D, \$7.2 million is focused on research that will protect water quality for human use and aquatic habitat, and provide improved tools for land managers to restore native vegetation on sites disturbed by fire and mechanical means. This program increase will also afford the agency the opportunity to continue its research focus on controls for newly arrived insects including the hemlock wooly adelgid, the Asian long-horned beetle, invasive bark beetles, and the emerald ash borer. In addition to this significant program increase, the State and Private Forestry technology applications program will be integrated with the Research and Development mission area. We expect an improved technology applications program that focuses on a thematic basis, including applications in hazardous fuel utilization, fire science applications, invasive species, watershed, and other mission critical areas.

FOREST LEGACY PROGRAM

The third of the four threats that I have emphasized involves the loss of open space. The President's Budget fully funds the Land and Water Conservation program, including a \$35.8 million increase in the Forest Legacy Program. The program has seen great success in addressing the threat of reduced open space through the use of conservation easements in partnership with private landowners to maintain viable and healthy forested lands. The PART review of the program by OMB found that management of the Forest Legacy Program is valuable and generally strong. We will work to improve performance measures that track the percentage of priority forest lands at risk of conversion to non-forest uses that are currently in a contiguous forest condition.

RECREATION

The last of the four threats to the nation's resources involves the challenges posed by unmanaged recreation. To use an old phrase, in many areas of the national forests we are "loving our public lands to death." The fiscal year 2005 budget reflects an increase of \$2.3 million in the Recreation budget. With this in mind, I intend to have the agency focus on managing the program with improved efficiency and greater reliance on partnerships. Moreover, our work in the area of hazardous fuel reduction and invasive species provides a number of benefits that protect and enhance the quality of recreation on National Forest System lands.

The Forest Service is a leading provider of outdoor recreation opportunities in the nation. People visited national forests and grasslands over 211 million times in fiscal year 2002. These millions of visitors expect cleared trails, accessible facilities, and safe experiences. They also cause significant impacts on the land and on our facilities, as they hike, camp, kayak, ski, hunt, or fish on our federal lands. Since 1997, we have relied on fees from the Recreational Fee Demonstration Program to provide safe, enjoyable, and memorable experiences for these millions of visitors. We know that without those fees, we would be hard pressed to keep some campgrounds open, toilets cleaned, and trails safely maintained. The President's fiscal year 2005 legislative proposals include permanent authority for the Recreational Fee Demonstration Program. Visitor use continues to increase, especially near urban areas and many of the very special places we manage on our national forests and grasslands. As more and more people enjoy these places, their presence comes with the price of increased needs for maintaining facilities, equipment, and the land itself. Through the Fee Demo Program, the recreating public has told us how important increased safety and security is to them, an elevated service made possible through Fee Demo funds.

This is the 40th anniversary of the signing of the Wilderness Act, a bold legislative action that secured the enduring benefits of wilderness for present and future generations. The Forest Service manages 32 percent of the National Wilderness Preservation System and was the first Federal agency to manage a designated wilderness area. The National Survey on Recreation and the Environment finds that Americans who know about wilderness tremendously value it.

Our backlog in deferred maintenance for our facilities continues to be a challenge. This backlog includes facilities for providing recreation opportunities to the public,

as well as our administrative sites where employees work and provide services to the public. The budget reflects improvements made by the Forest Service in implementing recommendations contained in a PART review of the Capital Improvement and Maintenance program, and includes \$10 million to address deferred maintenance.

In addition, there are important legislative proposals to be presented by the Administration that will help us leverage limited discretionary appropriations to accomplish key objectives of the recreation and other administrative programs. The Administration will submit legislation proposing a Facilities Acquisition and Enhancement Fund. This authority will provide a useful tool for reducing our administrative site backlog through an authorization to dispose of lands and improvements in excess of our needs, and use the proceeds for infrastructure improvements.

The Administration will propose expanded and consolidated partnership authorities to make it easier and more efficient for third parties to get involved in the agency's recreation program as well as other management programs and activities. This legislation will streamline the ability of the Forest Service to collaborate with non-Federal partners in achieving natural resource management goals. Forest Service directives cite over 30 different laws relating to partnerships and 14 different types of agreement instruments document partnership relationships. Navigating this complex patchwork of authorities and agreements has hindered the agency's ability to work efficiently and effectively with nonprofit and community partners. We look forward to working with Congress in making it more efficient to work with partners in managing the national forests.

WILDLAND FIRE SUPPRESSION

As the Forest Service focuses on a new century of service to Americans, its emphasis will be centered on management activities that address the four threats and the goals of the Healthy Forests Initiative. Our success over the long term will reduce the risk to communities and natural resources from catastrophic wildland fire. The Forest Service, in partnership with the Department of the Interior and state and local agencies, is committed to protecting communities and resources with the best and most efficient fire fighting infrastructure possible.

The total wildland fire budget for fiscal year 2005 is \$1.4 billion including an \$88.3 million increase over the fiscal year 2004 enacted level for fire suppression. This increase reflects the ten-year average cost for fire suppression. I want to address several important wildfire suppression issues.

Wildfire suppression activities are dangerous. Unfortunately, last year we lost five lives in fires related to the Forest Service. The agency continually evaluates the fire suppression program for safety, and makes improvements to reduce the risk to firefighters. After the Thirty mile fire in 2001, the Forest Service implemented a number of significant changes to improve safety measures for firefighters and the public. Changes were developed in cooperation with OSHA, the Department of the Interior, and other interagency partners through the National Wildfire Coordinating Group. We have clarified and added emphasis on fatigue awareness and work/rest guidelines; added driving guidelines for transportation safety; and improved risk assessment and mitigation procedures. We continue to scrutinize our firefighting program to make additional safety improvements, including an examination of relation of completed fire management plans and the deployment of incident personnel in locations where resource values are minimal. Areas we are particularly concentrating on are human factors such as experience and leadership. While we will never remove all the risk from firefighting, we will constantly work to reduce the risks. We must never compromise our emphasis on components of the agency's budget that might affect the safety of our workforce.

This past year we have aggressively focused on reducing the costs of firefighting efforts. The President's budget proposes new incentives for reducing wildfire suppression costs including the allocation of suppression funds to Forest Service regions, and the authority to retain unexpended suppression funds for use in forest restoration activities consistent with the goals of the Healthy Forest Initiatives and HFRA. It also includes the establishment of clearer rules concerning the use of suppression resources and incentives for rapid demobilization and better use of local non-federal resources. I am proud of the fact that in fiscal year 2003 we kept more than 98 percent of all unwanted fires that started from becoming large fires in 2003. While large fires represent only 2 percent of the total number of fires, over the past few decades they have accounted for more than 87 percent of the total costs for fire suppression. Many large fires are complex and more expensive to suppress today than 20 years ago, and they can be more dangerous. The costs of containing fires in the wildland urban interface will likely continue to be high as we struggle to keep

fire from destroying people's homes and livelihoods. At the same time, the President's fiscal year 2005 Budget reflects the full implementation of fire management plans completed for all National Forest Systems lands that will allow for cost savings associated with a full range of suppression actions, including an increased use of wildland fire use fires, as appropriate. It also contains new performance measures that will provide baselines on which the total cost of fire suppression can be assessed.

Over the past year, we have completed the Consolidated Large Fire Cost Report 2003, in which we have identified areas to contain costs. Clearly, reducing the number and improving the way we manage large fires will lead to lower costs. I have issued policy direction that states, "Fires are suppressed at minimum cost, considering firefighter and public safety, benefits, and values to be protected, consistent with resource objectives." We will take the lessons learned from the past year and continue efforts to reduce the costs of large fires. We will also look at better ways to use fire in its natural role and will work together with our Federal, Tribal, State, and local partners to accomplish these goals.

CONCLUSION: ENTERING A NEW CENTURY OF SERVICE

Our agency's 100th anniversary is a time for us as an agency to reflect on our history, the contributions we have made as stewards of our nation's natural resources, and lessons we have learned to provide world-class public service into the future. We see fiscal year 2005 as a time to broaden public understanding and appreciation of our nation's forests and grasslands, and a time to broaden partnerships worldwide to collectively sustain our natural resources. In this centennial year we will sponsor several events and activities that help focus this attention.

Mr. Chairman, let me say again how honored I am to be here as Chief presenting the 101st President's Budget for the Forest Service. We have 100 years of amazing accomplishments. We also have 100 years of promises to keep, 100 years of laws and regulations to uphold. For 100 years, Americans have both applauded us and picketed our doors. The country has seen sweeping changes over those 100 years, and many innovative tools to help us keep up with those changes.

As we enter our second century of service, the continued prosperity of our country is in large part dependent on sustaining the health, diversity, and productivity of our Nation's forests and grasslands. This is the Forest Service's mission today. And much as Secretary Wilson directed the agency in 1905, our successes are only as great as our ability to act under a businesslike structure, promptly, effectively, and with common sense. I am proud of the many accomplishments our talented and dedicated employees have given to this country and the mission they face in entering this new century of service.

We still have much work to do and many challenges to undertake. Restoring the nation's forests and grasslands in balance with society's goals will take time. We have new tools to help meet those challenges in the Healthy Forests Restoration Act and expanded Stewardship Contracting authority, in continued research to support these complex challenges, and through the work we continue to do with local communities and partners—new ways of solving land management problems in more effective and inclusive ways.

I enlist your continued support and look forward to working with you toward that end. I will be happy to answer any questions.

Senator BURNS. Chief, thank you. Let me also congratulate you. You started this process. I think it was you that coined the phrase "paralysis by analysis." You are now making some decisions and have some information that you can use to move forward in restructuring and bringing the true emphasis on our forests, what really works and what does not work.

CONSERVATION

When you use the word "conservation," I would imagine you and I graduated from the old school that the definition of "conservation" was the wise use of a renewable product. I think as long as we define it in that way, whenever we see conflicts of management or conflicts of ideas it usually boils down to definitions, how we define our words.

So I have always been—up here you learn that pretty quickly, and especially with policymakers, that definitions are everything. But I do not think we should leave the old. I think the old definition of conservation was pretty well defined—the wise use—and we have used it in agriculture a long time. I know sometimes they think they should move the Forest Service out of the Department of Agriculture, but I do not think it should be. It is a wise use of a renewable resource.

In some areas we have been wrong, but we have been wrong before and we know how to correct those and identify them and pay attention to our history. If we pay attention to our history we solve a lot of those problems.

EFFECTS OF FIRE BORROWING

The increasing costs in firefighting has forced the Agency to borrow massive amounts of money from other non-fire programs, causing many projects to be cancelled or delayed. I applaud your proposed budget increase for \$88 million for fire suppression. We know that if you have a season that is anything like the average of the past few years, you will still be a considerable amount of money short.

Can you just outline for us, if you could, the problems you face whenever you have to borrow from other accounts, especially the huge amounts of money that we have experienced in the last 2 or 3 years?

Mr. BOSWORTH. Well, usually when we get in a situation where we have to transfer dollars from other accounts it occurs, of course, in the fourth quarter of the fiscal year. At that point, we pretty well have our field work laid out. We are ready to go get the work done, and then of course when we transfer those dollars, we have to stop many of those projects.

I can give you a very quick list of some of the effects from fire transfer impacts from last year. We ended up with 10 percent less timber offered, we had 20 to 25 percent less wildlife habitat restoration accomplished, a significant shortfall in grazing allotment NEPA work, 30 percent less accomplishment in vegetation management, 150,000 acres less fuels treatment, 200 construction projects deferred, 60 land acquisition projects deferred, some research delayed, some forest inventory analysis delayed, and \$8.5 million in legacy projects that were delayed.

Some of those we will be able to pick up in the next year and so on, but they were not done on time.

The biggest thing that bothers me perhaps as much as anything is the effect it has on our partners. We are trying more and more to work together with people in a partnership way. The biggest frustration is when we have partnership agreements, the folks that we are working with come to the table, and then we come to the table at the last minute and say: Guess what, we cannot do our part.

It becomes very, very difficult to maintain good relationships and good partnerships when at the 11th hour we pull out. But those are some of the impacts. I can be more specific and give you more information for the record if you would care for it.

Senator BURNS. You know, that is an interesting thought, though, your partners. I think basically they probably understand the problem. Have relationships deteriorated to where it is difficult to do business with them again?

Mr. BOSWORTH. Well, in some cases when people think that this is going to continue to happen, they end up looking for somebody else to partner with that they think might be a little bit more reliable. I believe when we end up with some kind of a long-term fix for this, I hope we will be able to get our partners back.

Another effect is matching funds; sometimes when we use challenge cost-share agreements—we do a lot of work with organizations like the Rocky Mountain Elk Foundation—we will have some matching funds and then we when do not bring our part to the table, we lose those matching funds to some other place. Sometimes they will come back, but sometimes we do not ever get those matching funds back.

FIREFIGHTING COST ANALYSIS

Senator BURNS. I was in a couple of fire camps last year, as you well know, and visited with your leadership and was on the ground out in Montana, especially the fire in Glacier National Park. Chief, have you done anything to make a special assignment of anybody or any part of your organization to analyze and see how we can be more efficient in our firefighting? Because I think when you look around a fire camp, you see a lot of waste. That happens whenever you are under emergency conditions; I understand that. But have we done any analyzation of how we fight, when we fight, and what it takes to fight?

Mr. BOSWORTH. Well, there are a couple of things. Let me start off by just talking about cost containment. Last year we instituted a number of cost containment measures, and then we have added a few more for the next year. Let me just run through those first.

Of course, we were very concerned, as you are, about the rising cost of our fires. So we instituted some national-level review teams that report to me essentially. They go out to some of these major fires while the fires are burning and they review the decisions that are made, particularly as associated with costs.

We also have some regional review teams working. We have some post-incident teams that go out and review a fire after it is over and we look at all the costs. Those teams are looking at that to try to find how that is going.

The Wildland Fire Leadership Council is made up of the heads of all the wildland firefighting agencies, Under Secretary Rey, and one of the assistant secretaries at Interior. We have chartered a blue ribbon panel to look at cost containment across the board and to give us some advice. They are working with the Western Governors Association.

Also, the President's budget proposes to allocate 50 percent of the fire suppression dollars to the regions, with the idea that it would be an incentive. If they do not spend those dollars, then those dollars could be used for other kinds of projects like fuels treatment. And that is a very big incentive to our folks because our folks like to get work done on the ground.

We also have directed all line officers and incident managers to do what we call an escape fire situation analysis whenever a fire escapes initial attack to look at alternative suppression strategies. We have directed them to develop a least-cost fire suppression strategy and to give that significant consideration.

Another thing that was brand new last year was, with our enhanced or our improved financial management, we now have real-time cost accounting information for each individual fire. So every 24-hour period we can tell exactly what that fire has cost, what those cost centers are, how much, and where.

In the past, it would be 2 or 3 weeks before we could do that. So that is another area that will help us get a handle, I believe, in terms of our costs.

Senator BURNS. Well, you know, I sat in on a couple of the meetings. They allowed me in there—and I appreciate that very much—on how they operate and areas of responsibility in Kalispell. I was impressed because your comptroller, the guy that was in charge of the money and the accounting, sat right there and he said: We cannot do that; we have got to move this; and these are the dollars that we have used now, this is our allocation.

Sometimes under those conditions it is kind of hard to do business. In other words, maybe you would like to do something that day, but yet maybe you might not expend the money so you did not overrun the tape, so to speak.

FIRE SUPPRESSION

Also, I hear criticism—and this is a criticism and you might want to respond to it—when a fire is first detected, we just do not get people on the ground and hit it while we can. In other words, there has been criticism that some fires were allowed to smolder for a while and then all at once blow up and create an even larger problem.

Can you respond to that criticism?

Mr. BOSWORTH. Yes, I would be happy to. First I would like to put another chart up on the wall there. We have continued to suppress about 98 percent of the fires in initial attack and keep them less than 300 acres. So in terms of that criticism, we suppress 98 percent. In some cases, as you know, we will end up with lightning strikes and we can have a couple hundred fires, 200 or 300 fires on a forest, start in one lightning storm.

My belief is that it is going to be tough to get to 100 percent. Maybe we can get up to 99 percent. But I believe that is working fairly well.

On this chart you will see that, the purple there is the small fires, and then 2 percent of them get out in that darker color, meaning they escape initial attack. So you can see from the circles over on the right that 87 percent of our suppression costs are within that 2 percent of the fires. So only 13 percent of our suppression costs are on that other 98 percent.

In terms of acres burned, 96 percent of the acres burned come from that 2 percent of the fires that escaped initial attack. So it is extremely important from just a cost and a damage standpoint that we do as good as we can in nailing those fires in their initial attack.

Mr. REY. In addition to that, when we fail to succeed at initial attack and we end up in a large incident fire, one of the factors that we review when we do a cost review of that large incident fire are the circumstances associated with failure to control the fire at initial attack. What I have found in the incidents that I have looked at—in all honesty because of member interest—where we failed at initial attack is that there was usually a reason associated with the limits of the technology, the equipment we had, or safety concerns that precluded a more aggressive initial attack response.

The quintessential example was the fire in San Diego this summer, where fire was reported right about dusk and we were criticized for not scrambling our tankers at that point. Well, our tankers are not equipped with night-flying vision. The worst and most hazardous time to fly those on bombing runs is at dawn or at dusk, because they are flying at low elevation with the sun often right in the pilot's eyes. You make those safety requirements for a reason and you do not deviate from them just to save a few dollars.

That has been my personal experience in reviewing the specifics of some of those criticisms in individual incidents.

Senator BURNS. Well, I would recommend—of course, I was in a couple of them way back in the old days—that you have got to go experience a fire camp now and then. Now, not everybody is going to have the opportunity to sit in on the morning briefing or even the evening debrief, as you well know, but that is where you learn quite a lot of things.

So we continue to worry about fire suppression and fire prevention, first responder and first response. We will continue to worry about that. I would suggest, just from a standpoint of up here, that we continue to look at those fire suppression costs and do some things.

I know, Chief, when you were in my office we talked about that in the old days you fought fires at night. Now, we lost a couple of people and maybe we should not have, the Edith Peak Fire being one of them, way back when. You would take the fire on when it is the weakest. It is at night; that is when it is the lowest, that is when it is the coolest. And if you do not get it by then, at 10 o'clock the next morning, or whenever the drafts start, then you are lost. You might as well go twiddle your thumbs and play gin rummy or something. But you just cannot, especially with these fires.

It just seems to me the intensity of these fires now are just beyond belief. You know, on Glacier up there, you watch the intensity of those things and watch them go up a mountainside. I tell you what, I have never seen fires moving like that, not in my lifetime anyway. So we continue to look at that.

GRAZING

Well, let us shift away from fire and the challenges that it has a little bit. We have other activities that go on in the forests. Of course grazing is one of those. By the way, he is not with us any more, but there was an old shepherd out at Big Timber, Montana, who did his own kind of research. As you know, they are livestock people and people of the land do pretty good research. They

are probably not recognized in the scientific community, but as far as the data being accurate, it is pretty accurate.

In the forest where we had active grazing permits, we also did the best job in hazardous fuels removal and fire prevention, and lines are drawn on that. So I think grazing is a part of areas that become more vulnerable to that, because forest grazing takes care of a lot of the undergrowth.

We have a real problem in the backlog of expiring grazing permits that need to be renewed. Congress put a schedule in place for the renewal of these permits in the 1995 Rescissions Act. Your budget justification says that you are only getting done about 50 percent of the work that you need each year. Can you give me a number of the backlog and how we are dealing with that backlog?

Mr. BOSWORTH. We have had NEPA completed on about 36 percent of the 6,900 permits at this point. We have a backlog of 4,590 as of right now. We are doing things to try to improve our approach; one of them is that we have redone or made some changes in our handbook that instructs the field on how to do the NEPA on allotment management planning to make it more efficient, to make it more collaborative with the permittees, and to allow us to get some decisions made quicker.

We are trying to improve our efficiency. We are trying to cut down our overhead, but we are significantly behind. The troubling part of this to me is that if we had a significant increase in dollars, that probably would still not solve the problem. It would help us; it would help us get done a little bit sooner than what we are going to get done anyway.

I feel like we are putting an awful lot of money into doing an awful lot of paperwork, that in the end does not really affect or change the way the grazing is being done on the ground; it just results in having NEPA finished. We do an environmental impact statement and we have a whole bunch of alternatives, and then we end up making some slight adjustments. But we put a lot of money into pushing paper around, and it just seems to me that maybe there is a better way.

Maybe we ought to be looking at some things like what you do on the Healthy Forests Restoration Act or some of those kinds of options that might help streamline and modernize some of the processes we are using for our allotments right now.

Senator BURNS. This question may be out of line, but if you did not have to do a full-blown NEPA, a full-blown EIS, and operate under an EA, would that help? I do not know that much about what you have to do on the ground, the hoops that you have to jump through.

Mark, can you address that?

Mr. REY. That would probably help some. The other alternative would be to look at formulating a categorical exclusion for at least some number of the grazing allotment renewals where not much is going to change on the ground as a consequence of the renewal anyway.

In 1995 when the Rescissions Act schedule was established, I was sort of sitting on your side of the dais and we asked the then-Chief of the Forest Service, Jack Thomas, whether the expenditure that was going to be invested in doing EIS's for all these grazing

lease renewals was going to result in on-the-ground range improvements, and his general response if I remember it correctly—and I will paraphrase it and we can go back and look at the transcripts—was that we would get a lot more on-the-ground improvement if we invested that money in range improvement work as opposed to just renewing NEPA documents for at least those allotments where not much has changed and all we are doing is renewing an allotment because we have hit a statutory or a regulatory deadline.

I think an EA would help for at least some number of those, those 4,800 renewals that are not going to change very much. A categorical exclusion would probably help a lot more, particularly if we were able to reinvest that money in range improvement work.

Senator BURNS. I will tell you that, on an assessment of range country the other day, even though we have been through drought areas, range and forest grazing permits have never been in this good of a shape. They are basically taken care of by the people who are leasing the grass. So you may have a point.

I will have to go back. I had forgotten about the Jack Ward Thomas statement and I am glad you recollected that. We will take a look at that, and we will also look at the categorical exclusion end of that. I think some of that does have merit whenever we start managing our resources.

STEWARDSHIP CONTRACTING

The Congress has provided you with many new authorities during last year, including the expansion of the Stewardship Contracting program, in the passage of the Healthy Forests Restoration Act. The Agency has also put in place through regulations several new categorical exclusions to help speed up fuels reduction and timber salvage.

Chief, can you tell us if these new authorities have helped you address the problem, and the implementation of these acts—give us a progress report?

Mr. BOSWORTH. In terms of stewardship contracting, first I would like to just say again thank you for your help in getting us the stewardship contracting pilot authority, going back to 1999. You have been a real champion in terms of stewardship contracting to help us with that. We have experimented with that over the years and now we have the extended authority.

We awarded 49 contracts in fiscal year 2003. We expect to have 60 just in this coming year, in 2004. So we had 49 that we are working on and then 60 more this year.

I think the extended authority has made a big difference because it has told a lot of people that this is a little more permanent. While it was still in the pilot stage, we had an awful lot of work to do with potential contractors, with people who might come in with proposals or bids, and not everybody was anxious to take the time to learn how to make those kind of bids.

Now that they see that it is a tool that will be used more widely and for a longer period of time, there is a whole lot more interest. So I would expect that we will have a bunch more of those coming along and we will see some real successes. So I will be anxious to see some more on the ground, where we will be able to go out and

maybe take a look at them. Perhaps you would be interested in seeing some of those.

CATEGORICAL EXCLUSIONS

In terms of categorical exclusions, we have a number of different categorical exclusions that we have gotten authority to use over the last probably 9 months. We have about 560 of those that we have completed since then or that are ongoing since then. Now, not all of those are for fuels treatment. They are for a variety of things. I would guess probably half of them are for fuels treatment, and there are a number of other ones that we are also doing.

FOREST MANAGEMENT

Senator BURNS. When you look at all of these things that have been done—we know that we have mills in trouble in our part of the country. There are a number of mills in the wood products business that keep going the other way; that is, failing because of lack of wood. I was interested—this last weekend, the Senator from Georgia accompanied us into Montana. He had never been to Montana before, and we were looking at some regrowth areas in the Gallatin National Forest. He does not ski and I do not ski and this was a ski outing. I had a fundraiser up there. That looks good on the tape. But anyway, it was pretty unstructured. I used to ski. I have only been on them once and I wiped out a whole platoon of Marine Corps, and I kicked them damn things off and I have not had them on since.

But nonetheless, we went on a little jaunt, and we started talking about regrowth and things that are happening in the forest, took a snowmobile trip into Yellowstone Park, seeing the regrowth that is happening there after the devastating 1988 fires.

It is something to see, people who have forests in their States, how they manage against how we manage. Of course, their rotation on a mature tree is much shorter than ours, as we know. But it was also interesting to know; they said when they replant a forest where they are in the South, they get growth and then they use what they take out when they thin the forest; that goes to pulp. That gives way to the trees that will finally end up in lumber.

We have had a difficult time in doing that. That is usually on private lands, privately managed lands. We have had a difficult time selling the idea on public lands that that sort of a management situation does work. Maybe it is a longer cycle from a seedling to a mature tree than they have in Georgia, no doubt. But nonetheless, the principle is about the same.

We still have a difficulty of selling the public on the idea that those management practices work. I think that is one of the challenges ahead of us, that just because we thin, that that is a lost product; in other words, it is wasted. It is not. The taxpayers get paid for it, actually.

EDUCATION EFFORTS

So I think we need a little more outreach to the public, public education. Can you tell me what you have done in that area? It is

a constant education of the public of how we manage their forests and why we do certain things.

Mr. BOSWORTH. Well, we do have conservation education programs, a number of programs, particularly at the local levels, with folks to try to help people understand at least what takes place and what is going on, what the opportunities are.

We also have some places where we have been experimenting on occasion with what we call collaborative learning, where you have people together from different points of view in a collaborative way, trying to learn on specific projects based upon their different values. We are also using the best science that we have available, so that people can learn together and be more informed about what the issues are and what the potential is.

Of course, there is still always the difference of opinion about what they want their national forests to be managed for. There are definitely some places where we manage the national forests and produce timber, but then there are the places where people's preference is to have it, as you know, for wildlife purposes or for recreational purposes.

So I think our challenge is again to try to find that balance through public participation, but at least to have as informed a public participation as we possibly can, where people are educated, as you say, as to what the potential is, what the results are, and what the consequence is.

Senator BURNS. Well, I say that because I walked into an elementary school and there was a big poster up there that says: "When a tree is gone it is gone forever and the land lays barren forever." And that statement just stuck in my mind, and I said: Somebody has got to call on that school teacher; this is just not good information and it is not the way we should be teaching our young people about renewable resources and what this land really has.

Mr. BOSWORTH. We also have programs in a number of places where we are working with school teachers, because that is perhaps the most effective way in the long run where we can get people informed on the facts.

Senator BURNS. Sometimes I have a hard time relating to those folks, so you know how that is.

That is about all the questions. I think we kind of worked our way through the management part of it. I do want to encourage you to look at this, the waste and the way we respond to fires, and try to see if we cannot cut some costs there. But we do not want to be penny wise and dollar dumb either in those areas. As to your accounting, I want to congratulate you again. You have got a clean audit and I think your Department is for the most part doing a real job under very difficult conditions.

If other members of the committee want to offer some questions, we will leave the record open; and if you would respond to the committee and to the specific Senators, we would appreciate that.

Secretary Rey, good to see you again, and Hank, and all of you, and your leadership. I am just glad that we are in an area right now where I think there has been a lot of integrity restored back into the Forest Service. For the most part, the morale of the rank and file is pretty high, and I congratulate you for that. I talk to

Forest Service people throughout my State, and we appreciate that. Relationships have improved, even though we have some areas where we could improve more. But nonetheless, that may boil down again to definitions.

ADDITIONAL COMMITTEE QUESTIONS

There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

Question. The Committee is concerned about the rising costs for firefighting. The average annual cost of fire suppression for the Forest Service over the last 4 fiscal years (fiscal year 2000-fiscal year 2003) has exceeded \$1 billion. By way of comparison, in the 4 years prior to that it was only \$349 million. The Committee understands some of the factors that have raised these costs like: (1) the severe droughts in the West; (2) the expanding Wildland Urban Interface as more and more people want to live on the boundaries of our forests, parks and refuges; and (3) the poor health of our forests caused by years of inactive management.

What, if anything, can the Forest Service do to reduce the skyrocketing costs of firefighting? (S&PF)

Answer. The Forest Service has issued two reports that outline expectations of line officers, incident commanders, and employees in the area of suppression cost containment. We have standing cost containment oversight teams that visit large incidents and recommend actions that will reduce expenditures. We are developing a new fire planning system that will lead to better strategic analysis of large fires and the decisions that cause them to become expensive. We are developing a new situation analysis that will display a better range of suppression alternatives to line officers during their decision process. This will be accomplished by clarifying the definition of the least cost suppression alternatives within decision support models and establish this alternative as the default option for suppression activities for a given incident and by completing updated geospatially-based fire management plans linked to databases that will lead to increases in the annual number and acres designated as wildland fire use fires. We are embarking on an aggressive fuel management program to rid forests of accumulated fuel. In addition, we will:

- Implement priority cost containment activities called for in the fiscal year 2004 President's Budget and the recommendations contained within the Wildland Fire Management PART, as well as select recommendations from the National Academy of Public Administration (NAPA) report entitled, *Wildfire Suppression: Strategies for Containing Costs*.
- Reduce wildland fire suppression costs through a continued emphasis on the accountability of line officers and incident commanders.
- Review the cost-effectiveness of large fire aviation resources and assess state cost-share agreements to ensure that the federal government is not paying a disproportionately high share of suppression costs.
- Continue to conduct national cost containment reviews on selected incidents and implement recommendations contained in the Consolidated Large Fire Cost Report of 2003 to address suppression cost containment issues raised during cost reviews in fiscal year 2003. Provide oversight to ensure that cost containment measures are implemented.
- Working through the National Wildfire Coordinating Group's Incident Based Automation Task Group, continue to enhance the "real-time" incident obligation reporting system.

In addition, in fiscal year 2005 the Forest Service will initiate incentives to reduce suppression expenditures. The President's Budget proposes to allocate fifty percent of suppression funds to the field and allow unobligated year-end balances to be retained by the regions to be used for vegetative treatments to improve condition class. The objective is to create an incentive in the field (additional funds for on-the-ground work) to reduce expenditures, with the goal of eliminating the need to transfer funds. An added benefit will be an increase in funds available to improve condition class, which will further reduce suppression costs and the need to transfer funds. The President's Budget also includes cost containment actions and performance measures, expands the use of risk mitigation, updates fire management plans

to increase wildland fire use, and implements suppression cost savings incentives. The Forest Service and Department of the Interior will develop a process through which rural fire department training, experience, and qualifications can be recognized as equivalent to National Wildfire Coordinating Group (NWCG) qualifications. Together with agency actions already under way, these efforts should effectively reduce the need for further borrowing, supplemental appropriations, or both.

USDA and the Department of the Interior will continue to enhance agency policy and procedures to reduce suppression costs.

Question. This subcommittee asked the National Academy of Public Administration (NAPA) to review increasing fire costs. One of their recommendations was that the Forest Service could save millions of dollars by more efficiently procuring the supplies and equipment that are used each year for firefighting. Do you agree with this assessment?

Answer. On the surface NAPA's study and recommendations look good. However, the Agency feels that there are many variables and complexities that require further analysis. The Forest Service plans to continue to study and analyze NAPA's recommendation.

Question. Are you planning to act on the NAPA recommendation?

Answer. The Forest Service plans to continue to study and analyze NAPA's recommendation.

Question. How long would you expect it to be before the investments that we are making in hazardous fuel reduction projects should lower the severity of our fire seasons and reduce firefighting costs?

Answer. Fire season severity is the result of several factors including climate (primarily drought), weather (hot, dry, windy days), available fuel (fuel amount and fuel moisture), and ignition patterns and timing (primarily from lightning storms and human causes). Hazardous fuel reduction projects only influence one of these contributing factors. That said, fuel treatment in general can reduce the intensity of fire behavior under all but the most severe burning conditions.

In 1999, the GAO estimated it would take the Forest Service 15 years and \$12 billion to treat 39 million acres at high risk (Western National Forests—A Cohesive Strategy is Needed to Address Catastrophic Wildfire Threats, GAO/RCED-99-65). They also believed that the Agency had an estimated 10 to 25-year "window of opportunity" for taking effective action before damage from uncontrollable wildfires becomes widespread.

Further analysis conducted by Agency scientists (A Cohesive Strategy for Protecting People and Sustaining Natural Resources: Predicting Outcomes for Program Options, Hann et. al., 2002) indicates that after 15 years of an aggressive treatment program using a strategic landscape restoration approach (as opposed to random placement of treatments) that the average annual costs for suppression, prevention, initial attack, rehabilitation and property loss will drop below the current level.

We need to remember that these are estimates based on our current knowledge of modeling predicted changes in condition class over an extended period of time due to the cumulative effects of fuel treatments, wildfire disturbance, and natural vegetation succession (growth).

Question. Please outline the management problems that face the Agency when it has to borrow such large amounts of money from non-fire programs.

Answer. Although transfers from other accounts have led to delays in some projects, the long-term negative effects on programs has been significantly mitigated by reprioritizing programs of work at both local and regional levels. In making these adjustments, the agency considers factors that determine whether related opportunities, availability of additional temporary employees, and increased use of contracting can be used to meet program and project objectives. The agency carries over large unobligated balances every year for multi-year projects. In heavy fire years, it makes sense to temporarily use these balances until we can determine how much additional funding is actually needed. In addition, every year some work, such as prescribed burning, cannot be done due to dangerous fire conditions or other unanticipated conditions. There are also personnel costs that are budgeted in one of the Forest Service's non-fire accounts but, when those personnel are assigned to fire duties, are ultimately spent out of the fire account. In these situations, it is appropriate that available Federal funding be redirected to fire suppression, and it is not necessary to repay the non-fire accounts for such salary savings.

Question. Does the Administration have any suggestions for a long term solution to this persistent problem of borrowing from non-fire accounts for firefighting?

Answer. The administration has been actively addressing this issue through cost containment efforts and is requesting the 10-year average for fire suppression for both the Forest Service and the Department of the Interior adjusted for inflation.

In fiscal year 2003, the Forest Service initiated several new efforts to contain and reduce suppression costs. This included improving large fire cost reviews, conducting post-incident activity reviews, increased accountability and oversight, increased engagement of line officers, greater use of incident business advisors, and the preferred use of the least cost alternative when suppression wildfires. These policies and directives were published in the *Chief's Incident Accountability Report 2003 Action Plan*, February 2003, the *Large Fire Cost Reduction Action Plan*, March 2003, and the *USDA Forest Service Fire & Aviation Operations Action Plan for 2003*, April 2003.

In September 2003, the agency released the *Consolidation of 2003 National and Regional Large Incident Strategic Assessment and Oversight Review Key Findings*. The report summarizes the key findings of the national and regional Large Incident Strategic Assessment and Oversight Review teams and makes recommendations to improve suppression cost containment and other wildfire management efforts. The agency is developing an Action Plan based on these recommendations and will continue large incident reviews in 2004. During 2004 the agency will:

- Continue aggressive initial attack on unwanted and unplanned ignitions.
- Increase wildland fire use as prescribed in land and resource management plans and report these increases in future Budget Justifications.
- Implement priority cost containment activities called for in the fiscal year 2004 President's Budget and the recommendations contained within the Wildland Fire Management PART, as well as select recommendations from the National Academy of Public Administration (NAPA) report entitled, *Wildfire Suppression: Strategies for Containing Costs*.
- Continue to implement safety, cost containment, and program action items from the Large Fire Cost Reduction Plan and the Fire and Aviation Management 2003 Operations Action Plan.
- Reduce wildland fire suppression costs through a continued emphasis on the accountability of line officers and incident commanders.
- Review the cost-effectiveness of large fire aviation resources and assess state cost-share agreements to ensure that the federal government is not paying a disproportionately high share of suppression costs.
- Continue to conduct national cost containment reviews on selected incidents and implement recommendations contained in the Consolidated Large Fire Cost Report of 2003 to address suppression cost containment issues raised during cost reviews in fiscal year 2003. Provide oversight to ensure that cost containment measures are implemented.
- Working through the National Wildfire Coordinating Group's Incident Based Automation Task Group, continue to enhance the "real-time" incident obligation reporting system.

In addition, in fiscal year 2005 the Forest Service will initiate incentives to reduce suppression expenditures. The President's Budget proposes to allocate fifty percent of suppression funds to the field and allow unobligated year-end balances to be retained by the regions to be used for vegetative treatments to improve condition class. The objective is to create an incentive in the field (additional funds for on-the-ground work) to reduce expenditures, with the goal of eliminating the need to transfer funds. An added benefit will be an increase in funds available to improve condition class, which will further reduce suppression costs and the need to transfer funds. The President's Budget also includes cost containment actions and performance measures, expands the use of risk mitigation, updates fire management plans to increase wildland fire use, and implements suppression cost savings incentives. The Forest Service and Department of the Interior will develop a process through which rural fire department training, experience, and qualifications can be recognized as equivalent to National Wildfire Coordinating Group (NWCG) qualifications. Together with agency actions already under way, these efforts should effectively reduce the need for further borrowing, supplemental appropriations, or both.

The Forest Service will continue to enhance agency policy and procedures to reduce suppression costs and looks forward to working with Congress on other possible solutions.

Question. The Senate version of the 2005 budget resolution has set aside a specific funding category for fire suppression of \$400 million for the Forest Service for fiscal years 2004 through 2006. What is the Agency's position on whether these additional funds are necessary to lessen the program disruptions you have faced as a result of borrowing to fight fire?

Answer. We appreciate the efforts made by the Senate to develop an alternative source of funds for fire suppression. However, the agency would like to continue to work with Congress on ways to reduce the costs of fire suppression.

Question. Rehabilitation and restoration needs from wildfires remain high. Two of the FS “threats” are impacted by not completing these activities; invasive species and unmanaged outdoor recreation by the loss of access by roads or trails from wildfire. What suggestions does the Agency have if additional funding was available or given the fiscal concerns the Committee has, where would the Agency propose to reallocate funding with in your existing budget to fund this work?

Answer. As you note, wildfire rehabilitation and restoration are high priorities in the Forest Service. The four threats, including invasive species and unmanaged recreation also remain high on our list of issues with disturbing trends that we are working hard to reverse.

The Forest Service continues to improve efficiencies within our programs that squeeze multiple benefits out of each program dollar. Where it makes sense, we are developing integrated projects that address multiple priorities. In addition, we are taking advantage of streamlined processes and increased capability provided by the new Stewardship Contracting and Healthy Forest Restoration Act authorities. To address invasive species concerns, the fiscal year 2005 President’s Budget includes \$10 million for rapid response to new introductions of non-native or invasive pests or pathogens for which no previous Federal funding has been identified to address, or for a limited number of instances in which any pest populations increase at over 150 percent of levels monitored for that species in the immediately preceding fiscal year and failure to suppress those populations would lead to a 10-percent increase of annual forest or stand mortality over ambient mortality levels.

Attempting to address all of the significant issues facing the agency within a constrained budget is no easy task. Trade-offs between nationally significant issues that can have long-term consequences requires us to strike a balance and in some cases do the best we can to “hold the line.” The fiscal year 2005 President’s Budget strikes that balance in a fiscally sound manner within a complex set of priorities.

Question. There is a real problem with a backlog of expiring grazing permits that need to be renewed. Congress put a schedule in place for the renewal of these permits in the 1995 Rescissions Act. The budget justification says that the Agency is only getting done 50 percent of the work that needs to be done each year.

How many grazing permits are currently in the backlog?

Answer. Since section 325 of the Fiscal Year 2004 Interior Appropriations Act provides relief until the end of 2008 for renewal of permits without completion of NEPA analysis, all grazing permit renewals are current for this fiscal year.

However, there is a backlog for completing NEPA on allotments. At the end of fiscal year 2003, 5,002 allotments were scheduled to be completed out of the original 6,886 allotments on the 1996 Rescissions Act schedule. Only 2,296 allotments have been completed. This results in a backlog of 2,706 allotments at the end of fiscal year 2003. At the current pace of approximately 200 allotments per year, NEPA analysis for the backlog will not be completed until 2018. A total of 4,590 allotments still need NEPA on the 1996 Rescissions Act Schedule.

To more effectively address the backlog, the fiscal year 2005 Budget calls for the Forest Service to adopt methods for prioritization through the development and use of qualitative tools that assess rangeland health and sustainability through the use of indicators that are linked to existing monitoring data. The Forest Service will consult with the Department of the Interior to develop and utilize an integrated and consistent framework and process for using monitoring and assessment information that leads to reduced allotment monitoring backlogs.

Question. Given this backlog, can the Agency explain why the budget proposes to cut \$2.5 million for the grazing management program that funds the permitting process?

Answer. In addition to the methods for prioritization through the development and use of qualitative tools that assess rangeland health and sustainability through the use of indicators that are linked to existing monitoring data mentioned in the answer to the previous question, we will be applying efficiencies generated from improved direction in Chapter 90 of Forest Service Handbook 2209.13 which should help reduce costs. Examples of efficiencies include better defined and limited inventory and analysis needs, focusing the analysis on the condition of the land, conducting inventory and analysis on multiple allotments, keeping the number of alternatives analyzed in detail to an absolute minimum, and developing well defined purpose and need statements and proposed actions.

Question. At the rate the Agency is going when will this backlog be eliminated?

Answer. At the current pace of approximately 200 allotments per year, NEPA analysis will not be completed until 2022. Accordingly, the fiscal year 2005 Budget provides for an integrated and consistent framework and process for using monitoring and assessment information that leads to reduced allotment monitoring backlogs.

Question. If the Committee provided more funds for permitting could the Agency effectively spend it next year and get more grazing permits completed?

Answer. Additional funding is not needed to complete the issuance of grazing permits because there is no backlog of permits; all permits due to expire have had a new permit issued. If the Agency was provided additional funding beyond the constrained budget, it could complete additional NEPA analysis and decisions for allotments on the schedule.

Question. How can the Agency work more efficiently to speed up this process?

Answer. Yes. In addition to the methods for prioritization through the development and use of qualitative tools that assess rangeland health and sustainability through the use of indicators that are linked to existing monitoring data mentioned in the answer to the previous question, field units are conducting training that emphasizes the efficiencies described in the recently released Chapter 90 of Forest Service Handbook 2209.13. Examples of efficiencies include better defined and limited inventory and analysis needs, focusing the analysis on the condition of the land, conducting inventory and analysis on multiple allotments, keeping the number of alternatives analyzed in detail to an absolute minimum, and developing well defined purpose and need statements and proposed actions. Field units are also using the flexibility provided in section 325 of the Fiscal Year 2004 Appropriations Act that allows them, “. . . to determine the priority and timing for completing required environmental analysis of grazing allotments based on the environmental significance of allotments and funding available . . .”

Question. In fiscal year 2003 the FS expected to sign 451 decision notices for live-stock grazing, but only 195 were signed. The FS expects to sign 432 decision notices in fiscal year 2005. What changes has the FS made to ensure these decision notices will be signed?

Answer. The Agency is conducting training that emphasizes the efficiencies described in the recently released Chapter 90 of Forest Service Handbook 2209.13. Examples of efficiencies include better defined and limited inventory and analysis needs, focusing the analysis on the condition of the land, conducting inventory and analysis on multiple allotments, keeping the number of alternatives analyzed in detail to an absolute minimum, and developing well defined purpose and need statements and proposed actions. Although there is no absolute assurance, it is expected that these efficiencies will help the Agency succeed.

Question. The Chief has frequently talked about “analysis paralysis” at the Forest Service. Please explain how these new authorities will help to address that problem and how implementation of these authorities is proceeding? The budget increase of \$33 million to a total of \$266 million will allow the treatment of 1.8 million acres. Do you anticipate any issues that will prevent the FS from treating these acres?

Answer. The President’s Healthy Forest Initiative (HFI) is helping us address our “analysis paralysis,” which was impeding our restoration of fire adapted ecosystems, including treatment of hazardous fuels. We are actively using categorical exclusions to accomplish hazardous fuel reduction. Additionally, the Agency is utilizing new categorical exclusions for limited timber harvest to address small areas needing vegetation treatment and salvage. These new categorical exclusions facilitate scientifically sound, efficient, and timely planning and decision making for the treatment of vegetation, including hazardous fuels.

The counterpart regulations developed as part of HFI enhance the efficiency and effectiveness of the Endangered Species Act (ESA), Section 7 consultation process by providing an optional alternative to the procedures when the Forest Service determines a project is “not likely to adversely affect” any listed species or designated critical habitat. After analysis by qualified biologists, Forest Service line officers will be able to certify that projects meet the ESA regulations and requirements without an additional concurrence from the U.S. Fish and Wildlife Service.

Another useful tool is the Stewardship Contracting authority. These contracts allow private companies, communities and others to retain forest and rangeland products in exchange for the service of thinning trees and brush and removing dead wood. Long-term contracts foster a public/private partnership to restore forest and rangeland health by giving those who undertake the contract the ability to invest in equipment and infrastructure.

The Healthy Forests Restoration Act authorities promise to expedite environmental analysis and decision making for hazardous fuels reduction and treatment of insects and disease in certain areas.

We do not anticipate any issues that will prevent us from treating these acres.

Question. How many more stewardship contracts does the Agency plan to do in 2004 compared to 2003?

Answer. Currently, 7 contracts have been awarded in fiscal year 2004. We may award over 60 contracts and agreements in fiscal year 2004. We awarded 49 stew-

ardship contracts in fiscal year 2003, so the planned increase in fiscal year 2004 over fiscal year 2003 is 11 contracts and agreements.

Question. How many more acres can be treated for hazardous fuels as a result of all these new authorities?

Answer. For 2005, we plan to treat 200,000 more acres than we anticipate accomplishing in 2004. These new authorities will add flexibility to our ability to increase our acre accomplishments, particularly with mechanical treatments.

Question. How many salvage harvest and hazardous fuels reductions projects used Categorical Exclusions in 2003?

Answer. A query of the National Fire Plan Operations and Reporting System (NFPORS) database shows that 157 hazardous fuels reduction projects were categorically excluded in calendar year 2003.

A query of the Agency's Timber Information Manager (TIM) database yields a conservative estimate of 140 categorically excluded salvage harvests in 2003. While the database allows for identification of categorically excluded harvests, salvage harvests can only be identified where the term is used in the project name.

Question. How many more projects does the Agency expect to use these on in 2004?

Answer. A query of the National Fire Plan Operations and Reporting System (NFPORS) database shows that 442 hazardous fuels reduction projects are planned for calendar year 2004, using a categorical exclusion.

Salvage harvests normally occur on an opportunity basis. As such, providing a planned figure would be speculative. While the level of salvage harvest activity will be dependant on events such as fire, blowdown, insects, and disease, there is a likelihood of increased usage of the salvage categorical exclusion to improve planning efficiency and make more timely decisions concerning salvage harvests.

Question. The Forest Service has received a clean audit opinion for fiscal year 2003. After years of not having the books in order, the Agency has received a clean opinion of your financial statements for the last 2 years.

Has the Agency put in place the necessary accounting systems to ensure that the Agency will continue to receive clean opinions in the future?

Answer. The Foundation Financial Information System (FFIS) implemented in fiscal year 2000 has enabled the Forest Service to facilitate Federal accountability requirements by complying with the United States Standard General Ledger (SGL). FFIS is also compliant with current system and reporting requirements, as well as, Federal budget and accounting standards. FFIS also provides the capability to produce periodic reports that display budgetary and actual financial results, as well as, meet other financial and reporting requirements.

Since implementation of the Foundation Financial Information System (FFIS), we have had significant improvement over financial management and accountability of our funds. However, in addition to implementing a new financial management system, we also made policy and/or procedural changes. For the past several years we have made improvements in our business processes to ensure the results of our operations are properly recorded for all funds. These policies also help improve our internal controls in the field offices, as well as, in the headquarter office.

The Department of Agriculture is leading efforts with the elimination of feeder systems and in some cases replacing them with more technologically advanced systems.

Question. The Chief recently sent out a memo to the field discussing the need to update the Agency's financial management systems. What needs to be done in order to update these systems?

Answer. The memos recently issued by the Chief addressed the need to reengineer our financial management organization. Reengineering our financial management organization is part of the ongoing effort to stabilize financial management which includes leveraging the use of current technology within our Agency.

Question. How much will these new systems cost?

Answer. At this time, information is not available to compute the cost of the changes.

Question. The Forest Service is still on the GAO's list of agencies at high risk of waste, fraud and abuse even though it received a clean audit opinion.

What further steps must be taken in order for the Agency to get taken off of the GAO list?

Answer. The Forest Service is in the process of implementing changes in processes, procedures, and systems to ensure that we are not a high risk Agency. We are developing and clarifying accounting policies that can be used by our financial and program management staffs. These policies will improve our internal and administrative controls. We are also in the process of resolving material weaknesses cited as a result of the audits. A few of the fiscal year 2002 material weaknesses

were resolved or disclosed as reportable conditions, which indicates improvement. Also we went from six material weaknesses in fiscal year 2002 to four in 2003 which is a result of on-going assessments and modifications to our processes and procedures. The Department of Agriculture is leading efforts with the elimination of feeder systems and in some cases replacing them with more technologically advanced systems. We have begun the process of establishing a centralized financial management organization. In conjunction with the centralization efforts we will also reengineer our business processes. At this time information is not available to compute the cost of changes, such as, the centralization of our financial management organization, which will lower our risk. We are in the early stages of this process. The cost of implementing new systems is part of the Department's assessment.

According to the proposed budget, the Agency has a backlog of deferred maintenance of over \$5 billion. But the 2005 budget proposes to cut \$54 million from the Capital Improvement and Maintenance account.

Question. Why is the Agency cutting this account when the backlog of maintenance needs is so high?

Answer. Given the reduction in deferred maintenance, the Agency will continue to focus on addressing the deferred maintenance backlog and addressing critical safety needs. Moreover, despite the decrease in Capital Improvement, facilities, roads, and trail maintenance funding is virtually level and the President's Budget proposes \$10 million in funding above the 2004 request to address the deferred maintenance backlog.

Question. How is the Agency planning to address this enormous backlog of deferred maintenance?

Answer. Forests are completing their facility master planning which will identify unneeded and underutilized facilities. We are actively reducing unneeded or underutilized roads, trails and facilities. As one example, over the past 5 years we have decommissioned over 10 times the more roads than we have constructed under decommissioning authorities provided by Congress. We are focusing our capital investment funds on those projects where critical health and safety items exist and on deferred maintenance projects. We are utilizing the "pilot" facility conveyance language that the Agency has had in fiscal years 2002, 2003, and 2004 to sell excess administrative sites and use the proceeds to reduce deferred maintenance or consolidate operations into a new facility which will save outyear operation and maintenance funds.

Question. In the fiscal year 2004 Interior Appropriations bill language was included dealing with post-fire rehabilitation and salvage issues on the Kootenai and the Flathead National Forests. The intent of this language was to speed up the environmental review process so that these areas could be rehabilitated before invasive weeds took over and we could provide some critically needed timber to local Montana mills.

Please explain how the implementation of this critical legislation is proceeding?

Answer. The Flathead National Forest is proceeding quite well due to the legislation, Flathead Forest Supervisor leadership, and the dedication of many Forest Service team employees. The Draft Environmental Impact Statement (EIS) for the Robert/Wedge Fires will be released in June 2004, with a final EIS anticipated by October 2004. Per the legislation, only one action alternative is being analyzed. Offer of salvage volume is planned in October-December 2004.

Implementation of the legislation for the Kootenai National Forest is delayed because 15 planned sales for about 17 million board feet are currently suspended due to a court order that has not been resolved.

Both Forests have met all the requirements of the legislation.

Question. How much quicker will the Forest Service be able to start on-the-ground salvage and rehabilitation projects as a result of this authority?

Answer. Projects that require an environmental impact statement can take from 1½ to over 2 years to complete. However, because of Flathead National Forest leadership, the Flathead project will only take about 10 months to complete. At least 2 weeks of time were saved by analyzing only one action alternative, and an unknown amount of time was saved as a result of omitting total maximum daily load process, per the legislation.

The Forest Service fiscal year 2005 budget request proposes to eliminate the Economic Action Program which received \$25.6 million this year. Through projects like Fuels for Schools, the Forest Service has helped to create markets to utilize the smaller diameter material that is the major component of fuels reduction projects.

Question. Isn't funding new commercial uses for small diameter material crucial to reducing fuel loads on our nation's forests?

Answer. In the Forest Service's Strategic Plan for fiscal years 2004-2008, we are emphasizing the use of hazardous fuels reduction by-products. This will involve ef-

forts to support relatively new or emerging product markets such as bio-based fuels in addition to expanding the use of wood in traditional markets. We will work in collaboration with Federal, State, tribal, and local government and with the private sector to adopt effective solutions to this issue. Developing these partnerships at the local level to address local variations in the issue is particularly important.

We will also strive to keep timber sales economical for the existing infrastructure, so that it can be maintained. In addition, we will emphasize the use of service contracts and stewardship contracting to support new and existing markets and accomplish our restoration objectives.

Question. Isn't the Economic Action Program, which requires a local match, an effective way for the Federal Government to help spur the development of these new uses and markets?

Answer. Some EAP grants may be effective; however, they duplicate other USDA programs.

Question. What do the Agency's fire models predict for this year's fire season in the West?

Answer. Fire season 2004 has all the indicators of being very active, particularly in the western states. Although experiencing a normal amount of snow pack this year, that along with associated rainfall have not been significant enough to break the drought. The persistence of this drought, exacerbated by record rates of snow melt, will continue to plague much of the west and subject many areas to above normal fire danger. One example would be north-central Montana where a record setting driest October-March period was recorded. Currently many states are experiencing record high temperatures which promote fuels reaching critical levels at early dates. Longer-term forecasts call for no significant improvement in terms of temperature relief or increased precipitation.

Dry conditions also are evident in parts of the south and will continue to experience high to extreme fire dangers until seasonal rainfall is established, hopefully by July 4th.

Even normal, seasonal drying will produce conditions which have the potential to produce an active season in the west and one which could be equal to the one experienced in fiscal year 2003.

Question. Nationally, does the Agency expect a fire season in 2004 that was as bad as last year?

Answer. While difficult to predict, the 2004 fire season could be equal to the one experienced in fiscal year 2003.

The Committee is concerned about the large cut (17.5 percent) that is proposed in the budget for the Forest Health program in State and Private forestry. This program helps to monitor and treat millions of acres of state, Federal, and private lands for insects and diseases.

Question. During the terrible fires we had last summer in Montana, a letter was sent from the Chairman of the Interior Appropriations Subcommittee asking for additional resources to help with rehabilitation and salvage work. The Chief responded by committing to make these resources available so that this work could get done and we could help the small mills in Montana.

What additional resources did you provide to Montana?

Answer. The Northern Region (Region 1) received \$3 million to fund emergency timber salvage needs across the Region. The Flathead National Forest was allocated \$850,000 to immediately begin NEPA work on the Wedge Canyon, Robert and Westside fires areas. An additional \$800,000 is anticipated for fiscal year 2004 preparation work. Over \$1.5 million was also allocated to other national forests in Region 1 for work that will be accomplished using categorical exclusions, primarily for fire and bark beetle salvage.

Region 1 also received \$1,922,000 in fiscal year 2004 for restoration and rehabilitation work. Reforestation, road restoration and noxious weed treatments are the primary projects funded.

Question. What additional timber volumes was the Agency able to provide to the mills by using these extra resources?

Answer. About 100 million board feet in salvage volume is anticipated from the Flathead National Forest projects, to be offered in the first quarter of fiscal year 2005. About 12 million board feet is being offered in fiscal year 2004 using categorical exclusions.

Question. The Committee is concerned about the large cut (17.5 percent) that is proposed in the budget for the Forest Health program in State and Private forestry. This program helps to monitor and treat millions of acres of State, Federal, and private lands for insects and diseases.

How many fewer acres will be treated as a result of these cuts?

Answer. We estimate about 270,000 acres. However, many of these acres would be offset and long-term risk mitigated though the \$10 million proposed for the emerging pests and pathogens.

Question. How many acres nationally need treatment for insects and disease?

Answer. Nationally there are millions of acres that need suppression, prevention and/or restoration treatment to reduce the risk of an insect or disease outbreaks or restore the forest after such outbreaks. That number would require vastly more sums of money to treat than are available, so prioritization of treatment is paramount. Areas at special risk include several southern and western states with increasing incidences of southern pine beetle and western bark beetle attacks, urban and community forests in the Lake States threatened by the invasive emerald ash borer, areas of California and Oregon where sudden oak death has been introduced, and eastern states with hemlock wooly adelgid attacking eastern hemlock.

Question. How will these cuts impact the Forest Service's response to the increased threat of sudden oak death syndrome to eastern oak forests?

Answer. In fiscal year 2004, the Forest Service allocated \$1.7 million for survey and management activities related to sudden oak death (SOD). Recently, we allocated an additional \$1 million to survey and sample forestlands threatened by spread of SOD through infected nursery stock, much of which has proved untraceable. The Forest Service has pledged to help our partners find and eradicate incipient infestations, and protect the eastern hardwood forests, to the degree funding allows.

Question. How many acres are in the greatest need of fuels reduction treatments?

Answer. The Forest Service's Cohesive Strategy published in October 2000 identified some 73 million acres of National Forest lands that are in fire regime 1 and 2, condition class 2 and 3, at high risk of wildland fire, and in greatest need for fuel reduction treatments.

Question. How many acres does the Agency plan to treat in 2005 compared to 2004?

Answer. The Agency plans to treat 1.6 million acres in fiscal year 2004 and 1.8 million acres in fiscal year 2005.

Question. Please outline the various programs besides fuels reduction that also further the goals of the Healthy Forests Act and reduce fuels in our forests?

Answer. The fuels reduction program is integrated with other programs that support wildlife habitat improvements, watershed enhancements, vegetation management, timber harvest, and forest health management, and research. Some of the budget line items within the National Forest System appropriation include; Wildlife and Fisheries Habitat Management, Forest Products, Vegetation and Watershed Management, and Hazardous Fuels. Budget line items within the State and Private Forestry appropriation include; Forest Health Management—Federal Lands, and State Fire Assistance. Some of our Permanent Appropriations and Trust Funds include; Timber Salvage Sales, and Cooperative Work—Knutson-Vandenberg. A portion of our Research appropriation also contributes to the goals of the Healthy Forests Restoration Act.

Some of the new tools now available include the new categorical exclusions provided through the Healthy Forest Initiative that focus on hazardous fuels reduction and post-fire rehabilitation, and the limited timber harvest categorical exclusions that include the thinning of overstocked stands of timber, salvage of dead or dying trees, and harvest of trees to control insect and disease. The stewardship contracting authorities are also being used to meet the intent of the Healthy Forests Initiative and reduce fuels. Planning and implementation of timber sales is being focused in areas where fuel reduction needs are greatest. To accomplish fuel reduction with stewardship contracts, the fuels treatments will be done through trading goods for services.

Question. Please explain the rationale for the administration's proposal to move the funding for hazardous fuels reduction from the Fire account to the National Forest System account?

Answer. The proposal is consistent with the President's Healthy Forest Initiative and the Healthy Forest Restoration Act. It enhances consideration of the effects of all vegetative management treatments upon the condition class of NFS resources. The proposal will allow managers to consider in a quantifiable, systematic manner the relative costs and benefits of proposed projects upon wildfire risk reduction and other land resources management objectives. The proposal also will allow the agency the ability to prioritize fuels reduction projects along with other NFS programs if it becomes necessary to transfer funds to Wildland Fire Suppression during severe wildfire seasons. This discretion is not currently available.

Question. Why is this transfer necessary?

Answer. The proposal enhances consideration of the effects of all vegetative management treatments upon the condition class of NFS resources. The proposal will allow managers to consider in a quantifiable, systematic manner the relative costs and benefits of proposed projects upon wildfire risk reduction and other land resources management objectives.

Question. On March 23, 2004, the Department of Agriculture, Department of the Interior, and Department of Commerce signed an agreement to implement new regulations that will expedite fuels reduction and other forest health projects while ensuring the protection of threatened and endangered species. The Forest Service and BLM are preparing a Northern Rockies Lynx FEIS and ROD to amend the Forest plans of 18 Forests in Montana, Idaho, Wyoming, and Utah.

How will the Agency measure the success of the new regulations to expedite forest health projects?

Answer. The Forest Service tracks hazardous fuels reduction accomplishments through an inter-agency National Fire Plan Operations and Reporting System database (NFPORS). Through this database, the Agency can review planned and realized hazardous fuels reduction accomplishments. In addition, the Chief's office will be conducting fuels program reviews, which will provide an additional feedback mechanism for monitoring the efficacy of the Agency's new authorities and tools.

Question. How will the Northern Rockies Lynx Amendment FEIS and ROD reduce the "analysis paralysis" for projects other than hazardous fuel treatment?

Answer. The comment period for the Northern Rockies Lynx Amendment Draft Environmental Impact Statement (EIS) closed April 15, 2004. We are evaluating those comments to determine what, if any, changes are needed in the Final EIS, including the need to modify the preferred alternative. Therefore it is somewhat premature to answer this question.

Question. Will the new lynx amendment allow the Forest Service to provide adequate snowmobile play areas or groomed trails to offset the reduction or worse, the loss of snowmobile use in Yellowstone National Park?

Answer. The management direction only applies to lynx habitat on National Forest and Bureau of Land Management system lands, and only applies to routes or areas that are designated for over-the-snow recreation. Routes or areas designated for over-the-snow recreation are those areas under permit or included in winter recreation maps/brochures where we encourage use.

The comment period for the Northern Rockies Lynx Amendment Draft Environmental Impact Statement (EIS) closed April 15, 2004. We are evaluating those comments to determine what, if any, changes are needed in the Final EIS, including the need to modify the preferred alternative. Therefore it is somewhat premature to answer this question.

The alternatives considered in the Draft EIS have varying abilities to accommodate increased levels of snowmobile use. Alternative B essentially maintains the status quo. Alternatives C, D, and E allow some level of increased use. The Draft EIS did not include a detailed analysis regarding the amount of surplus capacity available on National Forest System lands that would be available under each alternative to absorb use from Yellowstone National Park, should they limit snowmobile use there.

Question. The Forest Service recently acquired 25 surplus COBRA helicopters from the Army surplus yard at Ft. Drum, NY. Two of those COBRA's have been outfitted by the Forest Service with state of the art electro-optical/infrared (EO/IR) sensors which significantly enhance the operator's ability to see in obscure or reduced visibility situations, which is often present in fire fighting situation. Many Federal law enforcement and military services are already using this technology.

The Committee understands that for the Forest Service this EO/IR technology may have the capability to accurately determine the position of hotspots and fire lines and pass the precise GPS coordinates to ground crew in real time; track the progress of ground crews and assess dangerous developing situations; and with this technology fire fighters can more effectively direct aerial tanker assets.

Could you provide the Committee an update on where the two EO/IR systems are currently being deployed?

Answer. The first Cobra EO/IR system has recently been completed with the assistance of USFS Region 5 (California) as the program's initial administrator. The Cobra is currently in Redding, California and is scheduled to become available for fire assignments on May 24, 2004 (the historical average start of the California fire season). This Cobra could be mobilized earlier if other geographic areas request it.

A second Cobra EO/IR system is currently being converted at Ft. Drum, NY and should be ready for delivery by mid-June 2004. It will then be relocated to Grass Valley, California and activated shortly thereafter.

Question. Who ultimately determines when and how those two COBRA units will be used for aerial fire surveillance, tactical fire fighting missions, possibly search and research, or any other purposes?

Answer. These assets are considered national resources and can be mobilized at anytime by a number of mechanisms. The host Geographic Area Coordination Center (GACC) or Multi-agency Coordinating Group (MAC Group) is responsible for assigning appropriate resources to any outstanding order they receive. When there is serious competition for resources in multiple geographic areas, the National Inter-agency Coordination Center (NICC) or the National MAC Group (NMAC) will determine priorities and may reassign any “national resource.”

The crew of the aircraft will be directed to a delivery point or incident and coordinate with a dispatch center, line officer or incident personnel as to how they will be utilized. The crew will advise those requesting assistance of their ability to accomplish specific missions in an effective and safe manner.

Question. The Forest Service maintains an admirable record of controlling over 90 percent of the fires which present themselves on Federal lands, but those outbreaks which do develop into Type I (major) fires are extremely costly and disruptive to the Forest Service budget. Could you provide a breakdown of the cost of controlling/containing Type I fires compared to other smaller fires in fiscal year 2003–2004?

Answer:

Fire Class & Size	Fiscal year 2003	Percent	Fiscal year 2004 ¹	Percent
Small (A, B, C, & D class .25 to 299.9 acres)	\$100,600,626	7.9	\$20,802,427	4.3
Large (E, F, & G 300–5,000+ acres)	1,170,224,295	92.1	460,873,744	95.7
Total	1,270,824,921	481,676,170

¹ Fiscal year 2004 costs incurred from 10/1/2003 through 4/29/2004.

Question. Could you provide a table delineating the major cost items, such as man-power, fuels, leased equipment, retardant, etc. for Type I fires in fiscal year 2003–2004?

Answer. Our ability to break down major cost items is limited to the Budget Object Class information contained in the accounting system. So, for example we can break information into personnel costs, travel, supplies and equipment, and contracts, but we cannot separately identify retardant or fuels expense. We were unable to compile the requested detail by the due date.

Question. If the fire situation in the west worsens this year, does the Forest Service have the capability to rapidly convert additional COBRA units with EO/IR sensing equipment from within available funds?

Answer. There are no plans nor designated funds currently budgeted to expand the program beyond the two cobras that have been identified.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question. I am pleased to see that the Forest Service proposes an increase of \$63.8 million above fiscal year 2004 for hazardous fuel reduction near and around the WUI, which includes \$1.29 million for Alaska. However, these funds will only provide treatment on 361 acres on the Chugach National Forest. Over 200,000 acres of untreated hazardous fuels within the WUI still remain on the Kenai Peninsula. The Kenai Peninsula has been devastated by the spruce beetle—almost 4 million acres of forests were infested and killed by the spruce beetle. This negatively impacts wildlife habitat, fisheries, and watersheds, and contributes to the fire hazards in the area. Given these statistics, why is the Forest Service proposing treatment on only 361 acres?

Answer. The Forest Service proposes to treat 361 WUI acres in fiscal year 2004 on the Chugach, financed out of Wildland Fire Hazardous Fuels (WFHF) funds, because those acres were identified as the priority for the Alaska region, and are at high risk for wildland fire. The Forest Service also allocated WFHF funds to the Alaska Division of Forestry to treat 110 acres on state lands adjacent to Federal lands in high risk areas on the Kenai. The Forest Service has allocated non-WFHF funds to treat 325 WUI acres of hazardous fuels on the Kenai. Thus, the total number of acres to be treated on Forest Service and state & private lands on the Kenai Peninsula, using Hazardous Fuels and other Forest Service funds, is 796 acres. Additional funds have been allocated for treatment of hazardous fuels on the Kenai Peninsula via State Fire Assistance, National Fire Plan and congressional earmarks.

The acres at risk in the WUI on the Kenai Peninsula are primarily located on State or private land. Congressional earmark funds have been directed to the Kenai Peninsula for several years to treat this hazardous fuel. In 2002, \$6 million was allocated to State, Tribal, or local entities for treatment of hazardous fuels on State or private lands on the Kenai; in 2003, the Forest Service also allocated \$5.4 million for the Kenai, and in 2004, \$5.9 million was set aside for this purpose.

A Collaborative Forest, Wildfire and Fuels Treatment Program—Coordinating Committee has been established, representing major land owners on the Kenai Peninsula, to help plan and prioritize hazardous fuel treatment projects to insure that funds expended by State, Tribal, or municipal authorities achieve maximum benefits for community fire protection and are spent in accordance with Congressional intent. A 5-year fire prevention & protection, forest health, restoration & rehabilitation and community assistance action plan has been developed and will be implemented under the direction of the coordinating committee. The action plan is titled the “Interagency All Lands/All Hands 5-Year Action Plan (2004–2008)”.

Question. I am extremely concerned that the Forest Service’s budget proposes only \$4.64 million for the State & Private Forestry account in Alaska, a \$3.39 million decrease in funding. This program provides grants to communities for land-use treatments on private lands to protect communities from wildfires, which is very important to communities in Alaska that are surrounded by Federal lands. Given the President’s focus on maintaining healthy forests, why did the Forest Service decrease funding?

Answer. The amount of funds going to Alaska in fiscal year 2005, as shown in the budget justification, is a very rough estimate. The allocation has not yet been determined with any degree of precision. Forest Health funds will depend on conditions that are not yet known. Cooperative fire, forest stewardship, and urban forestry funds vary with the amount of funding—to the degree that funding is higher or lower, Alaska’s share will be higher or lower. Forest legacy funds are project-specific; the President’s budget includes \$1,000,000 for the Agulowak River project, plus a yet-to-be-determined amount for program administration.

Question. Another program important to my state is the Economic Action Program. This program develops partnerships with the state and communities to improve management and protection of forest products and maintaining forest health to achieve long term goals for sustainable development. It has provided grants to 17 communities near the Chugach and Tongass National Forests totaling more than \$2 million. Despite the critical importance of these grants to forest dependent communities in Alaska, the Forest Service eliminated funding for this program. Why was funding eliminated?

Answer. The President’s Budget focuses on USDA’s rural development programs and in other Forest Service Programs that both directly and indirectly assist communities. Forest Service programs that benefit communities include forest health management, state and volunteer fire assistance, forest stewardship, urban and community forestry, and the hazardous fuels reduction program.

For those places that already have adequate community capacity to compete for loans and grants, USDA’s Rural Development programs can address the needs via the following programs:

- Business and Industry guaranteed loans.*—Provides up to 90 percent guarantee of a loan made by a commercial lender for agricultural enterprises. The business applying for the loan must already have strong equity and collateral.
- Rural Business Enterprise Grants.*—Provides grants to public institutions to assist agricultural business. Grants do not go directly to businesses.
- Intermediary Re-lending Program.*—Provides grants for intermediaries to re-lend through an adequately secured loan for new agricultural businesses, and expansion of those existing businesses unable to obtain a conventional loan.
- Rural Business Opportunity Grants.*—Promotes sustainable economic development in rural communities with exceptional needs such as natural disasters, structural changes, and persistent poverty or population decline. Provides grants for economic planning, business assistance, and training to obtain specific USDA-RD program funding.
- Cooperative Development Grants.*—Grants are available for cooperative development to establish and operate centers for cooperative development.

Question. The 2002 Farm Bill authorized \$100 million over 5 years for the Forest Land Enhancement Program to provide financial and technical assistance through State Foresters to landowners to implement land enhancement practices. These improve the productivity and health of non-industrial private forest land. In Alaska, over \$800,000 was used for reforestation efforts. The Forest Service’s budget proposes eliminating this program by reprogramming \$40 million to other high priority programs. What will the Forest Service do with those funds?

Answer. FLEP activities qualify for other Forest Service, Federal, or State conservation program support. As of 2004, USDA alone administered 23 programs that give agricultural land users financial incentives to apply conservation measures to their farms, ranches, and forests. These programs are included in the following table:

USDA Bureau	Program	Resource conservation issues
FSA	Emergency Conservation Program	Land damaged by wind erosion and other disasters, including drought.
FSA	Soil and Water Conservation Loan Program.	Conserve, improve, and sustain natural resources and environment.
FSA	Conservation Reserve Program	Wildlife habitat. Tree planting. Enhance forest and wetland resources.
FSA	Conservation Reserve Enhancement Program.	Improves water quality by establishing vegetative buffers, including trees.
FSA	Farm Debt Cancellation—Conservation Easements Program.	Environmentally sensitive lands for conservation, recreation, and wildlife purposes.
FSA	Integrated Farm Management Option	Conserving soil, water, and related resources, including forests.
FS	Forest Legacy Program	Conservation easements for forests threatened with conversion to non-forest uses.
NRCS	Colorado River Basin Salinity Control Program.	Conservation practices that reduce salt levels in the Colorado River.
NRCS	Rural Clean Water Program	Rural non-point source pollution control.
NRCS	Small Watershed Program	Improve water quality in small watersheds.
NRCS	Emergency Wetland Reserve Program	Restore wetlands function.
NRCS	Water Bank Program	Conserve water and wildlife habitat.
NRCS	Wetlands Reserve Program	Range land, pasture, or production forest land where the hydrology has been significantly degraded and can be restored.
NRCS	Agricultural Management Assistance	Plant trees for windbreaks. Integrated pest management.
NRCS	Conservation Innovation Grants	Water. Soil. Air. Grazing Land and forest health. Wildlife habitat.
NRCS	Conservation Security Program	Maintain and enhance the condition of natural resources, including forests.
NRCS	Emergency Watershed Protection	Watershed protection.
NRCS	Environmental Quality Incentive Program.	Prescribed burning. Planting. Fencing. Riparian forest buffers. Firebreaks. Forest site preparation. Tree/shrub enhancement. Forest trail and landings. Forest stand improvement.
NRCS	Watershed Protection and Flood Prevention.	Water needs for fish, wildlife, and forest-based industries.
NRCS	Farm and Ranch Lands Protection Program.	Conservation easements.
NRCS	Grasslands Reserve Program	Conservation easements.

The General Accounting Office, in its report entitled *Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds* (GAO-03-922T June 18, 2003), stated:

“Policymakers and managers need to look at ways to improve the economy, efficiency and effectiveness of Federal programs and specific tax expenditures. Even where we agree on the goals of programs, numerous opportunities exist to streamline, target and consolidate to improve their delivery. This means looking at program consolidation, at overlap and at fragmentation.”

In addition to the 23 other conservation incentive programs within USDA alone, the fiscal year 2005 President’s Budget includes \$129.5 million for the Department of the Interior’s Cooperative Conservation Initiative. That amount is a 25 percent increase over fiscal year 2004. Because FLEP is duplicative of services provided by

other programs of USDA and DOI and countless other programs of other Federal agencies, States or non-government organizations, the proposal is fully consistent with GAO's suggestion.

Question. The Forest Service also eliminated \$5 million in additional funding to prepare timber sales in Alaska. These funds are used to prepare environmental assessments and impact statements necessary to ensure a stable supply of timber available for harvesting while maintaining the multiple use mandate of the Forest Service. Under the Forest Service budget, how much funding will be allocated to Alaska's timber program in fiscal year 2005?

Answer. The estimated allocation to the Alaska Region is \$25.5 million. The final allocations to the Region will be based Agency's total final enacted budget.

Question. Alaska currently has a backlog on road maintenance projects. It is estimated that an additional \$5.6 million is needed to address this situation. What portion of the Forest Service's road maintenance budget will be allocated to Alaska?

Answer. Road maintenance is not broken out from capital improvements by region in the Roads budget line item. The final allocation of the Roads, Capital Improvement and Maintenance appropriation will be based on the Agency's total final enacted budget.

SUBCOMMITTEE RECESS

SENATOR BURNS. Thank you all very much. The subcommittee will stand in recess to reconvene at 9:30 a.m., Thursday, March 25, in room SD-124. At that time we will hear testimony from the Honorable Gale A. Norton, Secretary, Department of the Interior.

[Whereupon, at 10:29 a.m., Thursday, March 11, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, March 25.]