Mr. Chairman, Senator Dorgan, and members of the Subcommittee, thank you for the opportunity to discuss the President’s Fiscal Year 2004 Budget for the Forest Service. I am accompanied by Hank Kashdan, Director of Program and Budget Analysis for the Forest Service. It is a great privilege to be here today.

Before discussing my testimony in detail, let me first thank you Mr. Chairman for your support of the Forest Service and your focus on management of the nation’s natural resources. The Committee’s support of expanded authority for stewardship contracting as contained in the Fiscal Year 2003 Appropriation’s Act, exemplifies this focus. And Senator Dorgan, let me start by congratulating you on assuming the ranking member position on the Subcommittee. I look forward to working with you in this important role.

Overview

Teddy Roosevelt’s rich legacy includes the Forest Service, and he once observed that people should make few promises and then keep them. Our agency, which will celebrate its 99th anniversary during the 2004 budget year, has made more than a few promises. I am often asked about my vision for the Forest Service. The Forest Service must be viewed as the world’s leader in natural resource management by living up to commitments, efficiently using and accounting
for the taxpayer funds that are entrusted to us, and treating people with respect. My vision as we approach the centennial is to heed TR’s advice. We are an agency that keeps its promises.

The fiscal year 2004 President’s budget request for the Forest Service is $4.8 billion, $119 million greater than the FY 2003 Enacted Budget. The FY 2004 Budget provides funding to reduce the risk of wildland fire to communities and the environment by implementing the President’s Healthy Forests Initiative. In addition, it provides funds to enhance the ability of the Forest Service to meet multiple demands. The major departure from fiscal year 2003 is an increase of $187 million for wildland fire suppression and additional increases in funds for forest and rangeland research, forest stewardship, forest legacy, range management, and hazardous fuels reduction.

This past August the President announced the Healthy Forests Initiative in order to help reduce the risks of catastrophic wildfires to communities and the environment. The fiscal year 2004 budget proposal contains a combination of legislative and funding priorities the President feels are necessary to address this need, as signaled in his State of the Union message. The Healthy Forests Initiative builds on the fundamentals of multiple use management principles that have guided the Forest Service since its formation. These principles embody a balance of conservation and balanced approach to the use of natural resources that are valid today in working with local communities, States, Tribes, and other Federal agencies.

**Accountability**

In my testimony today I want to discuss in detail how the President’s fiscal year 2004 budget and accompanying legislative initiatives will improve the health of our forests and rangelands, but first let me focus on the agency’s effort to improve its financial accountability.

When I began my career, the Forest Service was viewed as a model federal agency, accomplishing our mission for the American people. I am pleased to share with you today a stride that takes us closer to the reputation of a generation ago. Through the extraordinary efforts of our employees across the nation, we and our USDA counterparts have achieved an unqualified audit opinion for 2002. This is an important step in a continuing effort to fulfill promises previous Chiefs and I have made to get the Forest Service financial house in order. To progress from no opinion to a clean opinion in just one year is unprecedented. This unqualified audit opinion sets the basis for our next steps, which include additional financial reforms to efficiently consolidate financial management personnel; improve the effectiveness of the financial management system as part of the funds control and budget execution process; and improve the quality of account reconciliation. It will take as much work to keep that clean financial opinion as it did to earn it. But, this important accomplishment of a clean audit opinion demonstrates the progress we are making in keeping our word.

**Process Predicament**

When I met with you a year ago, gridlock and analysis paralysis directly affected our ability to deliver on many promises: to protect communities from catastrophic wildfire, to provide a sustainable flow of forest and grassland products, and to sustain the landscapes used and enjoyed
by the American people. These problems still exist, but the Forest Service has taken the initiative to deal with this process predicament within its authority by proposing regulations and policies. I believe we are on the road to success. We proposed a revised planning rule to provide a more readily understood planning process – one that the agency can implement within anticipated budgets. We proposed new processes to simplify documentation under NEPA for management activities that do not significantly affect the environment – small, routine projects that are supported by local communities, such as salvaging dead and dying trees or removing insect infested or diseased trees. We propose to work with you and the American people to keep our promise that these measures are about sustainable land stewardship.

**President’s Management Agenda**

The Forest Service has developed and is implementing a comprehensive strategy to achieve the objectives of the President’s Management Agenda. Today I’ll highlight a few of the significant efforts we’re making to improve Forest Service management and performance. In the competitive sourcing arena, we will conduct public/private competitions on 3,000 full-time equivalent positions during fiscal year 2004, identifying the most efficient, effective way to accomplish work for the American people, as identified in the Agency’s Efficiency Plan which has been submitted to the Administration. Our e-government energies will move beyond web information delivery into four important areas: incident planning and management, recreation services and information, electronic planning record, and the federal and non-federal assistance process. We are instituting critical oversight controls to keep wildfire suppression costs as low as possible while protecting communities and resources and improve our methods of reporting wildland fire suppression expenses. Several streamlining efforts are underway to reduce indirect costs and better examine the role and structure of various Forest Service organizational levels.

An element of the President’s Management Agenda concerning budget and performance initiative, the Program Assessment Rating Tool (PART) analysis provides a standardized set of performance management criteria that provides a consistent evaluation process to identify areas of performance and budget integration they should improve. In FY 2004, the Wildland Fire Management and Capital Improvement and Maintenance programs of the Forest Service were selected to participate in the first round of assessments using the PART. The PART analyses for these programs indicated that funds need to be better targeted within the Wildland Fire Management program while the annual performance measures of Capital Improvement and Maintenance program inadequately linked to ongoing management initiatives aimed at addressing the maintenance backlog.

**Rangeland Management**

The President’s budget provides a $2.6 million increase that supports a significant Forest Service promise – to make progress on completing environmental analysis on national forest rangelands. The funding increase will enhance our capability to manage livestock and support communities where rangelands are an integral part of the economy and way of life.
Forest Service Research

Productive forests and rangelands provide wood and forage, clean water, wildlife habitat, recreation, and many other values. Key to sustained and enhanced productivity is developing and deploying integrated resource management systems based on the best science available. A $2.1 million increase in forest and rangeland research is a valuable addition to our program. Some of the increase will support research and development tools essential to prevent, detect, control, and monitor invasive species and restore impacted ecosystems. Other emphasis includes a pine bark beetle program that looks at new management strategies, better utilization of bark beetle trees, and developing additional treatment options for managers and landowners. Programs to identify new biological control agents and treatment methodology and to develop integrated pest management technology for land managers will also be accelerated. The President’s Budget recognizes the need for research to support the full range of challenges faced by land and resource managers because challenges don’t stop at National Forest System boundaries. Addressing the issues associated with America’s forests and grasslands -- including hazardous fuels, protection of communities from catastrophic wildfire, invasive species, and pathogens -- doesn’t depend upon who owns the ground. Keeping this promise goes beyond the basic and applied science functions of research. We also need to bridge the gap between research findings and results on the ground. The request reflects the importance of technology transfer, internally in the Forest Service and externally through our university and State and Private Forestry program partners.

State and Private Forestry

Through close cooperation with State Foresters and other partners, our State and Private Forestry Program provides assistance to landowners and resource managers to help sustain the Nation’s forests and protect communities and the environment from wildland fire. The President’s budget contains an increase of over $31 million for these programs. While most of the forest health management, cooperative fire protection, and cooperative forestry programs continue at fiscal year 2003 levels, forest stewardship and the forest legacy program reflect an increase. A $34 million increase for forest stewardship supports the objectives of the National Fire Plan, the Healthy Forest Initiative, and the Forestry Title of the 2002 Farm Bill. The increase will strengthen our partnerships through a competitive cost-share program, leveraging the effectiveness of federal funds to reduce hazardous fuels, improve invasive species management, and enhance forest production from state and private lands. This increase will support increased private landowners’ investment in the management of small diameter and underutilized forest products. In the forest legacy program, the President’s budget proposes a $22 million increase to conserve environmentally important private forests through partnerships with States and willing landowners. The budget will support partnerships with up to ten additional States that have not previously participated in the program. We expect total conservation of more than 200,000 acres, benefiting wildlife habitat, water quality, and recreation.

The Next 100 Years for America’s National Forests and Grasslands

Some people and organizations still argue that timber harvest levels represent the greatest threat to the National Forests. However loudly voiced or strongly held these views may be, they are not
accurate for the reality of management of the National Forests in the next 100 years. This year’s budget request supports a program to offer two billion board feet including salvage sales.

The request addresses two key long-term challenges to America’s National Forests and Grasslands: the build up of hazardous fuels and the spread of invasive species that seriously impair ecosystems. In August of last year, the President announced the Healthy Forests Initiative (HFI). Its objectives include streamlining the decision-making process and continuing our long-term commitment of working with communities to achieve a meaningful level of public involvement.

We are committed to our continued partnership with those that use and enjoy America’s National Forests as well as those that value them as part of our nation, no matter where they live. Although we have made progress, we must do more. Last year, the Secretaries of Agriculture and the Interior proposed new legislation to authorize permanent stewardship contracting authority, expedited review, hazardous fuels reduction projects, and address a burdensome administrative appeal process. President Bush reaffirmed his commitment to Healthy Forests during the State of the Union Address. We are committed to working with you as you consider the proposals of the Secretaries.

**Hazardous Fuels**

The presence of large amounts of hazardous fuels poses a tremendous threat to people and to public and private natural resources. The Budget increases emphasis on protecting communities and property from the effects of these combustible fuels – catastrophic wildfire. The budget supports the 10-year Comprehensive Strategy and Implementation Plan, developed in close collaboration with governors, communities, and the Department of the Interior. Through performance goals contained in the implementation plan, we will implement hazardous fuels reduction projects, improve fire suppression planning, expand forest product utilization, protect lands from fire related spreads of invasive species, and undertake key fire research.

The budget contains an increase of nearly $187 million for fire suppression. Wildland fire suppression costs are increasing and are having significant impact upon a wide number of Forest Service programs. The cost increases are due a number of reasons, including costs associated with national mobilization, wildland fire suppression in areas of high hazardous fuel loads, large aircraft and helicopter operations, and the increasing complexity of suppression in the wildland-urban interface. To address these increasing costs, the Budget proposes that the Forest Service and the Department of Interior (DOI): review the cost-effectiveness of large fire aviation resources; establish a review team to evaluate and develop cost containment strategies; and revise procedures to improve reporting of fire suppression spending. Together with other actions, this should enable the Forest Service to significantly improve our ability to fight wildfires without the major impacts to other programs we experienced during last year’s fire fund transfers. Last year we kept our promise by aggressively fighting wildfire – long after funds appropriated specifically for fire suppression were gone – and catching more than 99 percent of fires the way they all start, small. The request includes a renewed emphasis on up-to-date fire management plans and wildland fire use fires.
Accomplishing performance objectives under the National Fire Plan is also consistent with the President’s Management Agenda. Reducing hazardous fuels, protecting against fire-related invasive species, and targeting adequate resources to suppress wildfire promotes improved health of Federal, State, Tribal, and local lands as well as enhancing the economies of natural resource based communities. I again urge all of us – cooperators and skeptics – to keep a focus on what we leave on the land, not what we take from it. Effective, integrated hazardous fuels reduction can leave us with clean, healthy water, improved wildlife habitat, and more satisfying recreation experiences.

Invasives

Invasive species, especially weeds, pose a tremendous threat to forests and grasslands. Whether kudzu or leafy spurge or knapweed or oriental bittersweet vine, these unwanted invasives take hold and outcompete native species, changing the look and structure of entire ecosystems. Our response to these threats needs to embrace an integrated approach. In the coming year we will improve integration of efforts among the National Forest System, Research, and State and Private Forestry, and other USDA agencies.

Legislative Proposals

The FY 2004 Budget contains several legislative proposals that significantly advance common sense forest health efforts that prevent the damage caused by catastrophic wildfires and move past “process gridlock” to improve agency land management efficiency. Four proposals, in particular, promote the President’s Healthy Forests Initiative by reducing hazardous fuels; permanently authorizing stewardship end results contracting; repealing the Appeals Reform Act; and revising standards of judicial review in decisions that relate to activities necessary to restore fire-adapted forest and rangeland ecosystems.

Hazardous Fuels

As mentioned earlier, the Secretaries of Agriculture and the Interior proposed legislation that authorizes emergency fuels reduction projects in priority areas of federal forests outside wilderness areas. This will allow timely treatment of forests at risk of catastrophic fire and those that pose the greatest risk to people, communities, and the environment. Our top priorities will include the wildland-urban interface, municipal watersheds, areas affected by disease, insect activity, windthrow, and areas subject to catastrophic reburn. We would select projects through collaborative processes, consistent with the 10-Year Comprehensive Strategy and Implementation Plan.

Fundamental to better implementation of core components of the National Fire Plan’s 10-Year Comprehensive Strategy is the outstanding cooperation that exists between the Forest Service, Department of the Interior, State governments, counties, and communities in the collaborative targeting of hazardous fuels projects to assure the highest priority areas with the greatest concentration of fuels are treated.
Stewardship End Result Contracting

Section 323 of the Omnibus Appropriations Act for FY 2003, authorizes the Forest Service and the Bureau of Land Management to undertake, for a period of 10 years “stewardship end results contracting projects.” The Administration had requested this extended authority last year in the President’s Healthy Forest Initiative. I appreciate the action of the Congress in responding to the President’s request. We expect this tool, which had been available only to the Forest Service on a limited pilot basis, to be used to implement projects that have been developed in collaboration with local communities and which will primarily improve forest or rangeland health, restore and rehabilitate fish and wildlife habitat, and reduce hazardous fuel. Projects will have appropriate NEPA analysis and comply with agency wilderness and roadless policies, the relevant forest plans and appeals regulations.

Repeal the Appeals Reform Act

The Forest Service is subject to procedural requirements that are not required of any other Federal agency. To address this issue, the Secretaries of Agriculture and the Interior will propose legislation to repeal Section 322 of the Department of the Interior and Related Agencies Appropriations Act of 1993 (commonly known as the “Appeals Reform Act,”) that imposed these requirements that I believe limit our ability to work collaboratively with the public.

Standards of Judicial Review

To ensure that courts consider the public interest in avoiding irreparable harm to ecosystems and that the public interest in avoiding the short-term effects of such action is outweighed by the public interest in avoiding long-term harm to such ecosystems, the Secretaries of Agriculture and the Interior will propose legislation to establish revised rules for courts in decisions that relate to activities necessary to restore fire-adapted forest and rangeland ecosystems.

The President’s Budget also includes legislative proposals to:

- Expand or clarify existing partnership authorities,
- Permanently authorize the Recreation Fee Demonstration program,
- Allow for the transfer of Forest Legacy titles to willing State governments,
- Promote watershed restoration and enhancement agreements,
- Authorize a Facilities Acquisition and Enhancement Fund,
- Restore eligibility for State and Private Forestry Programs of the three Pacific island entities in “Compacts of Free Association,” and

Conclusion

We are fulfilling key promises in re-establishing sound management throughout the Forest Service. I want the Forest Service to be an organization people trust and once again point to as
an example of good government. Earning this trust means becoming good stewards of not only public land and natural resources, but of public dollars, of public trust. We know the work is not complete – there are still many opportunities like large fire cost management, integrating information systems, and making organizational changes in administrative support operations – but we’re making good progress.

Traditional functional and program boundaries do not serve us well – they get in the way of our ability to keep our word. I am committed to putting more effort into integrating our programs and becoming better partners with people interested in leveraging our work. The President’s Healthy Forest Initiative exemplifies an integrated approach to problems that affect not just national forests or national grasslands, but America’s forests and America’s rangelands. It is an opportunity for our private land neighbors, for research, for partner agencies, for everyone concerned about America’s forests and grasslands.

Let me reiterate the deep honor I feel in being Chief of the Forest Service in this challenging time and the equally deep sense of obligation I feel to keep our promises to the American people. I enlist your continued support and look forward to working with you toward that end.

I will be happy to answer any questions.