

Statement of
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UNITED STATES DEPARTMENT OF AGRICULTURE
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ENERGY AND NATURAL RESOURCES COMMITTEE
UNITED STATES SENATE

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Concerning

Improving Forest Health and Socioeconomic Opportunities on the Nation's Forest System

Introduction

Madame Chairman and Members of the Committee, thank you for the opportunity to present the views of the U.S. Department of Agriculture regarding improving forest health and opportunities on the National Forest System to increase the pace and scale of forest restoration and management.

Our national forests and grasslands are a national treasure. The health of the national forests and the communities they serve are our shared priority. The US Forest Service is accelerating restoration and management of the national forests, despite budgetary challenges, though we agree more must be done. My testimony details the threats to our forests and gives a few examples of our successful efforts in collaboration, innovation and increased efficiencies. It outlines our efforts to promote collaboration among stakeholders to develop larger, landscape scale projects, to improve the efficiency of the agency in delivering forest management projects, to implement provisions of the 2014 Farm Bill, and to promote markets for wood.

The good news is that the agency is making significant progress. In 2014, we exceeded our targets by producing over 2.8 billion board feet of timber. Our timber harvest has increased 18 percent since 2008. The agency is achieving these results despite the fact that since 1998, National Forest System staff was reduced by well over a third. The agency will continue to invest in a number of strategies to treat more acres and produce more wood products, but the greatest barrier it faces is the short and long term impacts of the growing fire budget. We look forward to working with the Committee and others to address this and other challenges.

Forest Management – the Challenge and Opportunity

Forests provide a broad range of values and benefits, including biodiversity, recreation, clean air and water, forest products, erosion control, soil renewal and more. Covering a third of the country's landmass, they store and filter more than half of the nation's water supply and absorb approximately 12 percent of the country's carbon emissions. Our mission of sustaining the

health, resilience and productivity of our nation's forests is critically important to maintaining these values and benefits.

Forests are an economic driver. Restoring the health and resilience of our forests generates important values as well as economic benefits. In FY 2011, for example, the various activities on the National Forest System (NFS) contributed over \$36 billion to America's gross domestic product and supported nearly 450,000 jobs. Over 68 percent of the contribution to the economy was associated with direct use of NFS lands and resources, including land use fees from privately provided recreation services – ski areas, outfitting and guiding, campground concessions; expenditures related to skiing, hiking, hunting, fishing, and other forms of outdoor recreation; the generation of energy, minerals, and traditional forest products; and livestock grazing.

Threats to Forest Health and Forests at Risk

Our forest and grassland resources are at risk due to uncharacteristically severe wildfires, severe outbreaks of insects and disease, drought and invasive species, all exacerbated by a changing climate.

Many states have recently experienced the largest and/or most destructive fires in their history. Two primary factors are contributing to larger and more destructive wildfires: climate and forest conditions. Researchers have shown a 78-day increase in the western fire season since 1970, possibly due to a gradual rising of average spring and summer temperatures. Time of snowmelt also may be a factor. If these patterns persist, scientists predict the western States will get hotter and drier by the end of the century. In such conditions, fire seasons will grow longer and fires will likely increase in number and intensity.

Forest conditions also matter to fire activity. Decades of fire suppression and other factors have led to increases of fuels in many forest types across the country. Treating these acres through commercial thinning, hazardous fuels removal, re-introduction of low-intensity fires and other means can reduce fuel loads, provide forest products to local mills, provide jobs to local communities, and improve the ecological health of our forests.

Insects and disease have exacerbated the challenge. The area affected by an epidemic of mountain pine beetle in the West has reached 32 million acres on the national forests alone. In addition, invasive weeds such as kudzu, cheatgrass, leafy spurge, and spotted knapweed have infested about 6 million acres on the national forests and grasslands, an area the size of Massachusetts.

Fifty-eight million acres of national forests are at high or very high risk of severe wildfire. Out of the 58 million "high or very high" risk acres, we have identified approximately 11.3 million acres for highest priority treatment. These acres are in proximity to the wildland-urban interface or in priority watersheds or water sources, are in frequent fire return regimes, and not in roadless or wilderness areas.

The Need for Restoration

The Forest Service is committed to increasing the pace and scale of restoration. By restoration, we mean restoring and maintaining the functions and processes characteristic of healthier, more resistant, more resilient forests, even if they are not exactly the same systems that were there in

the past. Our goal is to protect and restore the ability of America's forests and grasslands to deliver all the social, economic, and ecological values and benefits that Americans want and need from their national forests, now and for generations to come.

The Forest Service has increased the number of acres treated annually to improve watershed function and resilience. In FY 2013 the agency treated over 2.5 million acres and increased this to 2.9 million acres in FY 2014. The Forest Service has also been increasing its timber production over time. We sold 2.6 billion board feet (bbf) in FY 2013, 2.8 bbf in FY 2014 and have a target of 2.9 bbf in FY 2015. Meeting this last goal and moving our outputs higher still will require a number of strategies.

Collaboratives

The Forest Service is investing in collaborative approaches to forest restoration across the country as a way to develop better projects, to work across larger landscapes, to build public support for forest restoration and management, and to reduce the risk from litigation. Dozens of collaboratives across the country are enabling the USFS and our partners to get more work done. These collaboratives are locally led groups from local communities, environmental groups, forest industry, and others and are designing projects that address forest restoration, supply wood to local mills, conserve watersheds and provide a range of other benefits.

Collaborative Forest Landscape Restoration Program (CFLRP)

One way to support local collaboration has been through the Collaborative Forest Landscape Restoration Program (CFLRP), and we appreciate Congress' support for this innovative program. The CFLRP encourages collaborative, science-based ecosystem restoration of priority landscapes. The program currently supports 23 large-scale projects with 10-year funding to implement priority restoration work on NFS lands while engaging local communities and leveraging partner resources through collaboration, implementation, and monitoring.

The CFLR program is on track to meeting its goals over its ten year timeframe, making substantial strides in the first five years to promote forest health and resilience and reduce the risk of catastrophic wildfire. In the five years since initial program implementation, the 23 projects collectively have treated over 1.45 million acres to reduce the risk of catastrophic fire, over 84,570 acres to improve forest health, over 1.33 million acres to improve wildlife habitat, and over 73,600 acres to eradicate noxious weeds and invasive plants. In addition, these projects have exceeded their timber output goals, producing nearly 1.3 billion board feet.

These collaborative projects help rural communities by creating and maintaining jobs. Between 2009 and 2014 these projects generated \$661 million in local labor income and an average of 4,360 jobs per year. The FY 2016 President's Budget for the Forest Service includes a proposal to increase funding authority for the program from \$40 million to eventually \$80 million, with funding in FY 2016 requested at \$60 million. The funding increase will allow us to pursue up to 10 additional projects. Accordingly, the budget proposes extending authority for the program through 2024 to allow for full completion of new projects.

These collaboratives, and dozens of similar efforts, help maintain a robust forest industry with benefits flowing not only to local communities, but also to the Forest Service itself as the agency relies on local forest contractors and mills to provide the workforce to undertake a variety of restoration activities. A 2011 Forest Service study found that through work on NFS lands, the forest products industry supports about 42,000 jobs and contributes around \$2.7 billion to America's gross domestic product each year.

Chiefs' Joint Landscape Restoration Partnership

Our restoration efforts are not just confined to public lands. Recognizing that fire, insects, disease, wildlife and watersheds do not respect property lines, the Forest Service and USDA's Natural Resources Conservation Service are combining resources to expand our efforts across both public and private land. In FY 2014, Secretary Vilsack announced a multi-year partnership between the U.S. Forest Service and the Natural Resources Conservation Service (NRCS) to improve the health and resiliency of forest ecosystems where public and private lands meet across the nation. The Forest Service and NRCS Chiefs' Joint Landscape Restoration Partnership program aims to reduce wildfire threats to communities and landowners, protect water quality and supply, and improve wildlife habitat for at-risk species. By leveraging technical and financial resources and coordinating activities on adjacent public and private lands, conservation work by NRCS and the Forest Service will be more efficient and effective in these watersheds.

In FY 2014, the Landscape Restoration Partnership invested \$30 million in 13 projects in 12 states across the country. The priority projects selected for FY 2014 will continue in FY 2015. \$27 million will be provided to continue work on these projects in 2015. 15 additional projects were selected in FY 2015 and announced last month, totaling \$10 million. The 2015 projects are located where private and public lands meet, and where restoration objectives cross ownership boundaries. For example:

In the Middle Klamath River Communities of northern California, the Partnership helped support efforts by the Karuk Tribe, the Mid-Klamath Watershed Council, the Salmon River Restoration Council, several local Fire Safe Councils, and the Northwest Youth Corps who are working together to increase community safety by reducing hazardous fuels in the Wildland Urban Interface adjacent to communities along the Klamath River.

In Oregon, the Ashland Forest All-Lands Restoration Project will implement forest restoration and fuels reduction treatments through a cross boundary, all-lands approach on federal and private non-industrial lands in and around the Ashland Creek Watershed in Jackson County, Oregon. The project objectives are to reduce and mitigate wildfire threats to communities and landowners, protect water quality and supply in the watershed, and improve and protect quality wildlife habitat for threatened, endangered, and at-risk species in an area characterized by a high degree of public/private land interface. Partners include The Nature Conservancy, Jackson SWCD, the City of Ashland, the Oregon Department of Forestry, and the Lomaksatsi Restoration Project.

As another example, in Colorado, the San Juan Project addresses fuel hazard in the project area which is considered moderate to extreme. Treatments would reduce dense shrub cover through

mastication and reduce tree density through selective thinning in order to mitigate uncharacteristic wildfire behavior and improve forest health. Partners include the San Juan Conservation District, the Colorado State Forest Service, the Pagosa Lakes Property Owners Association, San Juan Headwaters Forest Health Partnership, the Mountain Studies Institute, and Hidden Valley and Eagle Peak Ranch Subdivisions.

The Tongass Advisory Committee

In Alaska, the Forest Service is working with a variety of stakeholders on the Tongass National Forest to create a sustainable transition away from old-growth timber harvesting and towards second-growth timber harvesting with the goal of maintaining a viable forest industry and a more certain supply of second growth timber. Our goal is for the transition to create a more stable platform for future timber harvesting on the forest, while also supporting a diversity of economic opportunities in Southeast Alaska. To get advice directly from members of the community and diverse stakeholders, the Forest Service chartered the Tongass Advisory Committee, which is actively working on recommendations to inform a draft Environmental Impact Statement amending the forest plan. To support the existing industry and bridge to the transition, the Forest Service last year awarded the Big Thorne sale, and is currently preparing environmental documentation on the Saddle Lakes, Wrangell Island, and Kosciusko sales with offers expected in early 2016. We are also working with USDA Rural Development on ways to support retooling efforts for industry.

Efficiencies

An important way to increase the pace and scale of forest restoration and management is to improve the efficiency of planning timber sales and stewardship contracts. We are working to identify and implement process improvements and efficiencies that help with increasing the pace and scale of restoration, while also engaging the public and developing well-planned projects. Some strategies include:

- The Forest Service is planning and implementing projects across larger areas, which spreads NEPA costs across more acres, and provides a longer term and more certain timber supply for local mills. For example, the Mountain Pine Beetle Response Project on the Black Hills National forest is implementing a landscape scale approach across 200,000 acres for treating current and future pine beetle outbreaks. The 4FRI EIS project analysis in Arizona covers about 1,000,000 acres across four national forests, with 400,000 acres of mechanical treatment, with just under 600,000 acres of prescribed fire.
- The Forest Service is developing new approaches to NEPA in the wake of catastrophic fires. On the Rim Fire, which burned 257,000 acres in the summer of 2013, the Stanislaus National Forest finalized both an Environmental Assessment for hazard tree removal and an Environmental Impact Statement for restoration and salvage in one year. The EIS projects will lessen the potential for future catastrophic fire by reducing the fuel loading and, in addition, capture some of the perishable economic commodity value of the fire killed trees through timber salvage. The agency coordinated with the Council on Environmental Quality, which approved Alternative Arrangements to expedite the NEPA

process. Overall, our partners and stakeholders appreciated the transparency while also enabling contracts to get awarded and work done on the ground.

- The agency is asking collaboratives to help with planning and implementation. The Fivemile Bell Landscape Management Project is one of the largest projects organized and developed by the Siuslaw National Forest and its partners. For this watershed restoration project, the Forest Service through active engagement and leadership from its stakeholders was able to leverage private resources to accomplish priority watershed restoration work. This collaborative approach increased the capacity of the forest to achieve more than it could have if it had utilized a more traditional approach to the NEPA process. This project was one of the Council on Environmental Quality's NEPA Pilot Projects, which were projects nominated for employing innovative approaches to completing environmental reviews more efficiently and effectively.
- Another innovative approach to environmental analysis under NEPA and stewardship contracting to increase the scale and pace of restoring forest health and to provide economic opportunities for local communities is the Mill Creek A to Z Stewardship Project on the Colville National Forest. This project was designed so that each step, from NEPA data collection to project implementation, where appropriate, will be performed and financed by the contractor, Vaagen Brother's Lumber Inc. under the supervision of the Forest Service. The Environmental Assessment for the first of the two planning areas was released for public comment recently. The contractor is planning to start presale activities this spring and vegetation treatments are expected to begin after the decision is signed this fall.

The agency has established additional categorical exclusions for restoration work, has expanded the use of focused environmental assessments, is using adaptive management to allow our decisions to last longer, and is better training employees to take advantage of new efficiencies. The Forest Service is also developing efficiencies in NEPA through technology. For example, the Forest Service's investments in using electronic applications provide considerable cost and time savings, contributing to an efficient NEPA process by reducing the administrative workload in reporting, records management, electronic document filing, and managing public mailing lists, while making it easier for the public to comment on Forest Service projects.

All of these efforts are aimed at becoming more proactive and efficient in protecting and restoring the nation's natural resources, and supporting jobs and economic vitality for American communities.

2014 Farm Bill Implementation

The tools provided in the 2014 Farm Bill significantly expand the tools that will support our ability to accomplish restoration work on the ground, such as permanent authorization for stewardship contracting and the Good Neighbor Authority. In addition, the insect and disease designations and modifications to the Healthy Forest Restoration Act included in the Farm Bill, will add to the NEPA and process efficiencies outlined above and further help accelerate the pace and scale of restoration.

The 2014 Farm Bill added authority to the Healthy Forest Restoration Act to authorize designation of insect and disease treatment areas and provide a categorical exclusion (CE) for insect and disease projects on areas as large as 3,000 acres. The new CE holds significant potential to improve efficiency, resulting in on-the-ground restoration work that is accomplished more quickly and across a larger landscape. Working with Governors, last summer Secretary Vilsack announced the designation of approximately 46.7 million acres in 36 states. Earlier this month, designations for the state of Washington added an additional 711,000 acres. The first projects using this new authority are already moving forward, and planning and implementation of projects within designated areas will expand in FY 2015 and beyond.

The Forest Service is working with States, Tribes, and other stakeholders to refine the necessary guidance for implementation of Good Neighbor Authority, which authorizes federal agencies to enter into cooperative agreements or contracts with state foresters to conduct restoration projects on federal forestland. Having heard some concerns from states as to implementation, the Forest Service is working closely with states to ensure that this new authority can be efficiently implemented. We expect to complete this guidance later this spring.

The Farm Bill also provided permanent authority for stewardship contracting. Traditional timber sale contracts will remain a vital tool for the Forest Service in accomplishing management of the National Forests. At the same time, stewardship contracting is helping the Forest Service achieve land and natural resource management goals by funding forest health and restoration projects, stream restoration, hazardous fuel removal, and recreation improvements. In many areas, stewardship contracting will allow the agency to build larger projects, treating more acres, and with broader public support. Since 2008, acres treated through stewardship contracts have nearly tripled. The Forest Service will continue to provide training across the agency and with States and partner organizations on use of this important tool.

Building a Strong Forest Products Industry through Support for Markets and Research

In addition to the innovative approaches to collaboration and efficiencies highlighted above, we have also focused on the need for strong markets for wood, both large and small diameter trees, to support restoration efforts. The Forest Service recognizes the need for a strong forest industry to help accomplish forest restoration work; one of the best opportunities for reducing the cost of these restoration treatments is to ensure strong markets for the byproducts of these treatments.

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

The Forest Service is actively encouraging the U.S. building sector to fully consider when construction with wood is an appropriate option. We completed three primary actions to achieve this: 1) we have increased our financial support of Woodworks for their education and

technical support of architects and engineers from \$250,000 per year to \$1,000,000 per year; 2) we have expanded our biomass utilization grant program into a Wood Innovations program which generated 101 proposals for funding this year; and 3) we are actively providing technical support to USDA's Tall Wood Building Competition which will both directly help move wood building technology in the U.S. and be a highly effective awareness mechanism for the broader public on the possibilities of building with wood.

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

Forest Service Research and Development (R&D) provides scientific research to sustainably manage and use forest resources and forest fiber-based products. It is developing the science and technology needed to sustain and restore ecosystems in the face of changing conditions, including the expansion of existing markets for wood and the development of new markets. FS R&D continue the development of wood-based biofuels, chemicals, and products that can substitute for petroleum-based materials, including developing biomass deconstruction science and technology, conversion technologies for wood-based liquid fuels including drop-in fuels, and science and technology for manufacturing chemicals and other co-products from biomass-to-energy conversion. The FS R&D investment in wood-derived nanomaterials may create new high-value products in traditional forest products such as stronger, lighter paper and innovative new products such as body armor, automobile components and flexible electronics. Adopting wood-derived nanomaterials will promise new value-added feature in products and improve environmental performance attributes, support more efficient use of renewable materials and decrease reliance on oil-based products.

The Budget Challenge

Our efforts are showing success: we have increased timber harvest by 18% since 2008, with fewer Forest Service resources and staff. But, there is a limit to the gains we can realize through efficiencies and partnership alone. In particular, the frequency and intensity of wildfire, the rising cost of assets needed to deploy against the spread of wildfire, and the way the Forest Service funds fire suppression are slowly crippling the agency's ability to restore and manage the National Forests. In addition, in the short term, it is forcing the agency in most fire years to disrupt on-going projects – whether they are forest management, recreation, conservation, research or others – in order to transfer funding to meet fire suppression needs.

Fire Suppression Cap Funding Proposal

In fiscal year 1995, the Forest Service spent 16% of its budget on firefighting. Today the agency spends nearly half of its budget in fire management activities. This has enormous implications for how the agency carries out its mission, including taking funding from the very programs that help reduce catastrophic fire in the first place. Since 1998, fire staffing within the Forest Service has increased 114 percent from around 5,700 in 1998 to over 12,000 in 2015. Over the same period, staffing levels for those dedicated to managing National Forest System lands have decreased by 39 percent – from almost 18,000 in 1998 to fewer than 11,000 in 2015.

Fire transfers from non-fire accounts occur when the agency has exhausted all available fire resources from the Suppression and FLAME Fund accounts. From FY 2000 to FY 2013, the Forest Service made fire transfers from discretionary, trust, and permanent non-fire accounts to pay for fire suppression costs seven times, ranging from \$100 million in FY 2007 to \$999 million in FY 2002, and totaling approximately \$3.2 billion. Of the total transferred funds, \$2.8 billion was repaid, however, the transfers still led to disruptions within all Forest Service programs. Although there was not a fire transfer in FY 2014, the financial impacts to the agency were still significant given the uncertainty around fire risk and funding. Even though many parts of the country experienced lower than normal fire activity last year, the cost of suppression still exceeded the 10-year average. Our forests and grasslands lost opportunities to undertake important project work - including fire prevention work - and deferred important spending in anticipation of a very active fire season.

Each time the agency transfers money out of non-fire accounts to pay for fire suppression there are significant and lasting impacts across the entire Forest Service. When funding is transferred from other programs to support fire suppression operations, these non-fire programs are impacted because they are unable to accomplish priority work and achieve the overall mission of the agency. Often this priority work mitigates wildland fire hazards in future years. In addition, transfers negatively impact local businesses and economies, costing people jobs and income as a result.

We expect a very active fire season in 2015. The median Federal Land Assistance, Management and Enhancement (FLAME) Fund suppression forecast for the 2015 fire season is \$1.12 billion. Our appropriated funding in FY 2015 is \$1.01 billion.

Bipartisan legislation, the Wildfire Funding Disaster Act, has been introduced in both the House and Senate that will provide a much more rational approach to funding wildfire. This proposal is mirrored by a proposal in the FY 2016 President's Budget. WDFFA calls for a fundamental change in how wildfire suppression is funded to reduce fire risk, manage landscapes more holistically, and increase resiliency of the Nation's forests and rangelands and the communities that border them. The Budget proposes a fiscally responsible funding strategy that considers catastrophic wildland fires as disasters, to be funded in part by budget authority provided through a wildfire suppression cap adjustment which is outside the discretionary appropriation of the agency. This strategy provides increased certainty in addressing growing fire suppression funding needs, better safeguards non-suppression programs from transfers that have diminished their effectiveness, and allows us to stabilize and invest in programs that will more effectively restore forested landscapes, treat forests for the increasing effects of climate change, and prepare communities in the Wildland Urban Interface to manage for future wildfires.

The Forest Service estimates that the President's proposal will increase outputs from the National Forests from 2.9 billion board feet to 3.2 billion board feet. The most important action Congress can make now in advancing the pace and scale of forest restoration is to fix the fire funding problem.

Secure Rural Schools

The Secure Rural Schools (SRS) Act was passed in 2000 by Congress to help states with declining 25 percent payments due to reduced timber harvest. It has provided more than a decade of transitioning payments to eligible states and counties to help fund public schools and roads and has provided predictably declining payments to states to transition to the 25 percent payment. In addition, it also created a forum through Resource Advisory Committees for community interests to participate collaboratively in the selection of natural resource projects on the national forests. It also has provided funding to counties for community wildfire protection planning, emergency search and rescue reimbursement, and Firewise programs. The SRS payments for FY 2014 have not been reauthorized, so 25-percent payments have been made under the 1908 Act. The absence of the SRS funds has significant impacts for rural communities. The President's 2016 Budget included a proposal for continuing the Secure Rural Schools program. We stand ready to work with Congress on reauthorization.

Conclusion

I am proud of the work that the Forest Service and its employees have been able to accomplish—particularly in a time of reduced resources and staff for non-fire programs—and of the partnerships we have developed that have made that work possible. But, more work needs to be done to address a range of threats facing our National Forests.

The Forest Service will continue to work with States, local government, Tribes, industry and our many other partners to improve our forest management program through increased collaboration, new efficiencies, implementation of new authorities in the Farm Bill, and promotion of markets for wood. We stand ready work with Congress to address fire funding and the need for accelerated forest restoration.

I want to thank the committee for its interest, leadership, and commitment to our national forests and their surrounding communities. I would be pleased to answer any questions you may have.