

Testimony to the Subcommittee on Interior, Environment, and Related Agencies: FY 2015: U.S. Forest Service: Bill Imbergamo, Exec. Director, Federal Forest Resource Coalition

The following testimony is submitted on behalf of the Federal Forest Resource which represents purchasers of Federal timber in 32 states, with over 650 member companies and affiliated associations, collectively representing over 390,000 employees.

We make the following specific programmatic recommendations for Fiscal Year 2015: Enact the budget cap exception recommended in the President's request and in HR 3992, the Wildfire Disaster Funding Act; Focus increased investments on **National Forest Timber Management, Wildland Hazardous Fuels Reduction, and Capital Improvement & Maintenance**; Continue CFLR projects to demonstrate collaborative forest management. We strongly applaud the Administration's budget for proposing to increase timber outputs by almost 16%, and we endorse the bi-partisan approach to wildfire funding in the Wildfire Disaster Funding Act.

Our Mills Rely on Predictable, and Growing Supplies of Timber: The forest products industry is extremely capital intensive. Our member companies have significant investments in logging and mill infrastructure, which can help offset the costs of managing the National Forests and return money to the Treasury. After weathering the worst recession our industry has seen in almost a century, forest products companies are seeing the benefits of a rebounding economy and international markets, providing us an opportunity to modernize and remain competitive. Several issues at the Forest Service inhibit our ability to grow and compete. Unpredictable timber supplies caused by erratic appropriations, fire borrowing, and obstructionist tactics by a minority of radical groups make it difficult to commit to the investments needed to keep our companies viable.

Eliminating Fire Borrowing, Provide Stable Appropriations: Last year was the second in a row in which the Forest Service redirected significant funds (over \$600 million) from other programs to pay for wildfire suppression activities. Programs which directly support improved forest health are among those penalized the most by this process. The pattern of borrowing disrupts forest management and delays timber sale projects unnecessarily, while doing nothing to help ensure honest budgeting or reduced costs. Suppression borrowing concerns cause the Forest Service to freeze accounts early in the summer, stopping vital timber sale projects and Stewardship contract negotiations. The Wildfire Disaster Funding Act holds tremendous promise and we urge the Committee to move forward with it this year.

We also stress that the Forest Service has had to manage through a long series of continuing resolutions, some lasting as little as a few days. This culminated with the disruptive government shutdown, which halted 1,200 active timber sales. Contractors were given very little time to close up operations and remove machinery from the woods. The working men and women on our logging crews and in our mills should not be the unintended collateral damage in high stakes political fights. Disruptions in the timber sale program make it harder to manage the National Forests, harder to reduce fuel loads, and

harder for our member companies to justify making the capital investments needed to remain competitive. We urge Congress to use the appropriations process to minimize these disruptions to the greatest extent possible.

The Need for Management: As you know, the National Forest System is experiencing significant forest health challenges. The Chief has testified that the National Forests have between 65 and 82 million acres in need of active management, with 45 million acres decimated by bark beetles in the Rocky Mountains alone. Further, the Forest Service has a \$5.6 billion capital facilities maintenance backlog. This backlog does not just affect the roads my members depend on to access timber, but the trails, campgrounds, and visitor centers millions of Americans use. Faced with deteriorating forest health and crumbling facilities, we urge Congress to prioritize management and maintenance over expansion of an overtaxed National Forest System.

The Need to Increase the Pace and Scale of Forest Management: In early 2012, the Administration publicly committed to increasing the pace and scale of managing the National Forest System, arguing that by expanding forest restoration programs, forest health would improve, fire danger would decrease, and timber outputs would climb to over 3 Billion Board Feet. We applaud their 2015 budget request for attempting to translate that commitment into action. However, we urge the Committee to take a more direct route than that proposed by the Administration.

The Administration has once again proposed a consolidated line item, *Integrated Resource Restoration*, funded at \$820 Million for Fiscal Year 2015. As you know, this program has been implemented as a pilot program in Regions 1, 3, and 4 since 2010. We have not seen any indication that the pilot regions are experiencing a reduction in unit costs, whether the metric is acres treated or units of wood produced. Region 1, in particular, remains extraordinarily dysfunctional, with timber output plummeting by more than 58% in Montana since the pilot program began. There is no indication that an integrated or collaborative approach has reduced the appetite for obstruction among extremist groups who oppose all management.

Further, each of these Regions relies heavily on personal use fire wood to meet their timber harvest goals and to artificially reduce their unit costs. The three pilot Regions' timber programs included 31%, 21%, and 43% firewood, respectively. When firewood is factored out, Region 1 and Region 4 had unit costs of over \$224 and \$137 per Thousand Board Feet each, making them the least efficient Regions in the lower 48. IRR has made use of funds more difficult to track and budget comparisons item to item or year to year almost impossible.

Fiscal Year 2015 would be the 5th full fiscal year of IRR at the pilot level. Ultimately, we aren't getting restoration or treatments achieved through this program. We urge you to end the pilot program and we oppose expansion to the rest of the country.

The Administration has also recommended expanding the Collaborative Forest Landscape Restoration Program (CFLR) by 50%, increasing the funding from the currently authorized

level of \$40 million per year to \$60 million per year. We have similar concerns about CFLR as we do the IRR program. FFRC member are actively engaged in CFLR projects across the country. In many cases, our members are among the leaders in these collaborative efforts. However, as of today, we have yet to see significant results from these projects, and drastically increasing the allocation of funds to CFLR is not justified at this time.

We recently surveyed our members on the successes and failures of the CFLR projects they are involved in. Just 60% said that the program had led to increased timber outputs and increased acres thinned. Only 53% said the program had reduced controversy around managing the National Forests. In many cases, our members reported that CFLR projects had completed no new NEPA documents, and in fact were reporting accomplishments from projects whose NEPA was completed prior to the designation of the CFLR projects.

We are extremely concerned about the lack of concrete matching funds for already selected CFLR projects. We support continued funding for CFLR at the authorized level. Congress should take steps to ensure that CFLR funds are truly supplemental to, not displacing, regular funds for the NFS units with projects. Stricter matching requirements to ensure concrete financial matches should also be implemented. We urge the Committee to direct the Forest Service to expand management across the country, and not simply focus on CFLR project areas. There are many opportunities, and many authorities, for expanded management.

The Need to Increase Efficiency in NFS Management: As an industry, we have learned how to economize, reduce costs, and do more with less. We recognize that the nation's fiscal situation demands austerity, and we dialogue constantly with Federal land managers to find ways to reduce costs and increase efficiency. Congress has been at the forefront of these efforts. In recent years, the Congress has: Replaced cumbersome administrative appeals with a streamlined objection process; exempted projects that use a Categorical Exclusion from administrative appeal or objection; expanded the use of designation by description to all timber sales; and expanded forest health authorities beyond the Wildland-Urban Interface.

We strongly urge you to continue these efforts by directing the Forest Service to; meet their forest products output targets using only commercial products such as sawlogs, pulpwood, and commercial biomass, not personal use firewood; focus higher yielding forest management projects on lands designated as suitable for timber production; and meet a goal of 3.5 Billion Board Feet in Fiscal Year 2015.

The current annual harvest from the National Forests represents less than 10% of annual forest growth, and less than half the allowable sale quantity in existing forest plans. In many Regions, the Forest Service is falling short of its own management goals; including response to the bark beetle outbreak in the Rockies and in managing aspen habitat in the Lake States. Stepping up management, through collaboratives where they exist and normal timber programs elsewhere, will address pressing forest health concerns while bolstering employment in economically distressed rural communities. Investing in the Forest Service

timber program is a very effective job creator, generating 16.5 new direct and indirect jobs per million board feet harvested.

We appreciate the efforts of the Subcommittee to remove the arbitrary requirements for hazardous fuels reduction work in the Wildland Urban Interface (WUI). A greater percentage of lands in need of fuels reduction are outside of the WUI, and mechanical thinning allows the Forest Service to take advantage of the wood products infrastructure to reduce treatment costs. Extensive Forest Service research shows that mechanical thinning which includes removing useable wood fiber, followed by prescribed fire, significantly reduce threats from wildfire and forest pests.

BLM Forest Management: The President's FY 2015 Budget includes a 9.1% reduction in funding for the BLM O&C Land Management Program. FFRC strongly supports reforming these critically important and productive timberlands. We urge the Committee to reject the proposed reduction and fund the O&C program at least at the 2014 enacted level. Aggressive action is needed to offer regeneration harvests from these lands that meet the needs of local mills and communities. We strongly support the PD Forest Management Program at no less than the President's recommended level of \$9.9 million.

Alaska: The timber industry in Alaska faces several challenges stemming from years of controversy over the management of the Tongass National Forest. FFRC members depend upon supplies of timber from this forest, and have been hard pressed as the Forest Service has placed complete restrictions on harvest in roadless areas. Current efforts to transition to second growth timber will not meet the local industries needs for decades. Steps must be taken to offer a timber sale program that complies with the National Forest Management Act and can sustain the local value added industry in order to save the capacity to manage the very small percent of the Tongass that is open to any harvest (almost 90% of the Tongass is roadless). Local mills and loggers, along with Gov. Sean Parnell, have concluded that some portion of the Tongass should be converted into State ownership in order to meet the needs of the local economy. FFRC strongly supports this effort. FFRC also strongly urges the Subcommittee to make permanent the Red Cedar language which it has included in previous Interior bills for more than a decade. This language is absolutely necessary to insure that USFS sales are not offered as deficit sales.

Conclusion: Wood product demand remains strong, providing an opportunity to expand management on the National Forests. More forest management work needs to be done on the National Forests. Only Congress can decide whether we will help meet that domestic and international demand using timber from our National Forests, which must be milled domestically before it can be exported. Only Congress can create American jobs by using this market upswing to pay for badly needed forest management work. To paraphrase our favorite bear, only you can decide to act now, or you can allow the negative trends in forest health and rural economic distress to continue.