American Forest Foundation

Testimony of Mrs. Rita Hite

President and CEO of the American Forest Foundation

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Chairwoman Spanberger, Ranking Member LaMalfa, and members of the subcommittee thank you for this opportunity to testify on behalf of the American Forest Foundation and the 21 million family forest owners of the United States that AFF works with.

The American Forest Foundation is a national conservation organization focused on delivering meaningful conservation impact through the support and empowerment of America's family forest owners. With over 80 years of experience working with family forest owners in conservation, AFF has an in-depth understanding of the motivations, desires and challenges of families and private individuals that own wooded land in America. I personally have known first-hand the sweat and tears it takes to tend to the land. Before my two decades in the forest conservation space, I grew up on a beef cattle farm in upstate New York and know the joy and pride that comes from tending the land and seeing the ripple effect in our communities and the larger ecosystem.

I'm also here today as a leader in the Forests in the Farm Bill Coalition, a 100 plus participant Coalition that has worked together since the 2002 Farm Bill to offer and advocate a forest sector view of forest-related priorities for the Farm Bill. AFF has co-chaired this Coalition alongside our partners at The Nature Conservancy, the National Wild Turkey Federation, and the National Association of State Foresters, here alongside me today, for decades. This Coalition's work has just begun in advance of the next Farm Bill, and we look forward to sharing further views of this Coalition with the Committee in the future.

As the Committee considers the reauthorization of the Farm Bill in 2023, I urge you to consider how this critical piece of legislation can do more to support the stewardship and conservation of private forestlands, particularly those owned by family forest owners. This is critical because of the role these lands play in our rural economies, our social fabric, and our environment, and because of the immense challenges facing these lands and people, including climate change and wildfire.

We see a significant opportunity in this next Farm Bill to further unlock public-private partnerships, including new markets such as carbon markets, that can help increase the pace and scale of conservation and stewardship on these lands while also addressing many of the challenges we're facing as a nation.

Why Are Family-owned Forests So Critical?

All forests, including family-owned forests, provide Americans with important public benefits. They provide critical habitat for wildlife and fish, they help clean our water and air, and they provide a critical source of wood fiber for products and economic vitality for rural citizens and communities. With respect to clean air, these lands already capture and store roughly fifteen percent of our annual U.S. greenhouse gas emissions. These lands have even more potential to address two intertwined challenges we face as a nation that I want to speak to today: the wildfire crisis and climate change.

Families and individuals own the largest portion – 39 percent – of all forests in the United States, more than the Federal, state, and local governments or corporations. As the largest portion of our forests, family forests can have a globally significant impact on climate change, through improved forest management, reforestation, avoiding emissions from catastrophic wildfires, and supplying the raw materials for climate beneficial forest products. In doing these actions, forest owners can also benefit their land goals and increase forest health and productivity.

At the same time, more than one-third of the high wildfire risk lands in the Western U.S., where we have a severe wildfire crisis, are private, family-owned lands. These families can have a significant and essential impact in fostering wildfire resilience in our western landscapes.

Family forest owners own their land for a variety of reasons, but one thing they all have in common is that they care about their land. Landowners want their forests to be healthy, want their lands to support wildlife, and want to pass the land in better shape on to their children.

Bottom line, these landowners want healthy and productive forests that continue to provide these public benefits and do more to address growing issues like climate change and wildfire, and the resulting wildlife and other impacts, but they face significant barriers.

As a result, few are taking active steps to care for their forest leaving untapped potential in these lands for climate mitigation, wildfire resilience, and many other public benefits.

What are some of these barriers? First is a lack of forestry expertise and connection to technical assistance. In fact, only 1 in 5 landowners have received formal forest management advice. Many Farm Bill programs – such as the US Forest Service's Forest Stewardship Program – are hobbled by flat budgets that result in only the capacity for pennies-on-the-acre investments, leaving a significant gap in the resources available for land management planning and technical assistance among family forest owners.

The second biggest barrier to landowners taking further action to steward their land is cost. Most family forest owners are not generating a regular annual income from their land, as a typical farmer does. In fact, the average family forest owner has an income of less than $50,000, and may only generate income from their land, once a generation, if at all. So while landowners want to do the right thing, conservation and stewardship actions take money that these landowners often don't have.

Minority and other underserved landowners – whose ownerships are often on the frontlines in climate-impacted communities – face even greater barriers to forest stewardship. Challenges around heirs' property, mistrust of government institutions due to decades of discrimination, and a lack of sufficient professional forestry support prevent access to Farm Bill programs such as the Environmental Quality and Incentive Program (EQIP), the Conservation Stewardship Program (CSP), and Conservation Reserve Program (CRP).

These barriers are not insurmountable. With the right tools and support, we can empower forest owners to unlock the potential in their forests to support our environment and our economy — all while giving family forest owners the opportunity to achieve their own land management goals.

Previous Farm Bill Progress

Through the last four Farm Bills, this Committee has made significant progress opening conservation program opportunities for family forest owners, right alongside traditional farmers, paving the way for technical and financial support for family forest owners. For this, we, and the nation's family forest owners are incredibly grateful.

We estimate today that family forest owners are accessing roughly $100 million in conservation support from the various EQIP, CSP, CRP, and US Forest Service programs. While this is important progress—that's less than pennies on the acre if it were split across all family forests today, an investment that does not at all reflect the thousands of dollars per acre of value the public is benefiting from these lands, nor does it reflect the level of investment needed to unlock the power of these lands to mitigate climate change, address the wildfire crisis, and improve the other economic and environmental benefits from these lands.

We know that while increased investment and improvements in programs like EQIP, CSP, CRP and various Forest Service is critical and we urge this committee to aim for that, we also know that we should not rely solely on government funding to invest in forest stewardship and conservation.

What we also know is that increasingly, society is placing real value on the public benefits our forests can provide in additional to traditional timber value—from the clean water, climate mitigation, and wildfire mitigation values these lands can provide. This value is being unlocked through new markets, such as voluntary carbon markets, that allow corporations to pay landowners for additional carbon benefits that offset their corporate emissions.

We see a significant opportunity for this Committee to make improvements in this next Farm Bill that will leverage these market opportunities with government investments, helping the government dollars go further while also bringing these significant financing opportunities to rural America.

Leveraging Carbon Markets with USDA Programs for Conservation Finance on Family Forests

The voluntary carbon market is growing exponentially. In fact, market trends suggest this market will be valued between $90-480 billion by 2050. This is driven by corporations who are recognizing the risks of climate change in their business strategies and investing in and committing to significant emissions reductions goals to mitigate these risks. While corporations can, and many are, focused on what they can do within their own "fence line," for many, it will not be possible to achieve their emissions reduction goals without purchasing carbon credits to offset a portion of their emissions.

Today the demand for quality carbon credits far outpaces the supply of available credits, creating a prime opportunity for agriculture and forestry to meet this demand, as our lands are one of the most important strategies for carbon capture and storage.

At the same time, many of the actions we can take in our woods and lands to capture and store carbon to produce quality carbon credits, are also incredibly valuable for improving forest health and productivity—the goals of family forest owners.

For example, in the Central Appalachian region—Pennsylvania, Western Maryland, and West Virginia, one of the key forest actions landowners can take to capture and store more carbon is to avoid high-grading. In this region, high-grading, the practice of removing the best trees and leaving behind the poor quality trees, is a common practice on family lands for a variety of reasons, often related to lack of technical assistance and financial pressures. If we can help landowners change this practice, we can help them create a healthier and more productive forest, produce higher quality wood products, and produce additional carbon on the landscape in the form of quality carbon credits that can be sold in the voluntary carbon market.

This is a win for the landowner, the forest, the forest products industry, and the climate.

This is happening today in the private sector: through a partnership with The Nature Conservancy, AFF has developed the Family Forest Carbon Program (FFCP). The Family Forest Carbon Program is a unique and credible solution to carbon markets for forest owners with small forest holdings, which represent the bulk of family lands in the U.S., who have largely been left out of carbon market opportunities to date due to costs and technical barriers.

The program works by paying family forest landowners to implement carbon-positive forest management practices such as avoiding high-grading, that result in increased carbon sequestration and storage, as well as improved wildlife habitat and forest resiliency, helping family landowners achieve their land goals. The program provides forester assistance, forest management planning, and ongoing technical support for family landowners as well.

The program then sells the carbon generated by landowners to corporate entities interested in reducing their overall carbon emissions, triggering private investment in rural America that would not have otherwise been invested.

The program's carbon credits are produced using a new, innovative carbon accounting method that is pending final approval by Verra, one of the world's recognized third-party verifiers of carbon and other ecosystem credits.

To date, in the Central Appalachians, we have 173 landowners signed up for the program, another 2,557 that have expressed interested, and we've generated $49.1 million that support forestry and landowner goals. We have just begun to sign up landowners in the Northeast and have plans for expansion to the Midwest and South this year.

So if this is happening in the private sector, why is there a need for the next Farm Bill to help further unlock these markets?

There is no doubt that the private sector can drive this work, and in fact, the government's role in these markets should be minimal. However, given the potential for these carbon markets to bring significant finance to rural communities and rural landowners for the very same goals that the Farm Bill's conservation programs are supporting, there is a critical role USDA can and should play alongside these private markets.

In our experience working in these voluntary markets, USDA can play a catalytic role, very similar to the role USDA plays for other agriculture markets for farmers and forest owners, helping to bring low-cost financing, technical and scientific support, and market transparency for landowners. Without this catalytic role, the nation's family forest owners will not benefit from these markets at the scale that's possible, leaving our rural forest owners and rural America out of significant revenue opportunities.

In particular, one of the key roles USDA can play is in the area of low-cost financing. For landowners to participate in voluntary carbon markets and produce credible carbon credits, there is a significant upfront cost to implement the practice, that is not paid back until the additional carbon is generated which can take as much as 20 years. AFF is innovating in this space, developing ways for private finance to step in through the bond market or low-cost loans. However, even with this private finance, given this is a new market, investors need to have certainty in their investment, with a guarantee backing their investment. This is not unlike any other emergent agriculture market.

USDA and the next Farm Bill can help fill this finance gap in a number of ways:

- by leveraging its own conservation program funds to provide some of this capital which provides significant leverage for conservation programs;
- providing low interest loans or loan or bond guarantees, such as those that would be authorized in the bi-partisan Rural Forest Markets Act;

There are other ways USDA can help with financing too, such as serving as a buyer of last resort for credits, providing a low-cost insurance product, and even direct co-investing in credits.

In addition to financing, USDA and the next Farm Bill can also help further unlock this market opportunity for America's rural landowners by:

- Investing in the forest carbon practice science, data and inventory solutions, and program develop through grants and other funding support that can bring innovation, efficiency, continuity and credibility, and continuous improvement to climate smart forestry action.
- Supporting landowner engagement and technical assistance including a focus on ensuring support for historically underserved forest owners.

Again, there is significant progress happening in the private sector in these markets, and USDA's role can be catalytic to ensure that America's landowners can benefit from these markets.

Additionally, it's important to note that we believe carbon markets can and should work alongside traditional forest products markets. Strong markets for forest products, that promote use of carbon beneficial forest products, are critical for family forest conservation and climate impact as well. We encourage USDA to continue and expand investment in the science, data, and support for these markets as well.

Like managing for wildfire resilience, implementing practices to maximize climate mitigation require significant upfront investments. Often it is the cost of implementing management practices to improve forest health and planting new trees that hinder forest owners from reaching their management goals. Families and individuals are willing to invest their time and energy but need incentives to align with their goals, incentives that value the real work and environmental benefits forest owners contribute to our society.

Tackling Wildfire Risk with Family and Private Forest Owners

In addition to helping unlock carbon markets for rural landowners, the next Farm Bill presents an opportunity to address another significant issue we're facing as a nation: the wildfire crisis in the West.

After almost a decade of unstoppable wildfires, gone is the time for modest wildfire protection measures and a sole focus on defensible space around structures and along roads. In line with the vision and strategy of Chief Moore and the Forest Service, AFF believes we must make a paradigm shift to address the health of our forests holistically and restore natural resiliency to wildfire across all forests in a landscape.

The Agency's Wildfire Crisis Strategy and Implementation Plan identified up to 50 million acres of work outside of National Forest System boundaries needed to make a significant impact in critical firesheds, because wildfires don't recognize boundary lines. This goal is unattainable without cross-boundary partnerships that signify shared ownership in the problem and the solution. Cross-boundary partnerships that will be critical to the success of implementing the strategy and implementation plan include public-private partnerships as well as internal partnerships between the Forest Service and NRCS, creating opportunities to leverage resources across sectors and levels of government.

For example, in the Northern Sierra's in California, a state were fifty-one percent of the of high fire risk lands in the state are private, family lands, the State of California through CalFire, the forestry agency, AFF and many other private sector partners, and the US Forest Service are partnering to work across all ownership boundaries to treat lands at a scale that is unprecedented. Even with these critical partnerships, we have less than half of the available funding to treat the needed lands on private lands. A significant barrier to this work is match requirements for work on non-federal lands. When treatments on private lands cost upwards of $2,000 an acre, family landowners are not able to bring the level of match needed to accomplish the work.

Many forest owners want to do the work and are doing the work, but not at the scale needed to get ahead of the wildfire crisis, due to their own financial limitations.

The Healthy Forest Restoration Act of 2003, as amended in the 2018 Farm Bill, supports cross-boundary work to reduce hazardous fuels by allowing a portion of the US Forest Service hazardous fuels funding to be used by states, private landowners, and non-governmental organizations for work on cross-boundary projects on non-federal lands, prioritizing high risk areas. While this was a significant leap forward to improve the resilience of forest and rangeland ecosystems, the resources provided to private forest land, particularly family forest owners, have been minimal and insufficient to date.

The Infrastructure bill provided significant new funding for wildfire mitigation. However, the investment is only a down payment on the $50-60 billion needed over the next 10-years to mitigate our wildfire crisis. What is needed is an intentional focus on critical landscapes inclusive of cross-boundary ownership by increasing funding that is specifically directed to private lands within and around firesheds, while encouraging public-private partnerships to leverage funds and capacity to expand the Forest Service's reach into impacted communities.

Cost share programs like Environmental Quality and Incentive Program (EQIP) have the greatest potential to relieve the financial burden landowners experience with managing for wildfire mitigation and other conservation outcomes. However, these programs do not have enough funding to meet current contract demands and often present administrative hurdles for landowners to access. Streamlining processes across states to ensure consistency and transparency in the selection process, and increased funding for both cost-sharing and forestry technical assistance would improve program delivery significantly.

In addition to working cross-boundary to mitigate wildfire risk, with the growing wildfire crisis, family forest owners are seeing their forests, their livelihood and legacy, destroyed by these catastrophic wildfires, with little support to get back on their feet after the wildfires.

Forest owners are not eligible for crop insurance and the available disaster programs, including the Emergency Forest Restoration Program, are in need of significant reform. The Farm Bill provides an opportunity to improve disaster recovery programs to better support family forest owners that are increasingly facing billions in damages and lost value from natural disasters such as wildfires and hurricanes. Without this support, landowners are left with little path to get back on their feet and these forests can then become a liability for local water quality and public health.

2023 Farm Bill Policy Solutions:

While the 2018 Farm Bill included important improvements and critical investments to support family forest conservation, we recommend the following improvements be considered in the 2023 Farm Bill and we look forward to working with the Committee to develop these concepts.

1) **Creative solutions to leverage and unlock private sector markets including carbon markets**, with support for:
   - low interest loans or loan or bond guarantees, such as those that would be authorized in the bi-partisan Rural Forest Markets Act;
   - leveraging USDA conservation program funds to provide investment alongside private market investment, with improvements in the Regional Conservation Partnership Program's Alternative Funding Arrangements;
   - forest carbon practice science, data and inventory solutions, and program develop through grants and other funding support that can bring innovation, efficiency, continuity and credibility, and continuous improvement to these private sector markets;
   - science, data, and technical development of forest products markets;
   - landowner engagement and technical assistance including a focus on ensuring support for historically underserved forest owners.

2) **Strengthen Wildfire Mitigation and Disaster Recovery on Family Forests with support for**:
   - Increased financial and forestry technical assistance for wildfire mitigation and disaster recovery through programs such as EQIP;
   - Strengthening funding provisions in the Infrastructure bill that allow for increased cross-boundary action, including match waivers where appropriate;
   - Improvements in programs such as the Emergency Forest Restoration Program and other disaster programs aimed at forest owners.

3) **Continued investment and improvements in USDA conservation programs including:**
   - Increase funding for the Landscape Restoration Program and encourage public-private partnerships, with consideration for underserved communities;
   - Reauthorize RCPP with a more streamlined administrative process to be more aligned with other Title II programs.
   - Reauthorize restoration programs such as Conservation Stewardship Program and Conservation Reserve Program

In conclusion, we truly appreciate this Committee's work on forestry and see the 2023 Farm Bill as an opportunity to build on this important work and leverage significant private sector markets and funding in the process. Thank you for the opportunity to share our views and we stand ready to assist as AFF and the Forests in the Farm Bill Coalition, as the Committee's work continues.