

**Statement of
Under Secretary Mark Rey
United States Department of Agriculture**

Before

SENATE COMMITTEE on ENERGY and NATURAL RESOURCES

Concerning

**FOREST SERVICE
FISCAL YEAR 2009 BUDGET**

February 14, 2008

Overview

Mr. Chairman and members of the Committee, I appreciate the opportunity to discuss the President's Fiscal Year (FY) 2009 Budget for the Forest Service during today's hearing. I am pleased to join Forest Service Chief Gail Kimbell at this hearing today.

In my testimony, I will discuss three issues that relate to the 2009 Budget. First, I will address Wildland Fire programs and management reforms. Next, I will address the need to provide 4 years of further transitional assistance to rural counties that received benefits under Secure Rural Schools and Self-Determination Act of 2000. Finally, I will discuss the redesign of Forest Service State and Private Forestry programs and related Federal investments proposed in the 2008 Farm Bill.

Wildland Fire

The 2009 budget proposes a total of \$1.977 billion for Wildland Fire Management programs, including \$994 million for Suppression, \$588 million for Preparedness, \$297 million for Hazardous Fuel Reduction, and continued funding for other National Fire Plan activities. Additionally, the Forest Service is adopting significant management reforms to ensure equitable sharing of fire suppression costs between Federal and other firefighting entities, fully implement risk-informed Appropriate Management Response, and enact cost-containment accountability throughout Wildland Fire programs.

The 2007 fire season illustrated the continued success of the Forest Service fire organization, but also the challenges we face. Fires in recent years have become larger and more difficult to control due to a variety of factors, including climate change, historic fire suppression efforts resulting in increased density of hazard fuels, and expansion of residences in the wildland-urban interface (WUI). As a result, fire activity in 2007 was above normal by many standards. Across all jurisdictions, wildland fires totaled more than 78,000 incidents, burning over 9 million acres. Thirteen different fires burned over 100,000 acres each, and the Nation was in Preparedness Level 5 for 33 days—the highest level of fire activity during which several geographic areas are experiencing simultaneous major incidents. Despite more fires than in 2006, and a 49 percent increase in acres burned, the cost of suppressing Forest Service fires was \$127 million lower in 2007 due to aggressive implementation of Appropriate Management Response and other cost containment measures.

The southern California fires at the end of the 2007 fire season further exemplified the successful coordination and risk mitigation activities that have made the Forest Service fire organization a model the world over. Compared to similar events in 2003, the 2007 fires had more fire starts (271 compared to 213) and more large fires that escaped initial attack (20 compared to 14), yet much less resulting damage. Only 65 percent as many acres were burned, 60 percent as many structures were destroyed, 60 percent as many firefighters were injured, and 40 percent as many civilian fatalities occurred, compared to 2003. Improvements are attributable to pre-positioning efforts, investments in hazardous fuels treatments and community capacity, and coordination with other Federal, State, and local entities. And, these improvements occurred, notwithstanding the construction of over 189,000 new homes since 2003 in the wildland-urban interface in the affected southern California counties.

In spite of these signs of success, the 2007 fire season still resulted in nearly \$1.4 billion of expenditures on fire suppression. As application of Federal firefighting resources on both Federal and non-Federal land has grown, annual suppression expenditures escalate, as does the 10-year average of annual fire suppression expenditures, which determines the program's budget request.

The Budget makes a priority of the protection of communities, the environment, and firefighters, and providing for the higher costs of suppression is a reasonable and prudent action consistent with our protection priorities. The 2009 Fire Suppression request is \$994 million, over \$250 million higher than it was just 2 years ago, and nearly \$150 million more than the current enacted level. The total Wildland Fire Management program, including continued focus on the National Fire Plan, makes up over 48 percent of the agency's discretionary budget request. The Forest Service is adopting substantive management reforms to mitigate this cost trend for suppression.

In FY 2009, the Wildland Fire Management program will continue to improve performance through attention to policy, training, oversight, decision support tools, and after-action performance analysis. Management policy is set at the national level, and provides clear guidance for the role of Federal firefighters in the wildland-urban interface. Management policy also provides strategies of Appropriate Management Response, expectations concerning national shared resources and aviation resource cost management, and limitations to Severity funding. Mandatory training keeps agency administrators up to date on national policy. During an incident, the Chief's Principal Representative provides oversight, while decision support tools such as Rapid Assessment of Values at Risk (RAVAR) and Fire Spread Probability (FSPro) offer the incident commander information on fire spread probability, resource values at risk, and historic costs for similar fires. After-action reviews, including use of the Stratified Cost Index, provide lessons and best practices to include in subsequent updates to management policy. This performance improvement process resulted in savings estimated at \$200 million in suppression expenditures during 2007, and will enable the agency to maintain Fire Preparedness resources within a \$588 million program budget, a decrease of \$77 million from 2008.

Several additional wildfire management reforms are based on recommendations of a USDA Office of Inspector General report that examined large fire suppression costs. The report documented inequitable apportionment of fire protection responsibilities between Federal and local entities in residential areas that abut national forests. In response, the Forest Service is renegotiating master protection agreements to clarify roles and ensure equitable and appropriate allocation of wildland-urban interface firefighting costs between the agreement parties.

Additionally, the Forest Service is implementing a science-based methodology to encourage the cost-effective practice of using unplanned wildfires to reduce hazardous fuels when appropriate.

We expect that the management improvements implemented and underway will continue to make managers better prepared for wildfires; facilitate better decision making during firefighting operations; and provide the tools necessary to analyze, understand, and manage fire suppression costs. While the factors of drought, fuels build-up in our forests, and increasing development in fire prone areas have the potential to keep the number of incidents and total cost of wildfire suppression high for some time to come, we are confident in our strategy to address wildland fire suppression costs and are committed to action. We believe that the measures discussed today promise to expand efficiency and reduce suppression costs. We look forward to continued collaboration with our Federal, State, local, tribal, and other non-Federal partners to address our shared goal of effectively managing wildfire suppression costs.

Continuing Transitional Support to Rural Communities through Extension of Secure Rural Schools Payments

The Secure Rural Schools and Community Self-Determination act of 2000 (SRS) (PL 106-393) was enacted to provide transitional assistance to rural counties affected by the decline in revenue from timber harvests on Federal lands. Traditionally, these counties relied on a share of receipts from timber harvests to supplement local funding for school systems and roads. Funding from SRS has been used to support more than 4,400 rural schools and to help maintain county road systems. In addition, SRS has authorized the establishment of over 55 resource advisory committees (RACs) in 13 States, which has increased the level of interaction between the Forest Service, local governments, and citizens—resulting in greater support and understanding of the agency’s mission. The Forest Service has distributed more than \$2.5 billion dollars under this legislation since 2001 to assist counties in maintaining and improving local schools and roads. Of this amount, \$213 million dollars have been used by RACs to implement more than 4,400 resource projects on national forests and grasslands and adjacent non-Federal lands.

Though the Secure Rural Schools Act expired in 2006, Congress extended payments for a seventh year under Public Law 110-28. The final year of payments were made in December

2007, and included distribution of more than \$389 million in Forest Service revenue to 41 States and Puerto Rico for improvements to public schools, roads, and stewardship projects.

Although Secure Rural Schools Act payments were intended to be temporary, the 2009 Budget underscores the President's continuing commitment to States and counties impacted by the ongoing loss of receipts associated with lower timber harvests on Federal lands. The Budget includes a legislative proposal that provides \$200 million above the current baseline for a 4-year extension of USDA and Department of the Interior forest county safety net payments, which will be targeted to the most affected areas, capped, adjusted downward each year, and phased out. For administrative convenience, USDA will make the payments on behalf of both agencies. Offsets for the Administration's proposal are provided within the topline of the President's Budget throughout the Department of Agriculture and elsewhere. For the 2008 payment (to be made in 2009), the Administration continues to be prepared to work with Congress to identify mutually agreeable offsets.

State and Private Forestry Program Redesign

The 2009 Budget focuses resources on national forest and grassland responsibilities, but it also reflects a redesigned State and Private Forestry program approach. Funding is provided for priority technical assistance to non-industrial private forest landowners and financial assistance for high priority cooperative conservation projects.

The State and Private Forestry program connects the agency's research and public lands-based programs to those of States and private individuals and entities. Through a coordinated effort in management, protection, conservation education, and resource use, State and Private Forestry programs help facilitate sound stewardship across lands of all ownerships on a landscape scale, while maintaining the flexibility for individual forest landowners to pursue their objectives.

In FY 2007, the Forest Service and the National Association of State Foresters agreed to redesign State and Private Forestry. The intent of the redesign is to focus and prioritize resources to better shape and influence forest land use on a scale and in a way that optimizes public benefits from trees and forests for current and future generations. The foundation for the redesign approach is

a national assessment of conditions, trends, and opportunities relevant to forests of all ownerships. The initial phase of national implementation has begun, including a new competitive process for a portion of S&PF funds. The Forest Service has committed to monitor implementation of the redesign approach, facilitate an annual review, and implement changes as needed.

As a result, the Forest Service will prioritize work using the best available technology and information focused on three national themes: 1) Conserve working forest landscapes; 2) Protect forests from harm; and 3) Enhance benefits from trees and forests. Comprehensive assessments will be conducted at the state and national levels to identify conditions, threats, and ecosystem services. The assessments will then be used to integrate program delivery with partners through a variety of tools and approaches and ensure appropriate skills and organizational structures are in place to support priority work.

In addition, mandatory funding is proposed in the 2008 Farm Bill for purposes and activities similar to those supported by State and Private Forestry programs. The Conservation, Forestry, and Energy titles of the Farm Bill provides nearly \$10 billion in incentives to States, local governments, and nonindustrial private forest landowners to pursue conservation, forest restoration, and biomass energy. The products and process of State and Private Forestry redesign have helped focus collaborative efforts around important national priorities which will also receive significant attention and support in the 2008 Farm Bill.

This concludes my statement; I would be happy to answer any questions that you may have.