

STATEMENT OF
TOM TIDWELL, CHIEF
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
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CONCERNING

The National Forest System and Active Forest Management

Introduction

Mr. Chairman and Members of the Committee, thank you for the opportunity to present the views of the Forest Service 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, including small-diameter trees and other vegetation, 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 targets of 2.9 bbf in FY 2015 and 3.2 bbf in FY 2016. Meeting this last goal will require a number of strategies.

Working with State, Local and Tribal Communities with Forest Health

The Forest Service's Forest Health Protection program protects non-Federal forest and tree resources from damaging forest insects, disease-causing agents, and invasive plants; develops and improves forest health protection technologies; and monitors the health of our Nation's forests. Technical assistance, formula grants, and project grants are available.

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 2011 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 Illinois, conservation management in the Kinkaid Lake watershed has been a partnership effort for many years. The cooperation with the Illinois Department of Natural Resources, Shawnee Resource Conservation and Development Council, Jackson County Soil and Water Conservation District, Kincaid Area Watershed Project and other partners has come together with a goal to restore the Kinkaid Lake Watershed. Kinkaid Lake is a 2,350 acre reservoir that provides potable water to about 30,000 people, but is deteriorating due to nonpoint sources of sediment and nutrients. The partners will combine their time and resources to improve water quality and water storage capacity by reducing the amount sediment and nutrients. The water supply watershed and habitat quality will be improved and wildfire threats will also be reduced.

The watersheds of Lake Superior's coastal forests are home to tributaries that impact the water quality of The Great Lakes, among the most important natural resources in the world. With more than 20 percent of the earth's surface freshwater, they provide drinking water for 45 million people and habitat for a vast array of plants and wildlife, including more than 200 globally rare species. Spanning 295,000 square miles, the basin's immense network of streams, lakes, wetlands and forests provides critical ecological services, such as water filtration, flood control, and carbon storage. In addition, the region offers unmatched opportunities for industry, tourism and recreation. The Forest Service and NRCS are partnering with Sugarloaf: The North Shore Stewardship Association, Grand Portage Tribal Council, The Nature Conservancy, Soil and Water Conservation Districts and the state to expand current restoration efforts to protect the water quality of Lake Superior, provide critical wildlife habitat and develop a resilient ecosystem for the future.

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 increases NEPA efficiency and thereby spreads 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.

In the Southwest, the Forest Service signed the Final Record of Decision for the Four Forest Restoration Initiative's (4FRI) first EIS on April 17, which analyzed approximately one million acres in the Coconino and Kaibab National Forests. 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. The Environmental Impact Statement covers approximately one million acres and proposes 586,110 acres of restoration activities: 355,708 acres on the Flagstaff, Mogollon, and Red Rock districts of the Coconino National Forest; and 230,402 acres on the Williams and Tusayan districts of the Kaibab National Forest.

4FRI involves the entire suite of restoration efforts including thinning; prescribed burning; watershed and road maintenance; grassland, spring, and stream channel restoration; and habitat improvement. This milestone is the result of four national forests and more than 30 stakeholder groups joining together over five years to work on the largest landscape-scale restoration project ever analyzed in Forest Service history. 4FRI builds on many years of collaboration, research, and action since the mid-1990s. Over the past five years, the Forest Service has progressed toward accelerating

restoration by implementing projects within the 4FRI landscape, using previous NEPA analyses. Progress continues with this final Record of Decision.

- 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. On March 6, designations for the state of Washington added an additional 711,000 acres.

The Forest Service has been working to integrate the new authorities into our project development process, recognizing that FY 2014 projects were already developed and underway when the Farm Bill was authorized and insect and disease areas were designated. The first projects using this new authority are already moving forward. Currently, nine projects have been proposed under the Farm Bill Insect and Disease provisions. Seven of the projects will be implemented using the new Categorical Exclusion (CE) authority, while the remainder will use the updated procedures for completing an Environmental Assessment. These initial projects will help the agency and its partners better understand and implement the new CE authority while additional projects are identified, planned and implemented. 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 (GNA), which authorizes federal agencies to enter into cooperative agreements or contracts with state foresters to conduct restoration projects on federal forestland. The Forest Service is near the final stages of completing the requirements of the Paperwork Reduction Act process that is required to approve the agreement templates that will be used by the agency and states to implement projects under GNA. The Forest Service is working closely with states to ensure that this new authority can be efficiently implemented. We expect approval of the agreement templates this spring and to begin implementing projects this summer.

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 accredited third-party green building certification systems.

The Forest Service is actively encouraging the U.S. building sector to fully consider wood 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. USDA will announce awardees of the U.S. Tall Wood Building Prize Competition in October 2015.

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), the largest forestry research organization in the world, 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 deployed 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. WDFA 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.

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.