



May 25, 2017

Budget Hearing – U.S. Forest Service

Subcommittee on Interior, Environment, and Related Agencies,
Committee on Appropriations, United States House of Representatives,
One Hundred Fifteenth Congress, First Session

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Chairman Ken Calvert

*Subcommittee on Interior, Environment, and Related Agencies
House Committee on Appropriations*

**U.S. Forest Service FY 2018 Budget Hearing
May 25, 2017
Opening Statement As Prepared**

Good morning. I would like to extend a warm welcome to our distinguished full committee chairman, my colleagues, our witnesses, and the audience. Today is a special occasion for the Interior Subcommittee. We have the Secretary of Agriculture, the Honorable Sonny Perdue, as well as the Chief of the Forest Service, Mr. Tom Tidwell, testifying before us.

My staff reviewed the Committee's hearing records as far back as the 1960s and found no mention of the Secretary of Agriculture appearing before the Subcommittee on Forest Service issues. I understand your staff jogged the memories of long-time USDA employees, and no one could remember it happening either.

As we break new ground today, Secretary Perdue and Chief Tidwell, we are pleased and honored to have you both with us. We look forward to hearing from you on the fiscal year 2018 budget request for the Forest Service.

The President's fiscal year 2018 budget request is a significant departure from the last several fiscal years with its proposed overall reduction of \$900 million – 16 percent – below the fiscal year 2017 enacted level for Forest Service programs. And again we have a budget request in which more than 50 percent of the Service's budget is dedicated to fighting fires. We will have many questions about these cuts and their effects on operations, staffing, and programs.

In particular, this Subcommittee continues to be concerned about the cost of fighting wildfires and the effect it has on other Forest Service budgets, programs, and management. I would like to thank you, Chief Tidwell, for the Administration's efforts over the past several years to change the way we budget for fires. I also thank Congressman Simpson for keeping the pressure on Congress to address the issue.

While firefighting costs seem to dominate most discussions about the Forest Service, there are numerous other issues, including aviation management, law enforcement, land acquisition, and basic budgeting and program management, among others, that need to be attended to. As I have said before, the Service must demonstrate that it is accountable, transparent, and able to improve the condition of our national forests, all while managing unpredictable fire seasons. This is not an easy task.

Secretary Perdue, we invited you to participate in this hearing, in part, to help you understand the importance of the Forest Service to this Subcommittee, the Department of Agriculture as a whole, and the Nation. Healthy, productive national forests provide quality timber and other forest products; they clean our air and water; provide recreational opportunities; and enhance the natural beauty of our country. We understand the challenges facing our national forests and the statutes under which they are managed. However, I believe our national forests need a renewed focus on their health and productivity. As Secretary, you can help with that, and I ask you to consider making forest management one of your priorities.

For the past one and a half years, the Subcommittee, along with our Senate counterparts, has been investigating the Forest Service's accounting, budget, and management practices. We found some areas where improvements were needed. Some of these needed to be addressed by Congress. Others could be addressed by the Service.

In the fiscal year 2017 Consolidated Appropriations Act, we: imposed fiscal year limits on most Forest Service accounts; directed the Service to standardize its budgeting across the agency; directed the Service to reduce printing expenditures; increased oversight of the Service by the Department's budget office; and required more detailed budget requests in the future.

Chief, we appreciate the dedication, creativity, and responsiveness of your budget staff. They are working long hours without complaint to address our concerns and make the Forest Service more accountable, effective, and transparent.

The Subcommittee is serious about the need for improvements in your accounting, budgeting, and management practices. They will be especially important if we see large reductions to the Service's budget. We must ensure we are getting the absolute most out of every taxpayer dollar invested in the national forests. We pledge to work with you and hope that you also will pledge to work with us.

Secretary Perdue and Chief Tidwell, I thank you and the entire Forest Service staff for your work to care for the Nation's forests. We know that all of you care deeply for our forests and the communities that depend on them.

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**Statement by
Sonny Perdue
Secretary of Agriculture
Before the Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations, U.S. House of Representatives
May 25, 2017**

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the Administration's priorities for the Department of Agriculture's (USDA) Forest Service, and provide an overview of the President's 2018 budget. Joining me today are Tom Tidwell, Chief of the Forest Service, and Sheri Elliott, the Forest Service's Acting Budget Director.

It is an honor to be with you today as the Nation's 31st Secretary of Agriculture. I am truly humbled by the opportunity to serve the American people, our farmers, and forest land owners, and I assure you that I will work tirelessly on their behalf. I thank you for the opportunity to appear before you today, and I look forward to working with you in the coming months and years as we continue to improve our nation's forests and grasslands; increase our focus on the active management of our lands; and work with Congress on actions or options to address longstanding wildland fire funding concerns.

A strong vision

While I am new to the Federal budget process, I know firsthand the challenges related to developing and enacting budgets at the State level. As governor, I reformed state budget priorities to transform a budget deficit into a surplus, improved program performance, and helped Georgians create more than 200,000 new jobs. Now, in my role as Secretary of Agriculture, I will be the leading advocate for rural America and responsible management of our natural resources, bringing to the Department the same energy and creativity I brought to my job as Governor. As U.S. Secretary of Agriculture, I will be guided by the following principles.

First, I will maximize the ability of the men and women of America's natural resources and recreation sectors to create jobs, to produce and sell the products that provide shelter to so many people, provide the public opportunities to get outside to enjoy the Nation's forests and grasslands, and to reap the earned reward of their labor. The FY 2018 budget proposal is projected to contribute between 340,000 and 370,000 jobs in the economy.

Along those lines, the proposed Forest Service budget for 2018 supports a program of work that is projected to contribute more than \$30 billion in Gross Domestic Product (GDP). We will work to expand our markets to sell wood and biomass and keep increasing the GDP contribution which is currently a little more than \$3 billion. The Forest Service will also maintain their focus on providing quality outdoor recreation experiences which produce more than \$10 billion toward the GDP each year.

I also place a high priority on the American taxpayers – our customers. I will prioritize customer service every day, across the USDA. Our customers expect, and have every right to demand, that we conduct the people's business efficiently, effectively, and with the utmost integrity. Arguably, no other Federal agency has more direct interface with Americans than does the Department of Agriculture. The national forests and grasslands alone have nearly 150 million people visit every year, and over half of them are repeat visitors that use the forests and grasslands up to 10 times per year. We also touch millions of Americans through a host of other

programs, as well. If we take into account our Research, State and Private Forestry, the programs of the National Forest System, and Wildland Fire Management, we touch nearly every single facet of American life.

It was with our customers in mind that I recently directed a reorganization of USDA. As part of the reorganization the Natural Resources Conservation Service was realigned from the Under Secretary for Natural Resources and Environment to a new Under Secretary for Farm Production and Conservation. This will enable the Under Secretary for Natural Resources and Environment to focus more attention on managing our national forests to ensure productive and sustained use, and managing our organization with the most employees.

We must also manage the land—and we must relentlessly pursue clean air and water. American wood products comes directly from the land. Today, those natural resources provide a wood supply with global reach, opportunities to recreate, abundant fish and wildlife, and clean and abundant water for more than 60 percent of the U.S. population. My father’s words still ring in my ears, “Son, if you take care of the land, it will take care of you. Owned or rented, we’re all stewards, and our responsibility is to leave it better than we found it.” Without proper stewardship of our resources, we will squander precious assets that are rare and time that we do not have. Science will help us find the best ways to provide sustainable wood products; restore forests and grasslands; reduce fire risk in communities; keep our air and water clean; and allow us to manage our lands in a way that leaves them a better place than we found when we started. Rather than focusing on obtaining more land, we need to better manage what we already have. If we accept these parameters, we can preserve our watersheds, our forests, our grasslands, and our delicate ecosystems for generations to come.

The President’s 2018 Budget

I am here today to present to you the Administration’s budget for the United States Department of Agriculture’s Forest Service. The 2018 President’s Budget for Forest Service is nearly \$5.2 billion, of which \$467 million is mandatory funding. The majority of these funds support Wildland Fire Management operations and the maintenance of National Forest System lands. The Administration’s commitment to rural communities, jobs creation, shared stewardship, and the production of goods and services from National Forest System lands is demonstrated by the funding level of Forest Products and the movement of Hazardous Fuels from the Wildland Fire Management to the National Forest System. Through the use of tools like the Good Neighbor and other Farm Bill authorities, utilizing funding within permanent and trust accounts, the Forest Service will sell 3.2 billion board feet of timber while improving the resilience of more than 1.7 million acres of National Forest System lands.

The Budget also fully funds suppression at the current 10-year average. The Forest Service provides the majority of aviation assets for wildland firefighting efforts on National Forest System lands, as well as other Federal, State and local jurisdictions. Serving as the contracting source for these assets provides cost effectiveness through economies of scale and other market factors and operational efficiencies in delivering critical resources for wildland firefighting efforts. The FY 2018 President’s Budget will enable the agency to continue modernizing its aviation resources, and implement the 2012 Large Airtanker Strategy.

In the 2018 Budget, 53 percent of the request is for Wildland Fire Management, up from 16 percent in 1995. The growth in fire suppression costs has steadily consumed an ever-increasing portion of the agency’s appropriated budget requiring the agency to shift funds from

other critical natural resource management programs. Increased development near wildlands is accelerating the continued growth of the Wildland Urban Interface (WUI), and more than 46 million homes, or 40 percent of the Nation's housing units, are located in these fire-prone areas. This is an issue you know well and I appreciate the support and leadership this Subcommittee has shown. I look forward to working with the Department of the Interior, Office of Management and Budget and you to develop a responsible approach that addresses risk management, performance accountability, cost containment, and the role of State and local government partners in ensuring adequate funds are available for wildfire suppression without undue disruption to land management operations.

As I recently informed the House Agriculture Committee, I am confident in the future of rural America and see opportunities for us to continue to strengthen this outlook and create opportunities for rural America. I look forward to working with this Subcommittee to fulfill the President's goals and our key responsibilities for the long term benefit of Nation's forests and grasslands and all Americans.

I will be glad to answer questions you may have at this time.

**Statement of Tom Tidwell, Chief of the USDA Forest Service
Before the House Committee on Appropriations,
Subcommittee on Interior, Environment, and Related Agencies
Concerning President's Fiscal Year 2018 Proposed Budget
for the USDA Forest Service
May 25, 2017**

Mr. Chairman and members of the Subcommittee, thank you for inviting me here today to testify on the President's FY 2018 Budget request for the Forest Service. I appreciate the support this Subcommittee has shown for the Forest Service in the past and I look forward to continuing to work together to ensure that stewardship of our Nation's forests and grasslands continues to meet the desires and expectations of the American people.

The 2018 President's Budget for Forest Service is nearly \$5.2 billion, of which \$467 million is mandatory funding, and is a good investment for the American public. The funding and related work will support between 340,000 and 370,000 jobs in the economy and contribute more than \$30 billion in Gross Domestic Product. The Administration's commitment to rural communities, jobs creation, shared stewardship, and the production of goods and services from National Forest System lands is demonstrated by the funding level of Forest Products and the movement of Hazardous Fuels from the Wildland Fire Management to the National Forest System. Through the use of tools like the Good Neighbor and other Farm Bill authorities utilizing funding within permanent and trust accounts, the Forest Service will sell 3.2 billion board feet of timber while improving the resilience of more than 1.7 million acres of National Forest System lands through hazardous fuels removal.

The Budget strengthens the agency's financial accountability and increases predictability in its budget planning and execution process at both the National and Regional level. Starting in FY 2018, Forest Service firefighters will charge all base hours (the first eight hours of each day) to Preparedness and, when fighting fires, charge any hours over eight per day to Suppression. The agency is continuing to strengthen its financial accountability and credibility through the implementation of policies that reinforce timely obligation of funds, the management of prior year unobligated balances, and quarterly review of unliquidated obligations.

The President's 2018 Budget

The FY 2018 request focuses on: acquiring knowledge to better manage forests and expand markets for wood and biomass; high priority projects on State and Private Forests; active forest management, as well as building agency capacity for active management. To address these focus areas, the Budget makes key investments in the following program areas:

- Forest Inventory and Analysis (\$77 million, an increase of \$2.14 million from the FY 2017 annualized Continuing Resolution level)—to continue to implement the annualized inventory program in all 50 States (including interior Alaska), the affiliated Pacific islands, Puerto Rico, and the U.S. Virgin Islands.
- Forest Health Management (\$90.390 million, a decrease of \$9.021 million from the FY 2017 annualized Continuing Resolution level)—to continue to treat prioritized areas to reduce the potential for new outbreaks; protect these areas from damaging insects, diseases, and invasive plants; and reduce the risks of undesired mortality from wildfire.
- Forest Stewardship (\$20.5 million, a net decrease of \$2.492 million from the FY 2017 Annualized Continuing Resolution level)—to provide assistance to private landowners seeking to manage their forest lands. Better management of private lands supports the

maintenance of nearby national forest and grasslands, and provides an economic contribution to local economies.

- Forest Products (\$359.1 million, the same as the FY 2017 Annualized Continuing Resolution level)—to sell 3.2 billion board feet of timber and continue to build internal capacity in our workforce.
- Capital Improvement and Maintenance (\$99.7 million, a decrease of \$263.8 million)—to maintain a workforce that will implement critical infrastructure maintenance projects on National Forest System lands and remain ready to implement additional improvements that could be funded through the Administration’s infrastructure initiatives.
- Hazardous Fuels (\$354.3 million, a decrease of \$20 million below the FY 2017 Annualized Continuing Resolution level)—As most hazardous fuels work takes place on NFS lands, the agency will be able to administer this program more efficiently and effectively if managed as part of the National Forest System. With the funding, fuels treatments in the wildland/urban interface will reduce the risk of catastrophic fire on 1.7 million acres.
- Preparedness (\$1.34 billion, an increase of \$259.1 million from the FY 2017 annualized Continuing Resolution level)—this increase funds all base 8 costs with Preparedness. This is not new funding, but was shifted from Suppression where a portion of base 8 costs have been charged since 2004. The Forest Service and the Department of the Interior are now using the same business rules.
- Suppression (\$1.057 billion, an increase of \$247.4 million from the FY 2017 annualized Continuing Resolution level)—this amount fully funds the 10-year average costs for fire suppression.
- The Budget for wildland fire management will fund up to 20 airtankers under exclusive use contracts. In 2018, these contracts will be funded with both Preparedness and Suppression funding.

Legislative Proposals

In connection with the FY 2018 President’s Budget, we propose several key legislative changes to improve our effectiveness in delivering programs and services:

- *Federal Lands Recreation Enhancement Act.* The 2018 budget proposes general provision language for a one-year reauthorization of the Federal Lands Recreation Enhancement Act (FLREA) which is currently scheduled to expire on September 30, 2018. The Forest Service receives approximately \$65 million annually in recreation fee revenue. Ninety-five percent of the recreation fees collected on a national forest stay at that national forest to be reinvested in recreation sites and services. If FLREA expires without reauthorization, the agencies will have no recreation fee authority for operations and maintenance of recreation facilities or for payment for the National Recreation Reservation System.
- *Small Tracts Act Conveyance Authority.* We propose increasing the maximum value of the land that could be conveyed, from \$150,000 to \$500,000, to better align with current land values.

- *Extension of Grazing Permits.* We propose that the terms and conditions of section 325 of Public Law 108–108 (117 Stat. 1307), which regard grazing permits issued by the Forest Service on any lands not subject to administration under section 402 of the Federal Lands Policy and Management Act (43 U.S.C. 1752), shall remain in effect for FY 2018. This would address recent amendments to section 402 of the Federal Land Policy and Management Act and public concerns that the amendments do not apply to grazing permits issued by the Forest Service on the national grasslands and on eastern national forests.
- *Forest Service Facilities Realignment and Enhancement Act.* We propose a one-year reauthorization of the Forest Service Facilities Realignment and Enhancement Act of 2005 (FSREA). FSREA would allow the Secretary to convey administrative sites that the Forest Service no longer needs, and retain the proceeds from the sales for the acquisition, improvement, maintenance, reconstruction, or construction of facilities. Reauthorization would allow for better utilization of existing resources, increase the agency’s ability to address health and safety issues, and enhanced service to the public.
- *Communications Site Program.* The Forest Service seeks authority to retain \$4.5 million annually to better manage the growing use of Forest Service lands for communications facilities. This will result in an increased annual return on investment to the Treasury within two years. This proposal will result in reduced processing time for new applications to provide better customer service (currently it takes one to three years to process a new application); enhanced and expanded telecommunications provided to rural communities via broadband, personal communications systems, and emergency services; and increased safety of visitors, agency staff, and first responders through additional communications capacity.

Our budget request focuses on sustaining jobs (especially in rural America), increasing economic contribution, sharing responsibility for the stewardship of our natural resources, and more effective and efficient delivery of products and services. Our requested budget will enable us to continue to make progress addressing the growing extent and magnitude of our management challenges on National Forest System lands. Through strategic partnerships, we can accomplish more work while also yielding more benefits for all Americans, for the sake of all generations to come. I look forward to working with this Subcommittee to fulfill the President’s goals and our key responsibilities for the long term benefit of Nation’s forests and grasslands and all Americans. I will be glad to answer questions you may have at this time.