

Testimony of William R. Murray, Deputy General Counsel
American Forest & Paper Association
Subcommittee on Interior, Environment, and Related Agencies
House Committee on Appropriations
March 19, 2010

Primary AF&PA Recommendations for U.S. Forest Service Programs

USFS Account	Program	F.Y. 2010 (\$M)	AF&PA (\$M)
National Forest System	Forest Products	336.722	393.722
National Forest System	Hazardous Fuels Reduction	340.285	350.000
Forest and Rangeland Research	Forest Inventory and Analysis	66.939	76.000
State and Private Forestry	All	308.061	308.061

Introduction

The American Forest & Paper Association (AF&PA) is the national trade association of the forest products industry, representing forest landowners and pulp, paper, packaging, and wood products manufacturers. AF&PA companies make products essential for everyday life from renewable and recyclable resources.

The U.S. forest products industry accounts for approximately six percent of total domestic manufacturing GDP (putting it on par with the automotive and plastics industries). Forest industry companies produce \$200 billion in products annually, employ one million people, and provide \$54 billion in annual payroll. The industry is among the top 10 manufacturing sector employers in 48 states. Lumber, panel, pulp, and paper mills are frequently the economic hub of local communities, making the industry’s health critical to the economic vitality of hundreds of rural areas across the country.

Declining federal timber harvests have adversely affected many rural communities, resulting in thousands of jobs lost. Many actions are needed to help preserve the industry’s remaining jobs and contribute to the broader revitalization of the economy. Congress and the Administration must continue to improve credit markets, stimulate demand for housing, and craft policies that recognize the significant contributions made by the wood and paper industries towards renewable energy and climate goals. Within the jurisdiction of this subcommittee, we urge you to direct the U.S. Forest Service (USFS) to do everything it can to help preserve the forest products industry and the vital jobs it supports. Specific suggestions follow.

National Forest System, Forest Products — Increase Funding to Create New Jobs

The President’s Budget Request for the National Forest System (NFS) proposes to create a new “Integrated Resource Restoration” account incorporating NFS programs previously funded under the Wildlife and Fish Habitat Management, Forest Products, and Vegetative and Watershed Management accounts and including a new activity, “Landscape and Watershed Restoration.”

AF&PA understands the Administration's desire to "accelerate the refocusing of national forest management to forest ecosystem restoration project work, including global climate change adaptation and mitigation." However, we have numerous unanswered questions that preclude us from endorsing this initiative at this time. These are our primary concerns:

1. Uncertain funding allocation among activities. The three programs referenced above received a total of \$668 million in F.Y. 2010 funding. The President's Budget Request proposes \$694 million for the consolidated "Integrated Resource Restoration" account, but states that \$90 million is to be used for "Landscape and Watershed Restoration." Thus, it appears that one or more of the existing programmatic activities (Wildlife and Fish Habitat Management, Forest Products, and/or Vegetative and Watershed Management) will receive reductions of at least \$64 million. *How are those reductions to be allocated?*

2. Restoration, as a concept, is undefined. As evidenced by our signature on the joint February 16 letter to former Chairman Norm Dicks (copy attached), AF&PA has begun a dialogue with the Administration about how best to restore the health and vitality of the national forests, increase active management of more NFS acres, and revitalize the U.S. forest products industry. Given that this discussion is in its nascent stage, we have more questions than answers, including these:

- *How will a national emphasis on "restoration" affect timber sale programs on national forests that are not in need of restoration?*
- *How will a national emphasis on restoration dovetail with the forest plans, which focus on the statutory direction for multiple use and sustained yield without necessarily singling out "restoration" as a goal or objective?*
- *If the subcommittee were to adopt the Administration's recommendation, how would the Integrated Resource Restoration funds and outputs be allocated to the various Regions and Forests?*

3. Absence of resource-specific targets. AF&PA and numerous other conservation and natural resource organizations believe that USFS managers must be accountable to the citizens of the United States who are — collectively — the owners of the national forests. And, while it is true that some forest metrics are difficult to quantify (e.g. forest ecosystem resiliency), we rely upon quantifiable measures (e.g. wood removals) to judge how well the stewards of our collective patrimony are doing on a year-to-year basis. The President's Budget Request predicts timber outputs of 2.4 billion board feet, but does not contain an explicit timber sales target. We urge the Committee to maintain its past practice of including a statutory timber sale target. *Without a specific target, how will the Forest Service be held accountable for meeting or exceeding its "predicted" volume?*

4. To create forest industry jobs, more federal timber should be made available for sale. At a time when most Americans are concerned about jobs and our economy, studies indicate that the USFS timber sale program could produce over 6,000 jobs with an additional annual investment of \$57 million, and even more jobs could be produced with higher investments. *Without a specific NFS timber volume target and by eliminating the Forest Products account, how will new jobs be created?*

AF&PA supports the concept of "restoration" as applied to the national forests. Well managed forests are critical to the United States, providing recreation, clean air and water, and fish and wildlife habitat. They also support jobs, rural communities, local education, and the paper and building

materials vital to economic recovery. We intend to work with the Administration to help rebuild support for *proactive* national forest management and, where necessary, “restoration.” ***However, while this discussion is ongoing, we urge this subcommittee to continue to provide funding for a separate Forest Products account, increase F.Y. 2011 funding to 393.722 million, and set a national timber sales target of 3.0 billion board feet. We also urge you to provide funds for road construction/reconstruction necessary to implement projects and to reduce the \$10 billion road maintenance backlog that exists primarily on Level 3,4, and 5 roads.***

National Forest System, Hazardous Fuels Reduction — Increase Funding and Integration

As we have testified in previous years, hazardous fuels reduction is essential to the federal forest health restoration effort and AFPA supports a modest (\$10 million) increase over the F.Y. 2010 enacted level for this vital program. We also urge the subcommittee to instruct the Forest Service to implement these projects in forested stands, using mechanical treatments that produce merchantable wood fiber for utilization by local mills. Prescribed burns and debris removal will not solve the hazardous fuel overload by themselves. The forest products industry can and does play a key role in reducing hazardous fuels from federal lands as evidenced by the fact that mechanical hazardous fuel reduction costs are frequently significantly lower in regions with a substantial forest industry presence. The agency must take advantage of these synergies.

We also continue to believe the agency must move away from using “acres treated” as the sole metric of accomplishment in the hazardous fuels reduction program. Exclusive focus on this measure incentivizes the agency to treat low priority acres repeatedly and discourages the treatment of higher priority forested acres in Condition Class 3. More aggressive pursuit of mechanical treatments, including more frequent use of Healthy Forest Restoration Act authorities, will result in treatments that produce usable wood fiber and — more importantly — longer-lasting and more meaningful positive impacts on the long-term fire problem.

National Forest System, Forest Health Management — Increase Bark Beetle Control Funding

This subcommittee has recognized the urgent need to increase funding to fight bark beetle epidemics and following the final F.Y. 2010 allocation, Region 2 received an additional \$40 million, Montana received \$20 million, and Idaho received \$14 million to address this urgent problem. Those funds, while tremendously important and appreciated, are far short of what is necessary. Unfortunately, the President’s F.Y. 2011 Budget Request is silent on how, or whether, to pay for remaining work associated with the bark beetle epidemics. AF&PA urges this subcommittee to provide full funding to fight this insidious forest pest. Failure to act now will not only increase NFS firefighting costs in future years, but will cost the Treasury millions in revenue from lost timber sale receipts.

Firefighting — Fund the FLAME Program

AF&PA applauds the leadership by this subcommittee in including the Federal Land Assistance Management and Enhancement (FLAME) Act of 2009 within the F.Y. 2010 Interior, Environment, and Related Agencies appropriations bill. We urge you to continue this leadership by ensuring sufficient FLAME funding to cover the cost of emergency fires and eliminate the need to transfer funds from non-fire programs. In the past, “fire borrowing” has been disruptive to the management of affected federal agencies and led to inefficient resource management. We also urge you to provide

direction to USFS and Bureau of Land Management officials to use the most current and best-informed means of estimating annual suppression instead of the traditional 10-year average.

Forest and Rangeland Research — Increase USFS R&D Funding Moderately

Targeted research and data collection is needed to support forest productivity, forest health, and economic utilization of fiber. Increased funding for the Research and Development budget area is needed in order to allow the agency to focus on several critical priorities. The Forest Inventory and Analysis (FIA) program is the backbone of our knowledge about the nation's forests, and is a critical tool that allows us to assess their sustainability and health. We request \$76 million for the FIA program, which represents full funding. This level is needed to allow the Forest Service to cover 100 percent of U.S. forest lands and expedite data availability and analysis, and to support our growing data needs in the areas of bioenergy and climate mitigation.

We also recommend increased funding within the Forest Service R&D program in support of the Agenda 2020 Technology Alliance. Working in partnership with universities and the private sector, Forest Service funding for the Agenda 2020 program supports research to develop and deploy wood production systems that are ecologically sustainable, socially acceptable, and economically viable, in order to enhance forest conservation and the global competitiveness of forest product manufacturing and biorefinery operations in the United States. In particular, we encourage greater support for research on forest productivity and utilization at the Forest Products Lab and Research Stations. Innovative wood and fiber utilization research, including nanotechnology research, contributes to conservation and productivity of the forest resource. The development of new forest products and important research on the efficient use of wood fiber directly address the forest health problem through exploration of small diameter wood use and bioenergy production.

Finally, AF&PA recommends \$15 million to implement Section 9012 of the 2008 Farm Bill, which authorized a competitive R&D program to encourage the use of forest biomass for energy. This funding is needed to unlock the bioenergy potential from our nation's forests while simultaneously benefitting communities that rely on current forest resources. More renewable energy, more sustainable wood-based products, more carbon sequestration, and healthier forest-based communities are all possible with additional support for forest tree research.

State and Private Forestry — Maintain F.Y. 2010 Funding Levels for Key Programs

AF&PA applauds the subcommittee's sustained support for USFS State and Private Forestry programs and we are especially appreciative of last year's \$42.2 million increase. With ongoing droughts, invasive species infestations, and significant forest health problems, private forest resources remain vulnerable to damage from threats that do not respect public/private boundary lines.

As you know, private forests provide the bulk of the nation's wood fiber supply, while also sequestering huge amounts of carbon from the atmosphere, providing millions of acres of wildlife habitat, and supplying clean drinking water for millions of Americans. USFS State and Private Forestry programs protect these resources from threats that are beyond the capability of small landowners to effectively combat. Therefore, we urge you to provide funding at no less than their F.Y. 2010 enacted levels for the Cooperative Forest Health, Cooperative Fire Assistance, Forest Legacy Roads, Forest Stewardship, and Forest Legacy programs.