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INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES

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NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

DELIA SCOTT, CHRISTOPHER TOPIK, GREG KNADLE, JULIE FALKNER, and BETH HOUSER
Staff Assistants

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Environmental Protection Agency	**357**

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Part 6
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DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

TUESDAY, FEBRUARY 24, 2009.

FOREST SERVICE OVERSIGHT—POSSIBLE MOVE OF THE FOREST SERVICE TO THE DEPARTMENT OF THE INTERIOR

WITNESSES

ROBIN NAZZARO, DIRECTOR FOR NATURAL RESOURCES AND ENVIRONMENT

MIKE DOMBECK, UNIVERSITY OF WISCONSIN SYSTEM FELLOW & PROFESSOR OF GLOBAL CONSERVATION, UNIVERSITY OF WISCONSIN AT STEVENS POINT; FORMER CHIEF, U.S. FOREST SERVICE AND ACTING DIRECTOR, BUREAU OF LAND MANAGEMENT

LEAH MACSWORDS, KENTUCKY STATE FORESTER, CURRENT PRESIDENT OF NATIONAL ASSOCIATION OF STATE FORESTERS

BILL MEADOWS, PRESIDENT, THE WILDERNESS SOCIETY

BERYL RADIN, SCHOLAR IN RESIDENCE, SCHOOL OF PUBLIC AFFAIRS, AMERICAN UNIVERSITY; FELLOW, NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

CHAIRMAN DICKS OPENING STATEMENT

Mr. DICKS. Today we start the subcommittee's public activities in the 111th Congress with an oversight hearing looking at the Forest Service and whether it should be moved from Agriculture to the Department of the Interior.

But first I would like to note some changes in our subcommittee membership and then mention the future oversight hearings we will conduct while the Obama Administration is developing detailed budgets for fiscal year 2010. I welcome the new ranking member, my friend from the northwest, Mike Simpson of Idaho. He and I will work closely throughout the appropriations process. I also welcome our new Democratic member, David Price, who replaces Tom Udall, now in the Senate. We also have two new Republican members, Steve LaTourette of Ohio and Tom Cole of Oklahoma.

We will begin this year with a series of oversight hearings. Today we look at the question of whether the Forest Service might operate better in the Interior Department. This issue is largely an authorizing committee matter but the question comes up every year during our budget hearings on the Forest Service and when we deal with wildfire issues. Next week we will begin a series of oversight hearings at which the General Accountability Office and the

respective inspector generals will present summaries of key issues and findings for consideration by this subcommittee. We will also have oversight hearings on EPA issues and on additional Forest Service issues. Later this spring we will hold public witness hearings and then our annual budget hearings once the President submits his detailed request.

Now let's turn to today's hearing. The Forest Service is the only one of our major land management agencies that is not in the Department of the Interior. However, the appropriation for the Forest Service has been part of this subcommittee since 1955. Hence, it is natural for this subcommittee to review policy, management and funding priorities of the Forest Service in direct comparison to the bureaus in the Interior Department. However, we regularly see inconsistencies between the two departments. We see that there is room for much more collaboration which would make federal land management more effective as well as efficient. There are a variety of policy matters which could be improved with departmental consolidation. I will mention just a couple examples.

For instance, one of the mostly highly coordinated federal programs is the wildland fire management efforts of the Forest Service and the Interior Department. Nevertheless, in the last budget request from the Bush Administration, the two departments took quite different approaches to the proposed funding of basic firefighting preparedness. The Interior Department requested relatively level funding whereas the Forest Service budget included a reduction of nearly 600 FTEs in the wildfire program and other large fire program funding decreases. This subcommittee had a hearing on this matter and we then rejected these differences. I think it is less likely that such gross inconsistencies would occur if the bureaus were under common leadership. Of course, there are other ways to coordinate policy.

Another area where federal land management effectiveness could be improved is large-scale watershed management. This has been very important in my part of the country where extensive multiagency partnerships were established during the Clinton Administration to deal with various endangered species and conservation issues. During the next few years the federal land managers' response to climate change will require much greater common, integrated approaches to watershed management and environmental protection. Cross-departmental collaboration can work, but it takes a lot of heavy lifting. The public and various important commercial users of public lands often run into policy differences between the Forest Service and the Interior bureaus. Various recreationists, public land grazers, timber operations and energy concerns are routinely perplexed by the different approaches to common issues. Although this could be caused by different authorizing legislation, it seems likely that mixed legal jurisdiction and administrative matters could be effectively addressed under better coordinated departmental leadership.

Besides being a major land manager, the Forest Service also has integrated its excellent scientific research branch into the organization, and it has a state and private forestry branch which provides private land assistance. This is quite a different model than the Interior Department, where the research capacity is primarily in the

USGS and private land assistance programs are much more limited. Were the Forest Service ever to be consolidated into the Interior Department, these models might well enhance scientific management and program outreach throughout the Department of the Interior.

I will also mention some of the management efficiency issues that often come up when we are addressing the Forest Service and especially the Bureau of Land Management. As we all know, we can see from the map on the wall there are great numbers of locations in the West where Forest Service and BLM lands are intermingled. We often hear of the various departmental employees driving past each other as they go off to work on their respective holdings. Back in the Clinton Administration, this subcommittee tried to address this inefficiency with the Service First pilot initiative, which encouraged joint management of Forest Service and other Interior lands. That effort had some initial implementation but the legal and administrative differences between the two departments have prevented it from being successful. Although simply moving the Forest Service into the Interior Department would not automatically allow better integration of mixed jurisdiction lands, it seems likely that the organizational move would be the precursor needed to make these changes, and even the need for budget tightening. We need all the efficiency we can get. The purpose of today's hearing is to have a good discussion of various policy and management matters that would be considered to improve federal land management.

Mr. DICKS. Mr. Simpson, would you like to make some opening remarks?

Mr. SIMPSON. Thank you, Mr. Chairman.

Mr. DICKS. And I will put the rest of mine in the record.

MR. SIMPSON OPENING STATEMENT

Mr. SIMPSON. Thanks, Mr. Chairman.

Today's oversight hearing of the U.S. Forest Service marks our first opportunity to work together on the many issues and challenges before the Interior Appropriations Subcommittee. Having left this subcommittee 2 years ago, I am eager to resume my work on Interior appropriations.

In many respects, returning to this subcommittee is like coming home. My Congressional district in Idaho is home to some of our country's most beautiful and scenic natural resources. It includes Park Service, Forest Service and BLM lands. I look forward to serving with Chairman Dicks as the ranking member and working with each of our subcommittee members to forge a bipartisan and collaborative partnership going forward.

Today's oversight hearing is very timely. This is not the first time and likely will not be the last that questions will be asked about potentially moving some or all of the functions of the Forest Service into the Department of the Interior. The Forest Service is the only land management agency outside of the Department of the Interior. Could land management programs and policies be improved by consolidating these functions under one department? Can we set consistent priorities for the BLM and the Forest Service when they have overlapping programs dealing with oil and gas and

grazing? Do the budget challenges posed by ever-escalating wildland fire suppression budget provide us with sufficient incentive to tackle a major reorganization of federal land management responsibilities?

I look forward to hearing from today's expert witnesses and beginning a conversation that will lead to commonsense solutions in the management of our federal lands. Thank you, Mr. Chairman.

GAO STATEMENT

Mr. DICKS. Thank you, Mike.

We are going to start today with Robin Nazzaro of the GAO, who will summarize the study that our subcommittee commissioned. Robin, would you like to go ahead and start?

Ms. NAZZARO. Thank you, Mr. Chairman and members of the subcommittee. I am pleased to be here today to discuss GAO's observations on a possible move of the Forest Service into the Department of the Interior.

The Forest Service, which manages almost a quarter of the Nation's federal lands, as was noted here this morning, is the only major land management agency outside of the Department of the Interior. Four federal land management agencies, the Forest Service and Interior's Fish and Wildlife Service, Bureau of Land Management and National Park Service, manage most of the 680 million acres of federal land.

Recognizing that federal land management agencies face many similar challenges but lacked unifying statutory authorities for the management and use of these lands and resources, policymakers over the last four decades have made several unsuccessful attempts to reorganize the Nation's land and natural-resource agencies. These proposals were unsuccessful for a number of reasons including political resistance to the specific changes and shifting of government priorities at the time. The emergence of new challenges including wildland fire and climate change for both the Forest Service and Interior during a time of severe economic crisis as well as the growing need for agencies to collaborate on large-scale natural-resource problems has revived interest in the potential for improving federal land management.

My testimony today is based on a GAO report that is being released today, which discusses a potential move of the Forest Service into Interior. This move would entail transferring the authorities of the Forest Service Chief as well as those given to the Chief through the Secretary of Agriculture to the Secretary of the Interior and creating a new bureau equivalent to Interior's other bureaus. Specifically, I will discuss how federal land management would potentially be affected by such a move, what factors should be considered if a move is legislated, and what management practices could facilitate such a move.

Moving the Forest Service into Interior could improve the effectiveness of federal land management programs although few management efficiencies may be gained in the short term. One result of such a move would be the alignment of the federal land mission under one department. The Forest Service and the Bureau of Land Management both manage their lands for multiple uses including timber, grazing, oil and gas, recreation, wilderness and wildlife, al-

though they emphasize different uses, depending on their specific authorities and public demands.

[EDITOR'S NOTE.—Chart is page 14 of GAO report.]

As shown on the chart to my right here and behind, the Forest Service and Interior lands often abut each other and are sometimes intermingled. Land managers often cross each other's lands to work on their own lands and work with members of the same communities. Many of the experts and officials that we interviewed said such a move could, however, diminish the role that the Forest Service shares with USDA in providing technical and financial assistance to state and private landowners to sustain and conserve forests and protect them from wildland fires. Such outreach is not a function of Interior agencies. The new map above now to my right shows most of the nearly 750 million acres of federal, state and private forested lands. A move could cause the Forest Service to direct its attention away from nearly two-thirds of these lands, mostly in the eastern half of the country. However, other officials noted that Interior could work more with these entities if the authorities to do so were transferred with the Forest Service.

A move could also improve the effectiveness of federal land management programs, particularly if the four agencies took the opportunity to coordinate programs that they have in common such as law enforcement, recreation and wilderness management. The optimal approach for improving effectiveness could be to align the Forest Service's and BLM statutes, regulations, policies and programs in such areas as timber, grazing, oil and gas, appeals and mapping.

In terms of efficiencies, many of the experts and officials we interviewed believe that many efficiencies would not be achieved in the short term but might gained in the long term if the agencies converted to the same information technology and other business systems. Existing efforts to integrate programs at the National Interagency Fire Center in Idaho, for example, have demonstrated improved program effectiveness and public service but few efficiencies in the short term, mostly because of incompatible information technology and other business operating systems.

Under the Forest Service's and BLM's Service First program, which was begun in 1996, BLM, Forest Service, the Fish and Wildlife Service and the National Parks Service use one another's jurisdictions, authorities and responsibilities to conduct joint and integrated programs to improve customer service, operational efficiency and land management. The Service First efforts also demonstrate some of the difficulties that the Forest Service and BLM have working together because of different computer systems.

A number of the agency officials and experts believe that organizational options such as merging the Forest Service and BLM, reviewing federal land laws prior to reorganizing the agencies or creating a department of natural resources may do more to improve land management.

Moving the Forest Service into Interior would also raise a number of cultural, organizational and legal factors that could lead to disruptions and other transition costs. Differences between the Forest Service's culture and those of Interior's land management agencies may produce clashes resulting in decreased morale and productivity. The agencies' cultures stem in large part from their histories

and a result of each agency's level of autonomy within USDA and Interior. The agencies may also see an increase in the number of retirements and resignations which may actually facilitate cultural change but also decreases productivity because of the loss of experienced staff. We have previously reported that it can take five to seven years to fully implement initiatives to merge or transform organizations and to sustainably transform their organizational cultures.

Organizational factors could also complicate a transition. Adding about 29,000 Forest Service employees to Interior would likely increase the workload at the department level and strain shared resources. Furthermore, integrating the Forest Service's reporting, budgeting, acquisition and other processes and systems into Interior could be difficult, time consuming and costly. However, some agency officials noted that the timing for a move is opportune because Interior and USDA are both moving to new financial management systems and the Forest Service could be moved into Interior's system without further investment in USDA's system.

Also, the Forest Service is the largest agency in USDA in terms of the number of employees, and as a result pays a large share of USDA's overhead charges. A move would affect these expenses and economies of scale within USDA.

In regard to legal issues, the Forest Service and Interior operate under different statutory authorities and legal precedents, which may benefit from an examination and possible reconciliation. Even in areas where the agencies operate under the same laws, they have sometimes received differing legal opinions. Additional legal factors that would need consideration include tribal issues, Congressional committee jurisdiction and interest groups.

Our work revealed no consensus among outside groups about a move of the Forest Service into Interior but some groups did have concerns about possibly jeopardizing established relationships with the Forest Service while others were unsure of the effects.

To help plan for and manage a move and possible disruptions, previous work done by GAO in transforming organizations has identified some key practices that have been at the center of successful mergers and transformations. For example, one key practice would be to ensure that top leadership drives a transformation to help minimize disruptions. A move must also be closely managed with implementation goals and a timeline and communication with and involvement of stakeholders and agency employees will be essential to put employees at ease and mitigate disruption from decreased morale and productivity.

In conclusion, a move of the Forest Service into Interior would be no small undertaking. Organizational transformations are inevitably complex and often create unintended consequences. Further, they can take many years to achieve. In considering such a move, policymakers will need to carefully weigh long-term mission and management gains against potential short-term disruption and operational costs. Significant large-scale challenges to federal land management such as climate change, energy production, dwindling water supplies, wildland fire and constrained budgets suggest the need to approach these problems innovatively.

Mr. Chairman, this concludes my prepared remarks. I am prepared to answer any questions.

[The statement of Robin M. Nazzaro follows:]

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

For Release on Delivery
Expected at 9:30 a.m. EST
Tuesday, February 24, 2009

FEDERAL LAND MANAGEMENT

Potential Effects and Factors to Consider in a Move of the Forest Service into the Department of the Interior

Statement of Robin M. Nazzaro, Director
Natural Resources and Environment

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GAO-09-412T

February 24, 2009

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Highlights

Highlights of GAO-09-412T, a testimony to the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

FEDERAL LAND MANAGEMENT

Potential Effects and Factors to Consider in a Move of the Forest Service into the Department of the Interior

Why GAO Did This Study

The Department of Agriculture's (USDA) Forest Service, which manages almost a quarter of the nation's lands, is the only major land management agency outside the Department of the Interior (Interior). Four federal land management agencies—the Forest Service and the Bureau of Land Management (BLM), Fish and Wildlife Service, and National Park Service in Interior—manage most of the 680 million acres of federal land across the country. Growing ecological challenges, ranging from wildland fires to climate change, have revived interest in moving the Forest Service into Interior.

GAO was asked to report on the potential effects of moving the Forest Service into Interior and creating a new bureau equal to Interior's other bureaus, such as BLM. GAO was also asked to identify factors that should be considered if such a move were legislated, as well as management practices that could facilitate a move. This testimony is based on GAO's report, *Federal Land Management: Observations on a Possible Move of the Forest Service into the Department of the Interior* (GAO-09-223), released today.

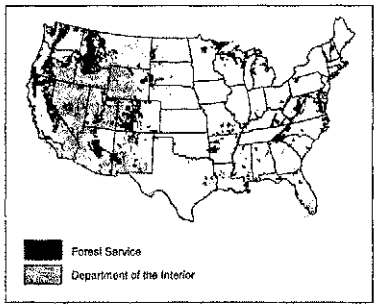
To view the full product, including the scope and methodology, click on GAO-09-412T. For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

What GAO Found

Moving the Forest Service into Interior could potentially improve federal land management by consolidating into one department key agencies with land management missions and increasing the effectiveness of their programs. At the same time, a move would provide few efficiencies in the short term and could diminish the role the Forest Service plays in state and private land management. According to many agency officials and experts, where the Forest Service mission is aligned with Interior's—in particular, the multiple-use mission comparable to BLM's—a move could increase the overall effectiveness of some of the agencies' programs and policies. Conversely, most agency officials and experts GAO interviewed believed that few short-term efficiencies would be realized from a move, although a number said opportunities would be created for potential long-term efficiencies. Many officials and experts suggested that if the objective of a move is to improve land management and increase the effectiveness and efficiency of the agencies' diverse programs, other options might achieve better results.

If the Forest Service were moved into Interior, USDA and Interior would need to consider a number of cultural, organizational, and legal factors and related transition costs, some of which could be managed by certain practices successfully used in the past to merge and transform organizations. For example, integrating the Forest Service's reporting, budgeting, and human capital processes and systems into Interior's could be time-consuming, costly, and disruptive. Nevertheless, Interior and USDA could implement some key merger and transformation practices to help manage any resulting disruptions and other transition costs. In considering a move of the Forest Service into Interior, policymakers will need to carefully weigh mission and management gains against potential short-term disruption and operational costs.

Federal Lands in the Contiguous United States



Source: GAO analysis of U.S. Geological Survey's National Atlas Web site data

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss a possible move of the Forest Service from the Department of Agriculture (USDA) into the Department of the Interior (Interior). The Forest Service, which manages almost a quarter of the nation's lands, is the only major land management agency outside Interior. Four federal land management agencies—USDA's Forest Service and Interior's Bureau of Land Management (BLM), Fish and Wildlife Service, and National Park Service—manage most of the 680 million acres of federal land across the country. Recognizing that federal land management agencies have faced many similar challenges but lacked unifying statutory authorities for the management and use of federal lands and resources, policymakers over the last 4 decades have made several unsuccessful attempts to reorganize the nation's land and resource agencies. The emergence of new challenges for both the Forest Service and Interior during a time of severe economic crisis, as well as the growing need for agencies to collaborate on urgent large-scale natural resource problems, has revived interest in the potential for improving federal land management.

My testimony today summarizes the findings of our recent report discussing a potential move of the Forest Service into Interior. This move would entail transferring the authorities of the Forest Service Chief, as well as those given to the Chief through the Secretary of Agriculture, to the Secretary of the Interior and creating a new bureau equivalent to Interior's other bureaus. Specifically, I will discuss how federal land management would potentially be affected by moving the Forest Service into Interior and what factors should be considered if Congress and the administration were to decide to move the Forest Service and what management practices could facilitate such a move.[1] This report is based on our analysis of historical proposals on reorganizing federal land management agencies, interviews with agency officials and experts, visits to Forest Service and BLM offices that are colocated and comanaged, and interviews with representatives from groups that have an interest in the agencies.

[1]GAO, *Federal Land Management: Observations on a Possible Move of the Forest Service into the Department of the Interior*, GAO-09-223 (Washington, D.C.: Feb. 11, 2009).

Background

As a result of their historical development, four distinct land management agencies, each operating under unique authorities, today oversee more than 630 million acres of federal land.[2] Established in 1849, Interior was given authority for managing public lands, including those acquired by the federal government during the nation's westward expansion. While the government disposed of many of its lands to new states, the railroads, homesteaders, and miners, in the late nineteenth century it also began setting aside some lands under Interior's jurisdiction for parks and forest reserves. Then in 1905 Congress transferred control of the forest reserves from Interior to USDA, consolidating USDA's forestry research program and the forest reserves into one agency, which became known as the Forest Service. In creating the Forest Service in USDA, where it remains today, Congress was responding in part to scientists and policymakers who believed the nation's forests and timber supply would be better managed under USDA's agriculture and conservation mission. Between 1916 and 1956, Congress created the three other land management agencies within Interior, in part to manage its parks, wildlife refuges, and rangelands.

Over the past several decades, both the Forest Service and Interior's bureaus—particularly BLM—have experienced increased economic, ecological, and legal transformations, such as shrinking supplies of natural resources, passage of key environmental legislation in the 1960s and 1970s, and shifting public expectations for land management. Changes like these have made managing federal lands more complex, with managers needing to reconcile differences among growing demands for often conflicting land uses. Most recently, all the land management agencies, but particularly the Forest Service, have faced unprecedented challenges in the form of large-scale problems that cross agency and ownership boundaries such as wildland fire, invasive species, and development of private lands along their borders.

[2]The remaining federal lands are managed by other federal agencies, including the Department of Defense, Department of Energy, and Bureau of Reclamation.

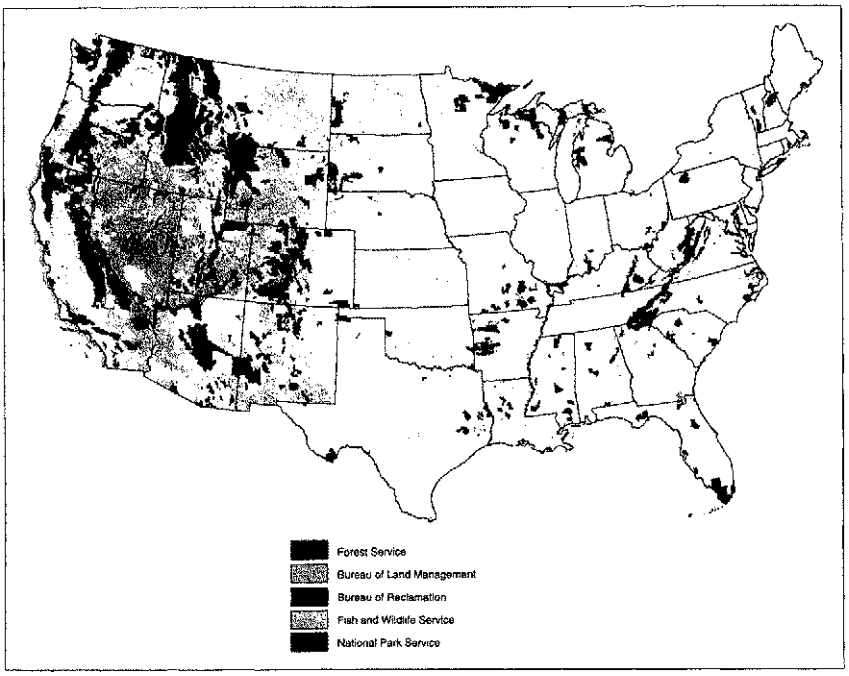
Moving the Forest Service into Interior Would Align Federal Land Management Missions and Could Improve Effectiveness of Federal Programs yet May Yield Few Efficiencies in the Short Term

A move of the Forest Service into Interior could improve federal land management by aligning the federal land management mission under one department and increasing program effectiveness. It may also yield long-term, but few short-term, efficiencies.

Although a Move Would Align Federal Land Management Missions, It Could Diminish the Forest Service's State- and Private-Lands Mission

One result of moving the Forest Service into Interior would be an alignment of the federal land management mission in one department by bringing the Forest Service together with the other three federal agencies having major land management missions. The Forest Service and BLM both manage their lands for multiple uses, including timber, grazing, oil and gas, recreation, wilderness, and fish and wildlife, although they emphasize different uses depending on their specific authorities and public demands. As shown in figure 1, Forest Service and Interior lands often abut each other and are sometimes intermingled. As a result, particularly in the western states, land managers often cross each other's lands to work on their own lands and work with members of the same communities. Several experts and officials pointed to the amount and proximity of Forest Service's and Interior's lands as a reason for moving the Forest Service into Interior.

Figure 1: Federal Lands in the Contiguous United States Managed by USDA's Forest Service and by the Department of the Interior

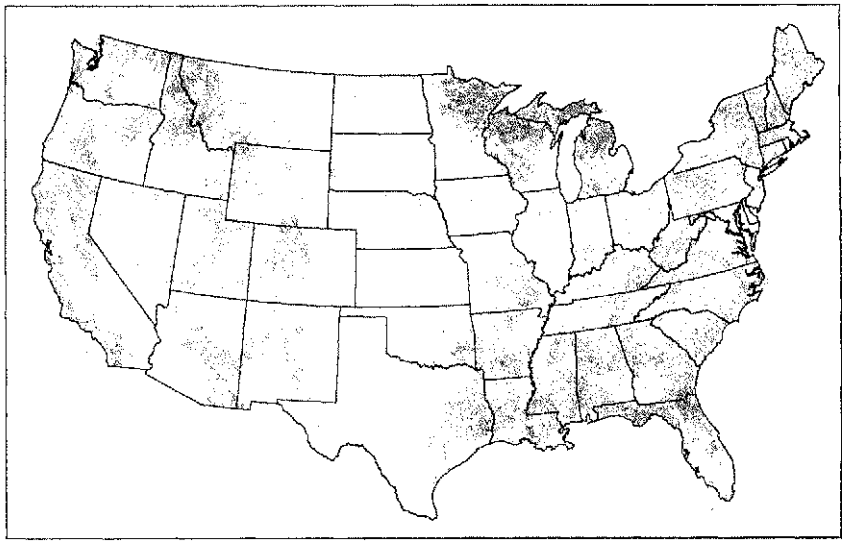


Source: GAO analysis of U.S. Geological Survey's National Atlas Web site data.

According to many of the experts and officials we interviewed, however, a move of the Forest Service into Interior could diminish the role that the agency plays in managing state and private forestlands—a mission focus the Forest Service shares with USDA but does not have in common with

Interior. The Forest Service's state and private forestry arm provides technical and financial assistance to state and private landowners to sustain and conserve forests and protect them from wildland fires. Such outreach, or extension service, is not a function of Interior agencies. According to many officials and others we interviewed, moving the Forest Service into Interior could diminish this role by directing the agency's attention to its federal lands and away from the nation's nearly 750 million acres of forested lands (shown in fig. 2), including almost 430 million acres of private forested lands across the nation. According to some officials and state foresters, USDA has developed a closer relationship with state and private entities and has a better perspective on what private landowners need to conserve their resources. Other officials said, however, that Interior could work more with state and local entities if the authorities to do so were transferred with the Forest Service to Interior and extended to Interior's other agencies.

Figure 2: Forested Lands in the Contiguous United States, 2000



Source: U.S. Geological Survey's National Atlas Web site.

A Move Could Improve Effectiveness of Federal Land Management Programs but May Yield Few Efficiencies in the Short Term, as Demonstrated by Existing Efforts to Integrate Programs

Improvements in the effectiveness of federal land management programs could result from a move of the Forest Service into Interior, according to several officials, if the four agencies took the opportunity to coordinate programs they have in common. For example, a possible outcome of having the land management agencies together in one department could be the improvement of land management across jurisdictional boundaries. Program areas that offer opportunities for improved coordination include law enforcement, recreation, and wilderness management. The optimal approach for improving the effectiveness of federal land management programs, according to many officials and experts, could be to align the Forest Service's and BLM's statutes, regulations, policies, and programs in

such areas as timber, grazing, oil and gas, appeals, and mapping. Many of these officials and experts, however, said an alignment would not automatically occur if the Forest Service were moved into Interior, and further action—legislative or executive—would need to be taken to improve effectiveness. While many of the officials and experts we interviewed believed a move would improve effectiveness, many did not believe that many efficiencies would be achieved in the short term if the Forest Service were moved into Interior as a separate bureau, with its own authorities and programs. Still, a number of them believed that efficiencies might be gained in the long term if the department took certain actions to convert the Forest Service to Interior's information technology and other business systems.

According to several officials and experts, existing efforts to integrate programs demonstrate improved program effectiveness and public service but few efficiencies in the short term. For example, parts of the Forest Service, BLM, Fish and Wildlife Service, National Park Service, and Interior's Bureau of Indian Affairs have been colocated at the National Interagency Fire Center in Boise, Idaho, since 1965 and, through the center, coordinate their mobilization of supplies, equipment, and personnel to suppress wildland fires quickly and more effectively. Despite this coordination, the agencies still have key differences that hinder management effectiveness and efficiency; such differences include incompatible information technology and other business operations and systems. Service First offices have also integrated a number of programs that have helped improve the effectiveness, and perhaps efficiency, of land management and public service. Under the Service First program begun in 1996, the Forest Service, BLM, Fish and Wildlife Service, and National Park Service can use one another's authorities, duties, and responsibilities to conduct joint or integrated programs or business operations to improve the agencies' customer service, operational efficiency, and land management.[3] For example, a Service First office in Durango, Colorado, has both Forest Service and BLM staff working jointly to manage recreation activities, grazing allotments, oil and gas exploration and production, and other resources to increase the effectiveness of land management. The Service First efforts also demonstrate some of the difficulties that the Forest Service and BLM have working together because of different systems and the resulting inefficiencies. For example,

[3]The Service First authority was recently extended to March 2009 in Pub. L. No. 110-329, Div. A, § 106, 122 Stat. 3575; § 147, 122 Stat. 3581 (2008).

although the Colorado Service First offices have integrated aspects of their programs, the offices have to maintain two separate computer systems, one for the Forest Service and the second for BLM.

Many agency officials and experts we interviewed suggested that if the objective of a move is to improve federal land management or increase the efficiency and effectiveness of the agencies' diverse programs, other organizational options may achieve better results than moving the Forest Service into Interior. These officials and experts raised a range of other options, such as increasing collaboration and coordination, moving BLM to USDA, and creating a new department of natural resources. In addition to these options, a number of officials and experts believed the Forest Service should remain separate from Interior and its agencies because it provides an alternative model of land management. A few officials said that the Forest Service and BLM serve to check and balance each other, in that no one Secretary manages all public lands, thereby diminishing the influence one person can have on these lands. Other officials and experts pointed out that the two agencies manage different lands and therefore have different management purposes: the Forest Service manages higher, wetter, mountainous lands, while BLM manages lower-elevation rangelands.

Move Would Entail Consideration of Numerous Factors and Could Lead to Transition Costs, but Key Merger and Transformation Practices Could Help Facilitate Move and Manage Disruptions

Moving the Forest Service into Interior would raise a number of cultural, organizational, and legal factors and related transition costs for Interior and USDA to consider. Nevertheless, Interior and USDA could implement some key merger and transformation practices to help manage any resulting disruptions and other transition costs.

Given Cultural, Organizational, and Legal Factors, a Move Could Lead to Disruptions and Other Transition Costs

Differences between the Forest Service's culture and those of Interior's land management agencies may produce clashes resulting in decreased morale and productivity if the Forest Service is moved into Interior. The agencies' cultures stem in large part from their histories and have also developed as a result of each agency's level of autonomy within USDA or Interior. A number of officials said that the Forest Service has a fair degree of independence within USDA. For example, some agency officials said that the Forest Service budget does not receive as much attention or scrutiny as other USDA agency budgets. Because of cultural differences, many officials and experts believed that moving the Forest Service into Interior could lead to decreased morale and productivity. Some experts and officials indicated that Forest Service employees may feel a loss of identity and independence in leaving USDA and would fear and resist a move, while a move may leave Interior employees feeling threatened, worrying that because of its size, the Forest Service would dominate Interior; they too may resist a move.[4] According to many officials and experts, the agencies may also see an increase in the number of retirements and resignations after a move, which may facilitate cultural change but also decrease productivity because of the loss of experienced staff.

The consolidation of Interior's National Biological Service into the United States Geological Survey (USGS) offers one illustration of possible cultural implications of moving the Forest Service into Interior. The National Biological Service was created in 1993[5] to gather, analyze, and disseminate biological information necessary for the sound stewardship of the nation's natural resources. In 1996, the agency was merged into USGS. According to an Interior official, the cultural and emotional aspects of the move caused a lot of hardship and mistrust among employees within both the former National Biological Service and USGS. According to this official, the transition into USGS took 4 to 5 years, and more than a decade afterward, some employees still question the move. We previously reported that it can take at least 5 to 7 years to fully implement initiatives

[4]Currently, the Forest Service has about 29,000 permanent employees compared with a total of about 54,000 permanent employees in Interior, whose largest agency is the National Park Service, with about 16,000 permanent employees.

[5]The agency was originally named the National Biological Survey but was renamed the National Biological Service in 1995.

to merge or transform organizations and sustainably transform their organizational cultures.[6]

Organizational factors could also complicate a transition, including the organizational structures of the agencies; effects on Interior functions, such as its Office of Inspector General; the need to integrate the Forest Service into Interior's information technology and other business systems; effects on USDA functions, such as its relationship with other USDA agencies; and human capital practices. USDA and Interior are both cabinet-level departments organized under politically appointed Secretaries and Deputy Secretaries, but the organizational structures of the departments differ at the next levels. At the agency level, the directors of Interior's land management agencies are politically appointed, unlike the Chief of the Forest Service. According to some agency officials and experts, if the Forest Service were moved, Interior would need to consider how the Forest Service would be placed in the department, unless this organization were legislated. In particular, agency officials questioned which of Interior's Assistant Secretaries the Forest Service would fall under or if a new Assistant Secretary position would be created. Further, some questioned whether the Forest Service would retain its career Chief or if the Chief would be replaced with a politically appointed director, consistent with Interior's other bureaus.

Effects on Interior functions and the need to integrate systems would also complicate a move. Adding about 29,000 Forest Service employees to Interior would likely increase the workload at the departmental level and strain shared departmental resources. Furthermore, integrating the Forest Service's reporting, budgeting, acquisition, and other processes and systems into Interior's would be difficult, time-consuming, and costly, according to many experts and officials. One official estimated that costs to integrate systems could be on the order of tens of millions of dollars, while others estimated costs on the order of hundreds of millions of dollars.[7] Some officials believed, however, that the timing is opportune to move the Forest Service because Interior and USDA are both moving to new financial management systems and the agency could be merged into Interior's new financial system without further investment in USDA's

[6]GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

[7]According to officials, costs to plan and acquire shared USDA systems totaled almost $180 million through fiscal year 2008.

system. In contrast, other officials said that now is not a good time to move the Forest Service, because the agency has recently gone through many difficult changes and may not be able to handle additional change without detracting from its service to the public.

The Forest Service is the largest agency in USDA in terms of employees, and many agency officials and experts noted that moving would affect not only Interior but USDA and its other agencies. For example, the Forest Service pays a large share of USDA's overhead charges; therefore, a move would affect these expenses and economies of scale within the department. Further, moving the Forest Service out of USDA could affect its relationship with the Natural Resources Conservation Service (NRCS) and other agencies in the department. The Forest Service and NRCS coordinate providing technical assistance to private foresters and other land conservation activities. The Forest Service also works with other agencies in USDA, including the Animal and Plant Health Inspection Service.

Legal issues would also need to be resolved if a move were to take place. The Forest Service and Interior operate under differing statutory authorities and legal precedents. While moving the Forest Service into Interior as a separate bureau would not necessarily entail changing the laws governing the agencies, many officials and experts said these laws should be examined and may need to be reconciled if a move took place. Even in areas in which the Forest Service and Interior agencies operate under the same laws, they have sometimes received different legal opinions from USDA's Office of General Counsel and Interior's Office of the Solicitor. In addition, legislation authorizing a move would need careful crafting. For example, such legislation could transfer the proper authorities from the Secretary of Agriculture to the Secretary of the Interior, as well as give the Secretary of the Interior broad reorganization authority to bring the agencies' programs into alignment and to manage and modify processes, some officials said. The authorizing legislation would need to allow Interior flexibility and time to change and deal with these details, one expert said.

Additional legal factors needing consideration include tribal issues, congressional committee jurisdiction, and interest groups. In some cases, treaties with Native American tribes have assured tribal governments certain "reserved rights"—such as rights for grazing, hunting, fishing, trapping, and water—on former tribal land now part of present-day national forests and grasslands. According to one official, tribes would be concerned about how moving the Forest Service might affect these rights

and tribal access to national forests and grasslands and would need to be consulted about a move. According to some experts, aligning congressional committee structure to match a departmental reorganization would be critical to the success of a move of the Forest Service into Interior. While our interviews revealed no consensus among outside groups with an interest in the agencies about a move of the Forest Service into Interior, some groups, such as recreation or state forestry organizations, worried about jeopardizing established relationships with the Forest Service, while others were unsure of the effects of a move on their organization.

Key Merger and Transformation Practices Can Help Manage Move and Disruptions

To help plan for and manage a move and possible disruptions, our previous work on transforming organizations has identified some key practices at the center of successful mergers and organizational transformations,[8] and the experts and officials we interviewed mentioned several of them. For example, one key practice is to ensure that top leadership drives the transformation. Remarking that strong leadership can ease cultural transitions and minimize disruption, several officials told us that agency leaders would need to clearly explain the reason for a move so that employees understood the rationale and logic behind it and had incentives to support it. We also reported in the past that a move must be closely managed with implementation goals and a timeline and that creating an effective strategy for continual communication is essential. Some officials said that agency leaders would need to communicate extensively with stakeholders and agency employees if the Forest Service is to be moved, which could put some employees at ease and mitigate disruptions from decreased morale and productivity.

Concluding Observations

A move of the Forest Service into Interior would be no small undertaking. Organizational transformations are inevitably complex, involving many factors and often creating unintended consequences. Further, these transformations can take many years to achieve. In considering a move of the Forest Service into Interior, policymakers will need to carefully weigh long-term mission and management gains against potential short-term disruption and operational costs. Significant large-scale challenges to federal land management, such as climate change, energy production, dwindling water supplies, wildland fire, and constrained budgets, suggest

[8]GAO-03-669.

the need to approach these problems innovatively. If a move were undertaken, adequate time and attention would need to be devoted to planning for and implementing key merger and transformation practices to manage potential disruption and other transition costs. In particular, any legislation authorizing a move would need to provide the departments ample time to plan the move—in light of cultural, organizational, and legal factors—and incorporate these key practices.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

GAO Contact and Staff Acknowledgments

For further information about this testimony, please contact me at (202) 512-3841 or at nazzaror@gao.gov. Contact points for our Offices of Public Affairs and Congressional Relations may be found on the last page of this report. Ulana Bihun, David P. Bixler, Ellen W. Chu, Susan Iott, Richard P. Johnson, Mehrzad Nadji, Susan Offutt, Angela Pleasants, Anne Rhodes-Kline; Lesley Rinner, Dawn Shorey, and Sarah Veale made key contributions to this statement.

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PAST REORGANIZATION PROPOSALS

Mr. DICKS. Thank you. We will review very carefully your report in detail.

Now, you described several past proposals to reorganize the federal land and resource agencies that were unsuccessful. Why were these past proposals unsuccessful, and has anything changed, as you mentioned climate change and fire, that would affect the new proposal?

Ms. NAZZARO. The prior changes, from what we saw, were not affected for a couple of reasons. One was just the public will. There was a lot of opposition to such changes both from the agencies as well as some of the stakeholder groups, but the other thing that we noted was, often they were disrupted because of changing priorities just in the government. For example, one of them that was done during the Nixon Administration was the Ash Council. That was disrupted because the energy crisis hit at that time. Under the Carter Administration, you had SALT II talks pressing. So sometimes it was just a shifting priority. These things take a long time in the past to study. After two or three years you have shifting priorities and people are no longer focused on land management. But it is certainly not a small thing, the amount of opposition that came both politically as well as stakeholder and employee groups.

Mr. DICKS. Do you think there is really a chance to save money here? If you combine these two and if you could work out the legal overpinnings for jurisdiction of these two agencies, do you think you could save any money?

Ms. NAZZARO. When we looked at Service First, that certainly is an issue that was raised that have they achieved savings yet. They have talked about savings but have not been able to document them yet. In the short term, it is probably more costly, but if you start looking at the administrative systems, the information systems of technology and start merging those in the long term, we do believe that there would be cost savings. The other benefit would also be probably improved customer service, and that we have seen demonstrated by the existing programs like Service First.

IMPEDIMENTS TO REORGANIZATION

Mr. DICKS. You mentioned that these two agencies could not communicate with each other because they had differing IT systems, so we would have to correct that, I suspect, to come up with a common——

Ms. NAZZARO. They are working together, as I say, more on the customer service front but there are still differing laws. They do still get differing legal opinions, for example, on how grazing can be carried out. You have got cattlemen who have got grazing going on on a BLM piece of property and on Forest Service and they are under different restrictions, different timelines as to when they have to move the cattle. So there is definitely improved customer service but I think in the long term to make it more efficient, you would definitely have to start doing something with all the administrative operations.

Mr. DICKS. You said that moving the Forest Service out of USDA would diminish its state and private lands mission. Explain that again. They have a good state and local program, I realize that.

Ms. NAZZARO. They do.

Mr. DICKS. And BLM just does not have that?

Ms. NAZZARO. That is something that they have in common with USDA, that USDA certainly has that mission, their whole extension program and so that was an issue that was raised by a number of the people that we talked to. That could be diminished. However, on the other side, Interior said well, if you bring that authority with us, we could actually learn from that and maybe Interior could do a better job. So there are certainly opportunities——

Mr. DICKS. For state and local agencies?

Ms. NAZZARO [continuing]. For state and locals.

Mr. DICKS. Mr. Simpson.

HISTORY OF ORGANIZATION STRUCTURE

Mr. SIMPSON. Thank you for your testimony. Originally the Forest Service was with Interior with everybody else, right?

Ms. NAZZARO. It was.

Mr. SIMPSON. Why was it moved to Agriculture? What were the reasons at the time?

Ms. NAZZARO. Well, maybe I should clarify. It was not that the Forest Service was in Interior. It all goes back to the historical development of the West. The government acquired millions of acres of land and then they were giving these lands to try to encourage settlement. But in the Forest Service, or I should say USDA, there they actually had the scientists who knew more about forestry. That was their function. So when they decided that they were going to have these forest reserves set aside from the Interior lands, then those forest reserves were moved into USDA.

Mr. SIMPSON. But it was because of the scientists and so forth and the more experience they had in agriculture?

Ms. NAZZARO. Because they had that expertise that Interior did not. Also at the same time there had been numerous scandals in the office within Interior, the minerals management office. There had been scandals there, and so there was a perception that it was less professional.

Mr. SIMPSON. There were scandals clear back then?

Ms. NAZZARO. Wrong time, wrong place.

Mr. SIMPSON. I am shocked there were scandals clear back then. I thought that was a recent development.

You know, I am less interested in moving chairs on the deck than in customer relations and how these agencies can work together, and I have seen where they have collocated offices and so forth that it really has worked out well in trying to get these agencies to work together, at least from a customer point of view. And that is one of my main priorities is not really saving in cost, which would be nice, but trying to make them work together, and as I understand your testimony, if you do not address the statutes that they have to deal with and so forth and try to coordinate those, then you are really not accomplishing much if all you are doing is shifting them over to the Department of Interior.

Ms. NAZZARO. Well, and you make a good point. I think a starting point would be to think through what are you trying to accomplish. If you are trying to accomplish better land management by having all the decisions made under one secretary, then that would advocate possibly an actual move. But you are right, through collocation, through collaboration—actually we did a report about a year ago on collaboration—you can accomplish a lot. The problem is, there is not always the incentive to do that and you may have to mandate more programs like a Service First to actually get it to happen. What we have found, it is just human nature. Some people work well together, others want their own turf, and so really it is a mixed bag as to what actually gets accomplished without legislation or a mandate.

GEOGRAPHIC LOCATION OF FOREST LANDS

Mr. SIMPSON. One other question. On the maps that were shown here, it shows the federally owned lands, federally managed lands on the bottom map there and the forested lands on the top. I was kind of surprised when I was looking at that. You look at, as an example, Maine, heavily forested, no Forest Service. All privately owned?

Ms. NAZZARO. Yes, state and private.

Mr. SIMPSON. Does the Forest Service have any interaction with the state of Maine or any of these things with the private landowners up there?

Ms. NAZZARO. It is my understanding they do but it might be a question maybe the state foresters could answer better than we could, but if you notice on the map on the bottom, there is a small forest, national forest, the Green Mountain up in Maine, so I would imagine that there is outreach. I mean, that was the one difference between Interior and Forest Service that was cited, that they have this outreach program and do work with them. They also have the research components so certainly there is a sharing of best practices on how to manage forests, that kind of information is made available.

Mr. SIMPSON. We have a tendency in the West to think that all the Forest Service and BLM and everything that they do is out West, but when you look at the United States, an awful lot of it is forested in the East.

Ms. NAZZARO. The Forest Service is out West but the forested lands, there are a lot of forested lands in the East, yes.

Mr. SIMPSON. Exactly, and it seems to me that that is one of the things you would want to look at in terms of that coordination between private and state owners of forested lands how it would affect that because there is an awful lot of forested lands that are not in the West.

Thank you, Mr. Chairman.

Mr. DICKS. Mr. Moran.

FEASIBILITY OF REORGANIZATION

Mr. MORAN. It seems to me that this would make a lot of sense from the standpoint of having a more integrated policy, that there is a great deal of overlap between BLM and the Forest Service. From the taxpayers' standpoint, again it strikes me, and I may be

wrong, but that they would have more access to enjoy Forest Service lands if it was under the Interior Department and treated in a more restricted basis as simply basically a farming area, you are farming trees. But from our standpoint, if the taxpayer is paying to maintain it, then we would like for them to enjoy it, albeit not in a way that is damaging. But there are built-in interests, as there are with anything, that I suspect would like for it to stay just the way it is. They are accustomed to having these relationships, sometimes we call them fiefdoms. So this might be disruptive. I have not read the whole GAO report but do you think the bottom line is that when you add the pluses and minuses together that this is an appropriate pursuit, albeit it may take two or three years to do it responsibly? I gather from your report that you think there is probably some more merit than problem created by consolidating the Forest Service within Department of Interior.

Ms. NAZZARO. We really did not conclude that it would be a good idea or it would not be a good idea. It goes back to the questions, the conversation I was having with Mr. Simpson, that you really need to set out what is your goal, what are you trying to achieve. One of the things that we did point out is that the environment has changed. I mean, back in the early 19th century when we were talking about the historical development of the West, there was no such thing as ecosystem management, and so the issues have changed now and I think that climate change, certainly the severity of the wildland fires, the increased costs that we are incurring every year to address wildland fire is going to need a new approach, you know, an innovative approach to managing these federal lands. Both agencies are going to be dealing with the same challenges and so would it benefit to have it all, you know, done in one agency? The other side of the argument though is by having it in two different agencies, maybe you are bringing two different ideas to the table, you have some competition. The Department of Energy uses that philosophy with their labs, that they have got multiple labs and they feel that that spurs competition and that competition is good. So there are really different thoughts on it.

As far as the interests groups, there really was no consensus among them. Some, as you mentioned, certainly felt that they would like to leave things as are, you know, that they have got relationships worked out with these agencies and they would prefer to leave it as is. Some said no, you are right, you know, combining them we would have a consolidated approach to managing federal lands and that in the long term would be more efficient.

Mr. MORAN. Mr. Chairman, this is probably the kind of thing we would want some conversation among Members on the subcommittee as to the pluses and minuses. My initial inclination is that it looks like it is a plus. When I see these two maps, though, and the fact that there is a great deal of Forest Service land. We will need to consider the Forest Service's relationships with private, state and local forests. I do worry though as state and localities become more pressured to come up with ways to maintain school systems or roads or whatever, that it will become increasingly difficult to maintain such large swaths of forest land that does not generate any revenue and that the Forest Service might be one more opportunity to maintain open space that is not cur-

rently available and that under the Interior Department the East Coast might be somewhat more likely to turn to the Forest Service as an option to maintain some of this land. I know in New England they are having a great deal of problem maintaining this land and it seems to me it is another option that might be more readily available or at least readily accessed if it was under Interior, and it does seem to me that over time there is going to be some money saved through collaboration and integration but again rather than drill the GAO, who always gives us a fine report, I think it is something we may want to discuss within the subcommittee membership.

Mr. DICKS. I agree, and I also think that our panel will help to further enlighten us about this because of their vast experience.

We will keep moving here. Mr. Calvert.

INCREASED COORDINATION

Mr. CALVERT. Thank you, Mr. Chairman. Just listening to this conversation, I am just wondering, if there is not significant savings in this, why not work with the various administration folks in the various departments and get these agencies to work in a more coordinated, cooperative way in the front end because it would seem to me that there are a lot of existing contractual agreements that are out there: easements, mineral extraction agreements, the rest. You mentioned the issues caused by cultural differences between agencies and who is negotiating which agreements and so forth could be extremely complicated and time consuming and it may ultimately cost the departments money. So, have you looked at it from that direction trying to get these folks to work together a little bit closer rather than just consolidate them all into one large organization, which may cause more problems than we might expect?

Ms. NAZZARO. We did not look at a multitude of proposals and try to weigh the pros and cons of any of the proposals. Really, the proposal that the committee asked us to look into was the concept of moving the Forest Service lock, stock and barrel into the Department of Interior as a separate bureau. Through our conversations with some of the experts, they did talk about other options and collaboration was one of those options, so that was where we did look at things that the agencies are currently doing. In addition to Service First, we looked at an oil and gas streamlining pilot project that is being done in Colorado right now. Service First, there are about 50 locations. We went to two of them that we were told were the ones that were doing a pretty good job and even there we saw some problems. They are doing a better job of meeting the needs of the general public, that side of things, but they still were challenged because of different information systems, different computer systems. So as far as this just happening, like I said, it is not always human nature, you know, and we did look at just collaboration in general, and it is not always an easy thing to do. The agencies can have the best intentions. I mean, there is nobody more dedicated than the employees in some of these federal land agencies that I visited. But I will say it is not always easy for them to do the best thing.

Mr. CALVERT. I guess what I am concerned about is that if you collapse this all into the Department of the Interior, take the management, of the forest for instance, the original intent in many areas in the United States was to lease land to extract lumber. If you have Interior involved in this, are they going to bring an entirely different philosophy to the operation of how they manage the forest? For instance, do they do controlled burns or not. I can just think of a multitude of issues that there are, various philosophies become involved in how they manage these forests. In the West we have a history that has been changed somewhat over time, but nonetheless a history of how those forests have been managed. Did you look at that, how Interior would look at it versus the Forest Service?

Ms. NAZZARO. Well, one issue that was raised to us was that same point, that if you made a move, would the Forest Service focus more on preservation than they have in the past, that there is a perception that that is more the role of the Department of Interior. However, BLM is a multiple-use agency just like the Forest Service and really manages some of the same kinds of lands. The Forest Service also shares a very similar mission with Fish and Wildlife Service and the Parks Service because there is a preservation aspect to some of what they do.

Mr. CALVERT. Well, some of that——

Ms. NAZZARO. So the missions really are not that different from what is currently being done.

Mr. CALVERT. Some of that is also access issues. I mean, I wonder how Interior would handle access, for instance, if you had a forest fire, how would Interior handle heavy equipment going into an area to fight a wildfire. Is there going to be——

Ms. NAZZARO. Actually their approaches probably are pretty similar because on wildland fire suppression, they are pretty integrated. Through NFSE, they have coordinated those efforts and BLM and Forest Service have worked pretty collaboratively on wildland fire.

Mr. CALVERT. And with the states and the local fire agencies, they have——

Ms. NAZZARO. And working with them, so that really is a pretty integrated effort already.

Mr. CALVERT. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Mollohan.

Mr. MOLLOHAN. Welcome to the hearing. I would like to pick up where Mr. Calvert left off with the mission.

What is it about the mission statement of The Forest Service that would make it best fulfilled in Interior?

AGENCY MISSIONS AND COORDINATION

Ms. NAZZARO. I do not think it is that there is anything about the mission other than its mission is very similar to BLM's. It is the management of the lands where from the first map we were talking about and showing how the lands are adjacent to each other so when you are trying to manage the lands now as an ecosystem and you have two different agencies, potentially managing them in different ways. Are we really doing the best for the land?

Mr. MOLLOHAN. But is that not managing in different ways the essence of the distinction between the two missions? You have looked at it carefully so I am asking if this is——

Ms. NAZZARO. Not really.

Mr. MOLLOHAN. The Forest Service is managing the forest in an agricultural context. They are looking at it certainly for preservation but they are also managing it for harvesting. It is very much an agricultural function. My sense is that the defining characteristic of the Forest Service is managing the forest from an agricultural perspective, which they have a lot of years learning how to do and balancing all the competing stakeholders in that process. That is a real expertise.

Ms. NAZZARO. From what I understand, that is more a historical perspective and that role has changed significantly over time in that they are closer now to what BLM does. BLM also manages forests. The Forest Service also manages rangelands so there really is a mix, and both agencies are managing those lands now for multiple uses so it is not exclusively for timber production but there is also that preservation, and the wildlife protection aspect as well.

Mr. DICKS. For example, in Oregon, BLM has huge holdings of federal timberlands. They manage them pretty much the same as the Department of Agriculture. They are selling timber off those lands from a multiple-use perspective.

Mr. MOLLOHAN. When you were talking about cultural aspects of it too, I would be curious to know what cultural traits you were tracking in making those distinctions and where they lead you in recommending or not recommending a merger.

AGENCY CULTURES

Ms. NAZZARO. Both agencies, BLM and Forest Service, are very autonomous within their departments, and there really is a pride in the organization that you belong to. You know, these people wear uniforms they really associate with, I am the Forest Service, I am BLM, I am the Parks Service, I am Fish and Wildlife Service. That is their history, that is who they are associated with and there is a pride in that. A couple years ago we looked at a program whereby the government was doing land appraisals and we were finding that the appraisers were in the same bureaus as those that were actually doing the appraisals and we said there was a lack of independence here and we suggested moving those appraisers into a central office in Department of Interior, and people were up in arms. They said I am a Parks Service employee, I am not a Department of Interior employee.

Mr. MOLLOHAN. Well, let me give you a couple of cultural traits that I can recognize from Agriculture. Agriculture is very much an outreach agency and the Forest Service mirrors that through the extension. As it manages national forests, it also provides a lot of consultation to those who own private, and you see up there—the map is not up—that is the actual forest map but the other map you see how much of West Virginia is actually forest. So there is that interchange. Is that trait, the extension service mentality, a part of Interior's culture?

Ms. NAZZARO. No, that is more the culture of USDA and we did recognize that, and a lot of people said that could shift the Forest

Service's focus, that then they would be focused more on their federal lands and diminish that role with the state and locals. However, Interior said, you know, that would be something we would welcome, and they suggested we could learn something from Forest Service and actually try to emulate that if that authority was then transferred to Interior.

Mr. MOLLOHAN. And there are just so many management things that they do. A significant part of my district is national forest, and I just wonder how that would play out. You indicated that Interior would do a better job. Now, I do not know whether you indicated that or that came from one of the questions, but I was wondering, why could Interior do a better job and how is that measured?

Ms. NAZZARO. As far as their outreach that you are thinking in the state and local, I mean it may have been——

Mr. MOLLOHAN. It is not what I am thinking. It is what was——

Ms. NAZZARO. Well, in that context Interior does not have that role and so they do not operate in the same way but they have said that if that responsibility or authority was transferred to them, they possibly could do the same thing in their programs in the same fashion.

Mr. MOLLOHAN. In your review, did you determine in any way that Forest Service was not doing a satisfactory job?

Ms. NAZZARO. That was not part of our review to see what programs were not effectively being managed, no.

Mr. MOLLOHAN. You did not start from that point?

Ms. NAZZARO. No. What we are looking at is, could land management be better addressed.

Mr. MOLLOHAN. Also with regard to climate change, I wonder about the advantages of Agriculture. A significant component of climate change is the issue of soils, which obviously Agriculture looks at with its expertise in soils and the Forest Service with regard to how soils impact forests and that whole cycle. Is that not an advantage for a resource like the forest to be managed by an agency that has such expertise with regard to soils and crops and all that interrelationship and its impact on climate change?

Ms. NAZZARO. Well, that is a difference also between the way USDA is managed, specifically the Forest Service, versus Interior. The Forest Service has the research component right in the Forest Service where Interior has it in USGS as a separate bureau, so that is again a difference in how they manage. They both have a research function though and possibly could both learn from each other.

Mr. MOLLOHAN. I am just wondering the advantages of moving it to Interior. You know, the Forest Service also has this terrific network of relationships with academic institutions, the land grant institutions, for example, and those are relationships that are by all accounts very valuable as we manage the forests. Do you agree with that?

Ms. NAZZARO. We did not look and that was not an issue that was raised that that would be jeopardized in any way.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. DICKS. We want to welcome Mr. LaTourette from Ohio here. We are going to go to Mr. Cole since he was here at the start and

we will come back to Mr. LATOURETTE. Just in fairness, that is the way we are going to do it. Seniority, but you have to be here. Tom.

Mr. COLE. Thank you, Mr. Chairman. As I told Mr. LaTourette when he came in, in most of Oklahoma, we have to begin with what is a forest, so we are little bit behind the curve here.

Mr. DICKS. Come up to Washington State, we will show you.

FAILURE OF PAST REORGANIZATION PROPOSALS

Mr. COLE. A couple things. One, I mean, change of this magnitude is unlikely to happen if the executive branch does not want it to happen. Has anybody in the past, any Administration previous to this one, actually recommended bringing the Forest Service into Interior? And second, do you have any indication of what the current Administration's attitude might be toward that kind of consolidation?

Ms. NAZZARO. Actually we looked at five historical proposals that have been done over the last four decades and they had all proposed merging the federal land agencies together in differing fashions. Some actually presented the same thing, moving the Forest Service into the Department of Interior. Another one said moving BLM, actually merging BLM and Forest Service together. Another one talked about having a department of natural resources, which would have brought in EPA and components of Commerce as well. So to varying degrees, yes, this has been proposed a number of times.

Mr. COLE. From the executive branch?

Ms. NAZZARO. From the executive branch, yes.

Mr. COLE. So the resistance has been usually in Congress, I would suppose?

Ms. NAZZARO. There has been that, but also we found significant, as I mentioned earlier, changes in just the environment as to the focus. You really need that impetus, you know, to decide there is an issue that needs to be addressed and why this has to be done. Certainly in past changes, they have talked about needs for that but then you had SALT II, as I mentioned, the energy crisis during the earlier Administration. So there is always something that then took precedent. You know, the merger or consolidation that occurred a few years ago with DHS was brought about by September 11 so it is almost like you need to decide there is something we are trying to achieve. Just moving the deck chairs around for the sake of moving deck chairs is not appropriate but if there is something you are trying to accomplish, and that is going to be critical in working with the stakeholders and the agency officials as well.

Mr. COLE. It would be pretty unfair to expect the Administration at this early point to have a view on this with everything else they have got, but do you have any indication that they do, that the current Administration has a point of view on this?

Ms. NAZZARO. Well, we received comments actually from the prior Administration that work was done over last year. We actually requested that our comments to this report come in before the Administration took over, and we had agreement as to our report that we were accurately portraying the current situation, the advantages and the disadvantages. Both Forest Service and Interior commented positively but it was not from this Administration.

Mr. COLE. In your report and in your testimony, you indicated there are some serious issues in terms of just integration technologically between two different agencies here. Can you tell us what some of those are, and more specifically, have you seen any indication that when you get down to a critical point in terms of emergency firefighting, for instance where you do have lands immediately adjacent that the lack of ability to communicate back and forth or systems integration has ever posed a serious problem?

Ms. NAZZARO. I believe a couple years ago we did have an issue with radios, communication in wildland fire that we had done a report on, how the two agencies had worked together in fire suppression and there was an issue with radios. But just in general they do have different personnel systems, they have different financial accounting systems. Even under Service First, they have different computer systems to record their transactions. So while, yes, they could deal with the public in an integrated fashion, then they went back and still had to report individually back to their own agencies on different computers, different computer systems.

SERVICE FIRST AND COORDINATION

Mr. COLE. Is there much in the way of an initiative to try and whatever the structural arrangement is to solve those kinds of problems now? Is anybody putting much time and effort or money into bringing them into a condition where they can communicate, move information back and forth easily?

Ms. NAZZARO. It seemed like in the Service First we saw two different things. In the one in Colorado, they had a joint office, a joint front desk and they were integrating programs but I think in both of them, the Oregon one seemed to be a little bit more where they were just collocated, still operating separately, so even under a program like Service First where they have the opportunity, it does not seem like they are going as far as they could go. Now, you have different budgets so when they are both trying to develop information systems, they are both going to go their separate ways, so as long as you keep the budget process separate. Although with fire suppression, you know, they have integrated their operations there, do a lot of joint training, they do joint suppression efforts. They work with the state and local governments in a joint fashion.

Mr. COLE. You mentioned also, and the report did as well, that there is a different culture or different point of view or maybe even different practices with respect to tribal governments between the Forest Service and Interior. Can you give me some specifics about that? That is an area that interests me a great deal.

Ms. NAZZARO. Okay. There was one example that actually I talked to the staff about and it is with the Indian Self-Determination and Education Assistance Act where they can get contracts and run federal programs. That is a program that Interior has but USDA does not have it. So there was some question then if you brought Forest Service in, would they be able to apply that to Forest Service programs as well.

Mr. COLE. Any conflicts that you are aware of between tribal government, I believe I know all of them in the Interior but between tribal governments and the Forest Service?

Ms. NAZZARO. I do not think there are any conflicts. I do not know. I am not familiar with any. I mean, most of the problems within Interior is within BIA, which is the agency responsible for the tribal affairs.

Mr. COLE. And last question, if you had to pick out a series of things where you thought there would be significant savings or efficiency gains in a relatively short period of time, and granted, you said there is not going to be a lot of savings in the short term but where would they be? I mean, what would be the areas we would look at and say, boy, you know, we should have done this a long time ago because now this works better, this works better and this works better?

Ms. NAZZARO. In the short term, we did not find many, as you say, probably just the collocation. I suppose you would save rental, you know, if you are renting a location that if you had one facility. I was in a facility in the Carolinas last year where Fish and Wildlife Service and Forest Service were sharing. They had built a new visitors center. So again, one face to the public and yet, you know, there they needed a new visitors center and they were jointly operating out of that one, so I suppose there is some benefit if there is just a collocation.

Mr. COLE. Are there any difference between the firefighting practice, again, I always think of those as property-threatening, life-threatening situations between Interior and the Forest Service? Any conflict there?

Ms. NAZZARO. To my understanding, it is a pretty integrated approach, and actually fire suppression, especially, you know, first efforts, they are very effective and they work closely together.

Mr. COLE. Thank you very much.

Thank you, Mr. Chairman.

Mr. DICKS. Mr. Chandler.

Mr. CHANDLER. Thank you, Mr. Chairman.

I know that the Forest Service was placed into the USDA in 1905, done obviously in the Theodore Roosevelt Administration, and anything that that Administration did, I tend to be prejudicial toward, but that being said, it seems like the overarching issue is, how do you best coordinate the general management of our Nation's resources, how best to do that, and it is logical, in my mind, that that is best done under one agency. It just makes sense that one agency with the control of all land management issues in our Nation would have the best ability to do it. Is there any real reason to think that that is not the case?

Ms. NAZZARO. Well, you would have a more integrated approach. I guess that is what I could say. Would it be better? It depends——

Mr. CHANDLER. Will it be more coordinated?

Ms. NAZZARO. It would be more coordinated, it would be more integrated to have a consistent approach to federal lands by having that all under one secretary.

Mr. DICKS. Will you yield just a second?

Mr. CHANDLER. Yes.

ADDRESSING STATUTORY DIFFERENCES

Mr. DICKS. There are legal differences in how they approach their jobs. Is that not correct? Would you not have to at some point

resolve those legal differences under FLPMA and under the various statutes.

Ms. NAZZARO. There are different statutory authorities for each of them so you would have to look at those statutory authorities, various regulations, policies, procedures. There is a lot to look at. It would be a complex undertaking. But yet they manage, you know, for the same intentions. Both BLM and Forest Service are multiple-use agencies and are managing those lands for those multiple uses, some for the resource extraction and certainly some for recreation and wildlife protection.

Mr. CHANDLER. Well, with what you said, Mr. Chairman, the changes in the laws, that can be dealt with, I would assume. I am sure it would take some doing. You would have to have lawyers arguing over details and so forth.

Mr. DICKS. Congress would have to be involved.

Mr. CHANDLER. Just a minor detail, Mr. Chairman.

But again, I do think that there is no point in talking about this unless there is some advantage to it. The advantage to it would be getting some kind of a seamless coordination of the management of all of our Nation's resources. That is the overarching concern. And again, at the end of the day, does it not make sense that all of this ought to be done in the same place with the same oversight of the same appointed official?

Ms. NAZZARO. You are definitely citing the pros of such a move. We just wanted to make everybody aware, though, it is not done without cost, you know, that there certainly can be a downside short term.

Mr. CHANDLER. Well, you have had this divergence built up for a hundred years so surely you have got some ways of doing things that have diverged over that time. And those would have to be dealt with, but it seems like there is also the possibility, and I think your report shows this, of some advantages to bringing these two entities together, having them work together. And it may very well be that the so-called culture or how the Forest Service goes about things could be quite beneficial to the Interior Department.

Ms. NAZZARO. I agree with what you have said, and even with some of the downsides to this move, we have cited best practices that could help mitigate some of those. So it is not to say that there are not things that can help improve, you know, and minimize the disruption, minimize, you know, whether there are cultural or organizational changes that they can be addressed. It is just to recognize there are costs.

Mr. CHANDLER. Well, on this cultural thing that you mentioned, you said something about the pride of people in one organization or the other organization and you mentioned them wearing uniforms. You know, there is a lot of pride in being a Boston Red Sox player too, but sometimes they get traded to the Yankees. And when they do get traded to the Yankees, I have been surprised at how quickly they become very prideful in that uniform.

Mr. DICKS. It might have something to do with money, too.

Mr. CHANDLER. Again, a minor detail, Mr. Chairman.

Ms. NAZZARO. These are just things too that we have seen with DHS. GAO has looked extensively at what succeeded there and

what has not succeeded in that move and so there are complications to these moves. They are very complex.

Mr. CHANDLER. Thank you.

Mr. DICKS. The DHS example may not be the best one.

Mr. LaTourette.

Mr. LATOURETTE. Thank you, Mr. Chairman. I apologize for being tardy this morning but I am happy to report that the Majority's legislation of a couple of weeks ago has stimulated the traffic on 395, and a light pole fell across the 14th Street Bridge and so that underscores the need for infrastructure improvement.

And to not further tax the chairman's patience, I just have one question. A couple times you have mentioned that these reorganizations have been attempted before and other things have intervened, I think you said SALT II and the energy crisis of the early 1970s. Did you factor in or are you cognizant at GAO of Congresswoman DeLauro's work on the Agriculture Subcommittee where she is in the food safety area orchestrating a reorganization, if you will, of those services? It is a little bit like if you are going to do it and you are going to move once and make a big move like DHS was a pretty big move. I did not think it worked out so well but it was a big move. Is it better that this subcommittee sort of canoodle with Ms. DeLauro and if she is going to make substantive changes over at Agriculture that these be made concurrently with that? Would that increase some of the efficiencies that you are talking about rather than moving twice?

Ms. NAZZARO. We have not really looked at whether you do multiple moves at the same time, what efficiencies you could possibly have. GAO has looked at a single food safety agency and has been an advocate actually for years of that proposal and is very encouraged by recent efforts to possibly move in that direction, given some of the food safety issues that the Nation has been facing. So I would say, any time you could coordinate the efforts and disrupt an agency one time is certainly going to be better than having multiple moves over a period of time.

Mr. LATOURETTE. Thank you, Mr. Chairman.

COMMITTEE JURISDICTION

Mr. DICKS. I have to say to the gentleman, obviously if this was going to happen, this would have to be within the jurisdiction of the Natural Resources Committee and then the Agriculture Committee, both of which take very seriously their oversight responsibilities. We wanted to do this hearing and have this report because this idea kept coming up over the years. People have asked is there a better way to do this, and I thought we could do a GAO report to see what people thought about it. Obviously we are not going to infringe on the jurisdiction of the authorizers on this subject. We might encourage, we might do this or that, but that would depend if there was a consensus on the subcommittee, and I know there are differing opinions on this.

Mr. SIMPSON. Mr. Chairman, if you would yield for just a second?

Mr. DICKS. Yes.

Mr. SIMPSON. As I mentioned earlier, I sat on the Natural Resources Committee and the Agriculture Committee and the subcommittees of Forestry and Natural Resources and Forestry and

Agriculture and oftentimes would have hearings on the same day on the same subject on wildland fires or something like that, and it always seemed kind of discombobulated to me, and anything we can do to coordinate that better between even those committees would be good.

Mr. DICKS. Well, and especially on the fire issue where it is consuming so much of the budget of both of these agencies so it has to be cooperation, and I believe there is but you worry about when you have information technology or communication issues that might affect the effectiveness of the fire effort. The fire budget now in the Forest Service is 49 percent of the entire budget where in the 1990s it used to be 13 percent. So they have got a huge stake in trying to work together on these fire issues because if they do not, it is going to be the fire service, not the Forest Service, okay?

Mr. Olver, do you want to ask a question or do you want to just do our second panel?

Mr. OLVER. I just want to listen.

Mr. DICKS. Okay. Thank you, Robin. That was wonderful, and you have done a great job and you and your staff and as always the GAO does a very professional job and we rely heavily on you for this kind of work and we appreciate all your efforts.

Ms. NAZZARO. Thank you, sir.

SECOND PANEL

Mr. DICKS. Now we are going to call up our next panel. We have four respected witnesses. The first is Dr. Mike Dombeck, former chief of the Forest Service, and the only chief to also have directed the BLM, so this is the guy right. The second panelist, Leah MacSwords, the Kentucky, state forester and current president of the National Association of State Foresters, represents a key partner of the Forest Service. The third panelist is Bill Meadows, our friend, the president of the Wilderness Society, one of our great environmental groups in the country and who has extensive experience with cost issues. And finally, we have a noted expert on federal reorganization, Dr. Beryl Radin of the American University. I am not going to have any further comments. We will just go ahead and hear the witnesses.

Mr. Dombeck, give us the truth.

TESTIMONY OF DR. MIKE DOMBECK

Mr. DOMBECK. Thank you, Mr. Chairman. It is a pleasure to be back here after being gone from D.C. for a number of years and I did get a round-trip ticket, I want you to know, which I know makes some people happy.

In the meantime, Mr. Simpson, I got my first elk on the Frank Church and had a wonderful time, so life after D.C. is good.

At any rate, my observations are really based on two things, number one, having grown up on a national forest where friends and family largely derived their livelihood from the benefits of national forest, and that is the Shiwamagan National Forest in northern Wisconsin, and then the years of public service where I worked at every level of the Forest Service and also had the great fortune to be head of both Forest Service and BLM and I am thankful for

just a wonderful, wonderful career. I am not going to read my statement so I would like to just ask that that be part of the record, Mr. Chairman.

Mr. DICKS. Yes, we will put your entire statement in the record.

Mr. DOMBECK. I do want to touch on a couple of things that I think are important and hopefully we will have a productive dialog after that.

If we were starting from scratch today, I do not think there is any doubt that we would not have the configuration of agencies or perhaps even committee jurisdictions that we have, and what I would like to suggest is one of my passions, although I am not a historian, is conservation history. A few years ago a couple of colleagues of mine and I wrote a book called From Conquest to Conservation, and in fact, the first chapter is on the history of public lands and what I would like to do is see that Chris gets a bunch of copies of that.

Mr. DICKS. We would love to have them.

Mr. DOMBECK. It sort of goes through and will answer a lot of the questions that you had about why the Forest Service is where it is, the disposition of public lands from the time of the Revolutionary War forward.

The multiple-use missions of the two agencies regarding land stewardship are virtually identical. There are some minor differences, some jurisdictional things, but from the standpoint of the actual mandate itself, there is not too much difference. Where the differences lie are in things like the BLM having responsibility for subsurface minerals under all federal lands. The Forest Service has an incredibly important state and private program which I think has been woefully underfunded for years and ought to be 10 times higher because of the important role of private lands in fragmentation and now the role of all those private forest lands in carbon sequestration and contributing fiber to the economies. That is an incredibly important mission of the Forest Service. And of course, the research function, which we mentioned earlier, was started in 1910, to deal with the fact that at that time the bulk of the forests that were harvested were used for railroad ties that rotted. Every five years the railroad ties had to be replaced so the National Forest Products Lab in Madison was established, as they said back then, to pickle ties. So those are some important differences.

There are a lot of pros and cons, and I just want to commend the GAO for the study that they did and I spent a lot of time with GAO on this issue, and I just want to mention a few of the pros and cons and then recommend an approach. The fire funding problem of the Forest Service, which the chairman mentioned, is literally strangling the agency. I mean, how would you like to run an organization where 40-plus percent of your budget has to be pulled from someplace else and you do not get to spend it until the last quarter of the fiscal year? It is literally strangling the recreation, the fish and wildlife and virtually every program in the agency and suddenly you have to deal with this stress. Fire funding just simply has to be fixed. Interestingly enough, in Interior the BLM does have authority to draw resources from all the Interior agencies where they are available. The Forest Service does not have that authority in USDA yet the Animal and Plant Health Inspection Serv-

ice has the authority to draw funds from the Commodity Credit Corporation to deal with insect disease emergencies. So you have those kinds of misalignments and sometimes the Forest Service is the odd agency out at USDA because frankly, most Secretaries know a lot about agriculture, they do not know too much about forest management, and that is a double-edged sword for the agency because sometimes the agency, you know, is sort of out of sight, out of mind, and when the Secretary gets to deal with the Forest Service, there is usually a problem and sometimes big problems. That is one example.

I want to talk a little bit about Service First, which Jack Thomas and I initiated with the authorization of this committee back in 1996. When I went and talked to the employees in Colorado about Service First, it was sort of like well, we do not know if we can do this. The entrenched cultures in the agencies are very strong. I mean, can you imagine merging the Navy and the Marines? And these agencies obviously are not nearly that entrenched, but the fact is, there is a lot of pride of the uniform, the history, the culture. That is very important. So the employees are skeptical but you go to talk to the Resource Advisory Council and the constituencies and it is sort of like it is a no brainer, why are you not operating like this to begin with, why were you not doing this.

So I think in a sense, this dialog is really on the right track. The questions that we ought to be answering before we just sort of start rearranging chairs is really from a taxpayer customer service point of view, a citizen's point of view. Number one is, should the Forest Service and BLM planning processes be different in the same county? Should the hiring practices be different in the same communities? Should the contracting procedures be different in the same towns? It is those kinds of things that we can get at right now, and I suspect the Administration would want to look at these kinds of efficiencies. It is so important. Should the tourists have to go to different offices to get permits or maps about where to camp, you know, on intermingled lands? It is things like that, and I think the GAO report pointed a lot of that out and that could really go a long, long way. My recommendation to this committee, as well as the Administration, is to push as hard as you can for alignment of those things. I am glad you are having this hearing because just the simple fact that you are having it will—you know, the Forest Service is listening to this hearing and so is BLM—can move a lot of that forward.

I asked some employees and friends that I know. I said well, why is Service First not working better? I mean, we had such high hopes that that would work. And the answer was well, nobody is really championing it. So the culture in an organization is, well, if somebody is not pushing it, we are already too busy. The only person that wants a change typically is a baby with a wet diaper. In a sense, change is tough and change results in uncertainty. Another one of my favorite sayings is that the misery of uncertainty is worse than the certainty of misery, and some of the processes in the agencies are literally like that.

So hook the mission to the future, realign as much as you can and really focus on the core missions, and that is delivering the stewardship, delivering the customer service with the end point

being the long-term health of the land, and if we can do that, it probably does not matter where the chief sits or where the director sits, and it could be magically, if we do this right, in a decade or so it will just sort of blend together and our problems might be solved or things will be a lot better.

Thank you for the opportunity, and I am happy to answer any questions.

[The statement of Mike Dombeck follows:]

TESTIMONY OF

DR. MIKE DOMBECK

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SUBMITTED TO THE

House Committee on Appropriations

Subcommittee on Interior, Environment, and Related Agencies

OBSERVATIONS ON THE POSSIBLE MOVE OF THE FOREST SERVICE TO THE DEPARTMENT OF THE INTERIOR

February 24, 2009

Mr. Chairman and Members of the Committee:

Thank you for inviting me here to testify today. My name is Mike Dombeck. I retired from public service in 2001 and am currently a professor at the University of Wisconsin-Stevens Point. I served as U.S. Forest Service Chief from 1997 to 2001, and prior to that I served as Acting-Director of the Bureau of Land Management (BLM) for three years. I have also held a variety of field and headquarters positions with the Forest Service and BLM and with the Office of the Secretary of the Interior as Acting Assistant Secretary for Lands and Minerals Management. I'm pleased to present testimony on my observations of the possible move of the Forest Service to the Department of the Interior

My testimony is not based on a detailed analysis of organizations but instead on observation and practical experience of first growing up within a national forest with family and neighbors dependent on the public lands and the benefits they provide for their livelihoods, and second, my years of public service.

If we were designing a new organization from scratch today to manage nearly 500 million acres of public lands; I can think of no reason that we would have two agencies with nearly identical land stewardship

missions under different cabinet secretaries, different congressional committees of jurisdiction, reporting to different departments. However, the missions of the Forest Service and BLM are not completely aligned. For example, the BLM has responsibility for subsurface minerals under federal lands while the Forest Service has important research and State and Private Forestry responsibilities that BLM does not. Reasons to consider a merger are obvious.

The Forest Service is too often seen as the odd agency out at USDA. Consider the Forest Service fire borrowing problem of the past five-seven years. The Forest Service is limited to using funds allocated to the agency to fight wildfires. It is forced to pull several hundred million dollars from important programs to fight emergency wildfires causing fiscal chaos. On the other hand, BLM is able to access any un-obligated funds within the whole Department of Interior to fight emergency fires. If secretaries of Agriculture were as concerned about managing forests as they are about farm programs, I believe the Forest Service would have a similar authority as the BLM. Even within the USDA, the Animal, Plant, Health, Inspection Service (APHIS) has the authority to draw funds from the Commodity Credit Corporation (CCC) to help address a declared pest emergency. Why does the Forest Service not have the same authority as its sister-agency to draw from CCC funds in a "declared fire emergency"? In the absence of solutions to the fire-borrowing problem, all Forest Service programs are suffering as money is taken from them to pay for fire response.

One of the obvious benefits of merging the Forest Service into Interior is that the Forest Service would get more attention and likely more political support if its leadership and budget were aligned under the same Department. One of the downsides of such an approach is that the different cultures and customs of the Forest Service and BLM have the very real potential of clashing, resulting in bureaucratic delays and low employee morale. The Forest Service organization is patterned on somewhat of a military model. The discipline and strong "line-leadership" allow the agency to withstand political swings and shifts. The downside of this culture is that it can lead to insularity, resistance to change and new ideas, where "outsiders" and new ideas are often resisted.

The BLM, on the other hand, has a much less rigid culture that better facilitates coordination with local communities, ranchers, and other user groups. A downside of BLM's flexibility is that it has been subject to broad pendulum swings motivated by politics. Witness the Bush Administration's dramatic acceleration of oil and gas development on public lands and its harmful consequences to water, fish and wildlife. It is vital that BLM leads the way in demonstrating techniques that allow for the production of energy resources in a way that doesn't harm fish, wildlife, and water resources.

For almost 20 years, since the end of the big timber era in 1989, the Forest Service has been in a period of transition. Climate change and the profound importance of national forests as a source of fish and wildlife habitat and drinking water make it vital that the agency emerge from this transition and lead the nation in developing climate change adaptation and mitigation strategies.

I believe both agencies, like most long established organizations public or private, share a strong resistance to major organizational change. In addition, their traditional constituencies will generally not be supportive of major change. One of the most common sense proposals for closer alignment between the Forest Service and BLM was the land "Interchange" proposed during the Reagan Administration. The interchange proposal would have allowed for the exchange of approximately 24 million acres of land between the BLM and the Forest Service. It would have consolidated intermingled lands with the BLM

getting rangelands and Forest Service receiving forested lands, resulting in more effective and efficient management. The proposal failed largely because of traditions, cultures and constituencies of both agencies that were resistant to change.

Recently, the Forest Service has gone through major administrative reorganizations that have resulted in significant internal stress; yet, despite these changes, the agency has only tinkered around the edges of the organizational modernization that needs to occur. The core business model of the Forest Service remains rooted in the big timber harvest era where timber receipts were, in part, funneled into trust funds like K-V that paid the majority of the bills. That era is over. Fire funding issues and road maintenance problems are prime examples of the big timber era hang-over resulting in much inefficiency. I cannot recall a single employee telling me they felt good about the level of Forest Service efficiency. In fact, most are very concerned with how expensive the bureaucracy is and how little money actually gets to the ground. Is the traditional four tier organization needed with 21st century technologies? We all know that change it tough, especially for entrenched cultures and bureaucracies. "The misery of uncertainty is worse than the certainty of misery."

While I can't conclude that moving the Forest Service to Interior should never be done, I'm skeptical that the benefits would exceed the costs at this time. The priorities facing the two agencies are too serious right now to spend the years it would take to merge them and achieve a significant increase in level of efficiency. BLM must completely overhaul its oil and gas development program and science needs to drive its administrative decisions. Special places, wildlife corridors, open space, and water quality must be protected. We need landowner assistance in addition to research and effective land management of national forests in order to model climate change mitigation and adaptation strategies and position the Forest Service as the leader for the rest of the world. The restoration of public lands is a local jobs program waiting to happen.

That said, I do believe that many things can and should be done to improve and modernize the operation of the both the Forest Service and BLM. From a taxpayers or citizen point of view: Should the Forest Service and BLM planning process differ in the same state? Should the permitting processes be different for the same constituencies? Should agencies have different local hiring practices in the same community? Should land resource maps and databases be different for federal lands in the same county? Should procedures for local contractors be different in the same town? Should tourists have to go to different offices for maps or information about recreation opportunities in the same locale?

I suspect we agree on the answers to these few examples. Congress and the Administration should remove the impediments in order to align the agencies' processes and services. These alignments make sense and will add efficiency no matter what Department they are in. If the Forest Service cannot solve its fire-borrowing problems, if the BLM continues with poorly designed oil and gas lease sales and if the Forest Service cannot use the climate change threat to emerge from its long period of transition, then it may be time to start over. The real drivers of reorganizations should be better land stewardship and improved public service.

Let me conclude with a story. In 1996, when I was BLM Director and Dr. Jack Ward Thomas was Forest Service Chief, we approved the Service First Initiative, starting with a pilot in Colorado. The Service First Initiative was designed to provide better customer service by providing one-stop shopping for permits, tourists and the public by co-locating Forest Service and BLM offices and co-management of

federal lands to reduce agency overlap and increase efficiency. When I traveled to the San Luis Valley to kick off Service First, it was a big deal to the agency employees, many of whom were very skeptical. Obviously, it wasn't business as usual. When I met with the local constituencies and the Resource Advisory Council they saw this as a no-brainer and wondered why we hadn't been operating like this all along. I'm not suggesting that every aspect of the Service First initiative has worked; rather I mention it as just one example of several experiments to increase efficiency for the agencies and delivery of services. The Forest Service and BLM together have well over one hundred and fifty years of experience of what works and what doesn't. The challenge is to do what works best and get rid of what doesn't.

If there is any validity to "form follows function," aligning function of the nation's two largest land management agencies should result in a model of service, conservation and land stewardships. However, if the processes, procedures and public services aren't aligned and modernized, it probably doesn't matter where the Forest Service is moved or how the puzzle pieces are rearranged. I recommend that the Congress and Administration move quickly and remove barriers and align the services, policies and procedures of the Forest Service and BLM. What building the Forest Service Chief and BLM Director sit in is less important than how the two agencies deliver services to communities and maintain the long-term health of the land.

Mr. DICKS. Thank you, Mike.
Leah MacSwords.

TESTIMONY OF MS. LEAH MACSWORDS

Ms. MACSWORDS. Chairman Dicks and Ranking Member Simpson, members of the committee, thank you for the opportunity to respond to the GAO report on the possible move of the Forest Service from the Department of Agriculture to the Department of the Interior. The National Association of State Foresters represents the directors of state forestry agencies in all 50 states, the U.S. territories and the District of Columbia. We manage and protect state and private forest lands across the country. Fifty-seven percent of U.S. forestland is owned by private interests. The other 43 percent is public land.

Even the Forest Service recognizes, through its mission, that its aim is to sustain the health, diversity and productivity of the Nation's forest and grasslands. NASF neither advocates nor opposes moving the Forest Service to the Interior. It is less important to NASF where the Forest Service is placed on the federal organizational chart. What is important is that it maintains its integrated suite of programs to serve all the Nation's forests. We believe the Forest Service can best fulfill its mission if its current organizational structure remains intact and is not divided among disparate federal departments or agencies. Our real interest is enhancing the ability of the Forest Service to tackle the most challenging issues facing the Nation's forests.

For today's statement, I will summarize the key challenges facing the agency that should be addressed either through reorganization or through another legislative or executive approach. First, working with private forest landowners. The state and private forestry program is a federal investment that leverages the capacity of state agencies and their partners to manage forests. Reorganization consideration should recognize the longstanding relationship between state foresters and the Forest Service and not focus on federal lands alone. One way to accomplish this is to reverse trends that have reduced state and private appropriation by nearly 40 percent from fiscal year 2001 to fiscal year 2008. Reinvestment in these programs will better prepare the Nation's nearly 10 million private forest landowners to meet growing demands on their forests including emerging priorities like carbon sequestration and renewable energy.

Second, is fire suppression. Reorganization discussions need to address the overwhelming influence fire suppression costs have on achieving other land management goals. NASF is working with a broad coalition to promote a solution that would establish a separate fund for emergency wildfire suppression and ensures that funding for partitioned account will not be scored against the agencies' constrained budgets. Non-emergency fire suppression funding will always be a necessary part of the Forest Service and Interior budgets no matter where the agencies are located on the organization chart.

Third, national forest system management. A number of management challenges threaten the long-term sustainability of the national forest system. In particular, a persistent lack of funding to

complete harvest treatment has exposed millions of Forest Service acres to large, unnatural wildfire and increased outbreaks from insects and disease. These forest health issues pose risks to nearby state and private lands which often do not have the financial resources available to proactively respond. Simply moving the Forest Service into the Interior will not address the forest health issues that ignore ownership boundaries. Forests are a strategic national resource that justify strong, comprehensive federal support. We agree that taking a look at how the Forest Service operates is a good idea but beyond relocating the agency to another federal department, there are other organizational changes that could be considered to enhance the ability of the Forest Service to serve 100 percent of the Nation's forests. Enhanced coordination with other federal and state agencies is one such opportunity. A recent positive example is an interagency joint forestry team that produced a memorandum of understanding between NASF, the Forest Service, the Natural Resource Conservation Service and the National Association of Conservation Districts. This MOU represents an interagency commitment to strength cooperation for delivering forestry assistance to private landowners. This concept could be built upon with Interior to recognize forests as strategic national resources requiring coordinated federal and state agency efforts.

Whether housed in USDA, Interior or in another federal department, NASF believes that the Forest Service's current organizational structure should remain intact. Focus should be less on reorganization and more on improving the Forest Service's existing programs and authorities to serve all forests. It is critical to maintain and fund a comprehensive set of program areas in a manner consistent with the amount of forestland held in state and private ownership. NASF greatly appreciates Chairman Dicks' and the subcommittee's prior commitment to investing in state and private forestry programs as evidenced most recently through the American Recovery and Reinvestment Act. I thank the chairman, Ranking Member and members of the committee for the opportunity to before you today.

[The statement of Leah W. MacSwords follows:]

Testimony of Leah W. MacSwords
President, National Association of State Foresters
State Forester of Kentucky
Before the House Appropriations Subcommittee on Interior, Environment, and Related Agencies

Regarding Government Accountability Office Observations on a possible move of the U.S. Forest Service to the Department of the Interior

February 24, 2009

INTRODUCTION
Chairman Dicks, Ranking Member Simpson, Members of the Committee, thank you for the opportunity to participate in today's oversight hearing on the U.S. Forest Service. On behalf of the National Association of State Foresters (NASF), I thank the Committee for the opportunity to respond to the Government Accountability Office's (GAO's) recent study regarding a possible move of the Forest Service from the Department of Agriculture (USDA) to the Department of the Interior (DOI). NASF represents the directors of the state forestry agencies of all fifty states, eight U.S. territories and associated states, and the District of Columbia. State forestry agencies manage and protect state and private forests across the U.S., which encompass two-thirds of the nation's forests. My comments today are supported by a close working relationship between State Foresters and USDA that dates back nearly a century.

OVERVIEW
The nation's forests are a strategic national resource that provides a host of important benefits to the American people: clean air and water, fish and wildlife habitat, recreational opportunities, carbon sequestration and storage, renewable energy, and forest products. The thousands of wood and paper products that Americans use every day are produced from the world's greatest renewable resource, and our nation's forests support the jobs that produce these products.

The United States has the fourth largest forest estate of any nation, with eight percent of the world's forests. This represents approximately 750 million acres of forestland – about one-third of the nation's total land area. Unlike other countries, 57 percent of U.S. forestland is owned by private interests; 43 percent is "public" land under the control of federal, state and local agencies. The Forest Service serves all of these lands through a comprehensive portfolio of program areas that include the National Forest System, State & Private Forestry (S&PF), Forest Service Research, and International Forestry.

MOST IMPORTANT: SERVING 100% OF THE NATION'S FORESTS
The mission of the Forest Service is to "sustain the health, diversity, and productivity of the *Nation's* forests and grasslands to meet the needs of present and future generations." NASF neither advocates nor opposes moving the Forest Service to the Department of the Interior. The real issue is enhancing the ability of the Forest Service to serve 100 percent of the nation's forests including, but not limited to, the 26 percent that are National Forest System lands.

Forests are a strategic national resource justifying strong, comprehensive federal support to coordinate and enhance state and local efforts. NASF supports the concept of a lead federal

agency responsible and accountable for providing a full suite of resources to benefit all of the nation's forests. This can best be accomplished when a single federal agency is acknowledged as "the nation's forestry agency." It is not important to NASF where the Forest Service is placed on the federal government organization chart. What is important is maintaining a comprehensive portfolio of program areas that serve 100 percent of the nation's forests, not just the 26 percent that comprise the National Forest System.

THE U.S. FOREST SERVICE SHOULD REMAIN INTACT AS AN AGENCY

Any proposed change should focus on improving the Forest Service ability to serve all of the nation's forests. This includes state and private forestry, fire suppression, research, and federal land management responsibilities as well as the ability to coordinate with other federal and state land management agencies on sustaining the nation's forests. Regardless of departmental jurisdiction, NASF believes the ability of the Forest Service to effectively fulfill its mission requires that its current organizational structure remain intact and not be divided among disparate federal departments or agencies.

State and Private Forestry

The GAO report detailed considerations involving potential impacts to State and Private Forestry programs. Federal investment in these programs leverages the capacity of state forestry agencies and their partners to manage state forests and ensure that private forest landowners have the best technical, educational, and financial assistance available to meet their ownership objectives—responsibilities not typically shared by the Department of the Interior.

Reorganization should recognize the long-standing relationship between the Forest Service and State Foresters and not focus on federal lands alone. One way to accomplish this is to reverse trends that have reduced S&PF appropriations by nearly 40% from FY01 to FY08. Reinvestment in these programs will better prepare the nation's nearly 500 million acres of state and private forests to meet growing demands, including emerging priorities such as carbon sequestration and renewable energy.

Fire Suppression

Both the Forest Service and the Department of the Interior fund fire suppression within their budgets based on a 10-year average of costs. For the Forest Service, this agency policy is problematic. In recent years, catastrophic fires have resulted in dramatically increased suppression costs, which now represent more than half of the Forest Service budget. The Forest Service has been forced to borrow funds from other programs—including those that reduce wildland fire risk—to help cover the costs of fire suppression.

Reorganization discussions need to address the overwhelming influence fire suppression costs have on achieving other land management goals. NASF continues to advocate for a solution that establishes a separate 'fund' for emergency wildfire suppression and ensures that funding for the partitioned account will not be 'scored' against the agencies' constrained budgets. Non-emergency fire suppression funding will continue to be a necessary part of the Forest Service and DOI budgets, no matter where the agencies are located on the organization chart. A separate fund for emergency fires will bring a measure of fiscal normalcy to fire suppression funding.

NASF applauds efforts to coordinate and integrate wildland fire efforts between federal, state and local agencies. The National Interagency Fire Center and the Wildland Fire Leadership Council are good examples. These positive results indicate that an independent wildland fire management agency separate from the agencies' current wildland fire operations is unnecessary.

Research

The Forest Service Forest Inventory and Analysis (FIA) program is the nation's only comprehensive forest inventory system that provides credible forest inventory data across all ownerships. As such, it has been a critical tool for assessing the health and sustainability of the nation's forests. FIA will serve a valuable role in determining how our forest resources can contribute to national climate change and renewable fuels and energy goals. FIA has fallen short of its full funding target over the last several years impacting the ability of the Forest Service to report forest inventory data for each state on a five-year cycle (as required by the 1998 Farm Bill). A renewed commitment from any reorganization effort is necessary to ensure the program meets the needs of its stakeholders, both within and beyond the agency.

Management of the National Forest System

A number of management challenges threaten the long-term sustainability of the National Forest System. The Forest Service has indicated that litigation often limits the ability of its professional employees to efficiently and effectively manage the national forests.[1] Insufficient funding presents maintenance and decommissioning backlogs on NFS transportation networks that are no longer needed for land management and—in some cases—could impair water quality.[2]

At the same time, a persistent lack of funding to complete harvest treatments has exposed millions of NFS acres to uncharacteristically large, unnatural wildfires and increased risk of disease and insect outbreaks.[2] These forest health issues pose risks to nearby state and private land ownerships, which often do not have the necessary financial resources available to proactively respond. Simply moving the Forest Service into DOI will not address the forest health issues threatening the NFS unless accompanied by a review and merger of legal authorities.[3]

CONSIDER OTHER ORGANIZATIONAL CHANGES – NOT JUST A "MOVE"

Moving the Forest Service from the Department of Agriculture to the Department of the Interior could only be accomplished with tremendous taxpayer expense. It would take years to fully realize possible advantages. Despite these challenges, NASF could support such a move if clear long-term benefits for the nation's forests could be demonstrated. While there are many tradeoffs associated with such a move, NASF is not convinced that the cost and disruption to personnel and programs can be justified or will result in definitive positive change.

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[1] USDA Forest Service. 2002. *The process predicament: How statutory, regulatory, and administrative factors affect national forest management.*

[2] Sample, V.A., W. Price, J.S. Donnay and C.M. Mater. NFS Certification Study: An evaluation of the applicability of Forest Stewardship Council and Sustainable Forestry Initiative Standards on Five National Forests. Last accessed online on February 16, 2009 at: http://www.pinchot.org/

[3] Congressional Research Service, *Proposals to Merge the Forest Service and the Bureau of Land Management: Issues and Approaches.* (Washington, DC: May 2008), 30 pp.

Improved interagency coordination
Other organizational changes could be considered to enhance the ability of the Forest Service to serve 100 percent of the nation's forests. One opportunity is to enhance coordination with other federal and state agencies. A recent positive example is an interagency Joint Forestry Team that produced a Memorandum of Understanding (MOU) between NASF, the Forest Service, the Natural Resources Conservation Service (NRCS), and the National Association of Conservation Districts (NACD). The MOU represents an interagency commitment to strengthen cooperation for delivering forestry assistance to private landowners. This concept could be built upon with USDA, DOI, and NASF to recognize forests as a strategic national resource requiring coordinated federal and state agency efforts. Coordinated land swaps between USDA and DOI agencies to consolidate management of federally owned lands are also worth exploring.

Place more emphasis on S&PF
The unique culture of the Forest Service must also be considered in any reorganization proposal. From the field level to senior leadership, Forest Service personnel are career natural resource professionals. This is a good model for a federal agency serving as the "nation's forestry agency" because federal forest policies should be developed and implemented based on sound science and economics. However, NASF is concerned that the internal culture of the Forest Service is dominated by the National Forest System (NFS) and the direct custodial responsibilities the agency has for 26 percent of the nation's forests. Moving the agency to DOI will not change an internal culture focused on federal lands and custodial management.

However, there may be merit in exploring opportunities within the organization to more visibly support and reward agency commitments to state and private forestry efforts. Forest Service State & Private Forestry and Research responsibilities benefit the 74 percent of the nation's forests that are not part of the NFS. These lands face greater development threats and shoulder a greater responsibility in producing forest products. NASF is committed to working with Congress and the Forest Service to achieve budgets and policies that support agency responsibilities to all of the nation's forests. One example is NASF leadership in developing recommendations to fix fire suppression funding and borrowing challenges.

CONCLUSION
Whether housed in USDA, Interior or another federal department, NASF believes the Forest Service's current organizational structure should remain intact and not be divided among disparate departments or agencies. Focus should be less on reorganization and more on improving the Forest Service's existing programs and authorities that serve all forests. What is important is maintaining and funding a comprehensive portfolio of program areas in a manner consistent with the amount of forest land held in state and private ownership.

NASF greatly appreciates this subcommittee's past commitment to investing in the Forest Service's State and Private Forestry programs. I thank the Chairman, Ranking member, and members of the Committee for the opportunity to appear before you today to provide NASF's perspectives on a possible move of the Forest Service into the Department of the Interior.

Mr. DICKS. And we appreciate your comments. Just one thing I would mention, the Forest Service budget over the last eight years has gone down by 35 percent and the Interior by 16 percent, so they have been talking about excess spending. It was not in our area.

Mr. Meadows, welcome.

TESTIMONY OF MR. BILL MEADOWS

Mr. MEADOWS. Thank you very much, Mr. Chairman. My compliments to you for your leadership and to Ranking Member Simpson for all of your help in so many different ways. It is a pleasure to be here and to speak to this particular issue.

The Forest Service is deeply rooted in the conservation ethic of Gifford Pinchot and Theodore Roosevelt, who placed it under the Agriculture Department in the first place. Pinchot's idea that it should do the greatest good for the greatest number in the long run still guides the agency today. The Wilderness Society has utmost respect for the professionalism and the talent of the Forest Service staff throughout the country. My testimony will focus on the central challenge the Forest Service, indeed, all of our federal land management agencies face in the coming century, the potentially devastating ecological, economic and social impacts of climate change. I firmly believe that the question we are addressing today must be evaluated in the context of the larger issue: what needs to be done to protect our forest and public lands from global warming.

The Forest Service plays a key role in our defense against a changing climate. Responsible for 193 million acres of national forest system, it oversees almost one-quarter of all the federal lands in the United States. National forest boasts some of the finest fish and wildlife habit found anywhere including one-half of the spawning grounds for salmon and steelhead. These coldwater fisheries are now under serious threat from global warming. Thousands of other forest species are imperiled too. These same forests sequester and store vast amounts of carbon which might otherwise add more greenhouse gases to the planet. National forests in the Pacific Northwest, for example, are believed to store more carbon per acre than any other forest ecosystem in the world.

Because the federal government holds our public lands in trust for present and future generations of Americans, it is incumbent upon the Forest Service, Parks Service, Fish and Wildlife Service and the Bureau of Land Management regardless of where they sit to work together to protect the health of our federal lands. The agencies must ensure that the lands' biological resources successfully adapt to the stresses of climate change.

Second, as the primary agency dealing with all of America's forests, public and private, the Forest Service plays another vital role. Almost one-third of the United States, 750 million acres, is covered by forest and 60 percent of those forests are privately owned. Both state and private forestry agencies rely on the Forest Service for important technical and financial assistance.

Third, the Forest Service is the largest forest research organization in the world and much of it is aimed at understanding the impacts of global warming. For over 20 years its global change re-

search group has been evaluating the effects of climate change. Federal, state and private forest managers regularly use this research as they try to find ways to increase carbon sequestration and make our forests more resilient to climate change.

What do the multiple roles in the climate issue tell us about whether or not the Forest Service should be transferred to the Interior Department? Arguably, from a climate change perspective, America's forests will be better off if it stays in the Agriculture Department where it can continue to work closely with state and private forest owners on climate change issues. On the other hand, America's federal lands might be better served by moving it to Interior where it could coordinate more effectively with the other land management agencies. But I believe that this is a false choice. We can and must find ways for the Forest Service to succeed in both roles regardless of where it is housed. If it remains in Agriculture, coordination with the other federal land management agencies that oversee our public lands needs to improve dramatically. Beyond that, all of the agencies should begin taking an ecosystem and landscape approach across jurisdictions rather than managing the land by dividing it along administrative or political boundaries.

The development of the Northwest Forest Plan is one good example where a cross-agency approach worked well. Fifteen years ago, the White House brought together a number of federal agencies to develop and implement that plan. The result was a scientifically credible blueprint for both the national forests and the forests managed by the Bureau of Land Management in western Washington, Oregon and northern California. Perhaps now is the time to develop a similar multi-agency scientific plan to address the impacts of climate change on our federal lands.

Over the last decade we have seen much better coordination in fire management among the Forest Service, BLM, Bureau of Indian Affairs, National Parks Service and the Fish and Wildlife Service as well as state agencies teaming up to increase efficiency and spread their expertise. While more work must be done to integrate fire management research and treatments, success does not require moving agencies into different departments.

My ambivalence about the proposed move stems in part from the question of whether now is the time to consider a change of this magnitude, complexity and expense. Our country is dealing with some formidable economic challenges. I fear that the cost of a move in terms of human and financial resources needed to implement it and the loss of productivity as staff attention focuses on it would far outweigh any immediate benefits.

In conclusion, Mr. Chairman, I truly believe that we stand at a major turning point in the history of the Forest Service and the viability of our public lands in the face of climate change. The global warming era will demand strong leadership, new ideas, better integration of science and management, the willingness to experiment and adequate funding to enable the agency to fulfill its mission in the 21st century. The Wilderness Society looks forward to working with the Forest Service, this subcommittee and other partners to meet this formidable challenge in the months and years ahead.

Thank you, Mr. Chairman.

[The statement of William Meadows follows:]

Reorganizing the U.S. Forest Service to Succeed in the 21st Century

Statement of William Meadows, President of The Wilderness Society

Before the U.S. House of Representatives Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies

February 24, 2009

Thank you, Mr. Chairman, for this opportunity to present The Wilderness Society's views regarding the possible move of the U.S. Forest Service from the Department of Agriculture into the Department of the Interior.

The Forest Service is a proud agency with a century-long tradition deeply rooted in the conservation ethic of Gifford Pinchot and Theodore Roosevelt, who put the Forest Service into the Agriculture Department in the first place. Today the agency's website still links its mission to Pinchot's exhortation to do "the greatest good for the greatest number in the long run." Some of The Wilderness Society's founders, including Aldo Leopold and Robert Marshall, spent part of their careers working for the Forest Service. While we certainly have had differences with the Forest Service over the years, The Wilderness Society respects the agency's professionalism and scientific expertise.

Today I would like to focus my testimony on the central challenge that lies ahead of the Forest Service in the coming century – that is, the potentially devastating ecological, economic, and social impacts of climate change. For I firmly believe that the question of whether to move the Forest Service into a different department must be evaluated in the context of a larger issue: ***what needs to be done to protect our forests and public lands from global warming?***

The Forest Service plays several critically important roles in our nation's defense against climate change. First, it has sole management responsibility for the 193 million-acre National Forest System, which constitutes nearly one-quarter of all federal lands in the United States. The national forests provide much of America's finest fish and wildlife habitat, including one-half of the spawning habitat for salmon and steelhead. Global warming poses a serious threat to these cold-water fisheries, as well as to thousands of other species of wildlife and plants that inhabit the national forests. The national forests also sequester and store vast amounts of carbon that might otherwise be part of greenhouse gases contributing to global warming. In fact, the Pacific Northwest's national forests are believed to store more carbon per acre than any other forest ecosystem on Earth.

The federal government holds our public lands in trust for the benefit of present and future generations of Americans. The Forest Service, Park Service, Fish and Wildlife Service, and Bureau of Land Management – regardless of whether they are all housed in the same department – must work together to ensure that the federal lands and their biological resources successfully adapt to the stresses of climate change.

Second, the Forest Service is the federal government's primary agency dealing with all of America's forests, whether in public or private ownership. Forests cover 750 million acres, or approximately one-third of the United States (including Alaska), and 60 percent of U.S. forests are privately owned. The Forest Service provides important technical and financial assistance to state and private forestry agencies.

The Wilderness Society is working with state agencies and private forest owners in collaborative efforts to incorporate forest carbon offsets into future cap-and-trade systems on non-federal lands. Our hope is that the use of forest carbon credits will provide financial incentives for private forest owners to manage their forests in ways that are ecologically sustainable and climate-friendly. Forest Service data collection and expertise are crucial to the successful design and implementation of any carbon credit system. For instance, the credibility of the carbon accounting system hinges on the accuracy of the Forest Service's inventories of forest carbon stores and estimated rates of sequestration.

Third, the Forest Service is the largest forestry research organization in the world. Much of that research is aimed at improving our understanding of the impacts of climate change on forest ecosystems. The Forest Service's Global Change Research group has more than 20 years of experience in evaluating the effects of climate change. The agency's research provides invaluable information to federal, state, and private forest managers to help them find ways to increase carbon sequestration and make their forests more resilient to climate change.

What do the Forest Service's multiple roles in the climate issue tell us about whether or not the agency should be transferred to Interior? Arguably, from a climate change perspective, America's ***forests*** will be better off if the Forest Service stays in the Agriculture Department where it can continue to work closely with state and private forest owners on climate change issues. On the other hand, America's ***federal lands*** might be better served by moving the Forest Service to the Interior Department, where it could coordinate more effectively with the other federal land management agencies.

However, I believe that is a false choice: ***we can and must find ways for the Forest Service to succeed in both roles***, regardless of whether it is housed in Agriculture or Interior.

If the Forest Service remains in Agriculture, improved coordination with the other agencies responsible for federal land and wildlife stewardship will be essential. Clear and consistent messages from the Administration will provide strong direction to the agencies to better coordinate and to successfully achieve priority programs. In addition, our federal forests can be better managed with increased government coordination by taking an ecosystem and landscape approach rather than by dividing the landscape along administrative and political boundaries.

Fifteen years ago, the White House brought together numerous federal agencies (management and regulatory) to develop and implement the Northwest Forest Plan. The result was a scientifically credible plan for National Forests and Bureau of Land Management forests in western Washington, Oregon, and northern California. Unfortunately, the BLM in recent years has been more interested in increasing timber production than coordinating with other agencies or implementing the Northwest Forest Plan. One option to address this problem is to transfer the forest lands managed by BLM in Oregon to the National Forest System, thus consolidating federal forest management into a single department.

Coordination of fire and fuels management activities among federal agencies is a relatively positive story. Over the last decade we have seen significantly better teamwork in fire management, with the Forest Service, BLM, Bureau of Indian Affairs, National Park Service, and U.S. Fish and Wildlife Service, as well as state agencies, teaming up to increase efficiency and to spread expertise. Coordination includes shared training, supplying, human resources, and equipment, along with data collection and dissemination. The National Interagency Fire Center in Boise is a good example of coordination across agencies and departments. More work can and should be done to coordinate and integrate fire management, research and advance treatments, with or without moving agencies into different departments.

Within the Department of Agriculture, the Forest Service has also begun to take some positive steps to deal with the climate change issue. Perhaps most notably, in December 2008 the outgoing Secretary of Agriculture established a new Office of Ecosystems and Markets and appointed as its first director Forest Service Associate Chief Sally Collins, who has shown exceptional leadership in addressing the challenges of climate change. Collins' primary role will be to help develop the guidelines and science-based methods necessary for forests, farms, and ranches to engage in carbon trading markets designed to mitigate the negative effects of global warming.

Finally, I want to applaud Chairman Dicks and other members of this subcommittee for helping to guide the Forest Service toward more climate-friendly management. For example, the Legacy Roads and Trails Remediation Initiative provided $40 million last year to reduce the impacts of old Forest Service roads in places like the Skokomish River watershed on the Olympic National Forest. The Legacy Roads funding will help many national forest watersheds and downstream communities better withstand the impacts of increasingly intense rain storms and flooding that are expected to result from climate change.

In conclusion, Mr. Chairman, I truly believe that we stand at a major turning point in the history of the Forest Service. The next few years will be critically important in determining how well America's forests and public lands stand up to the inevitable impacts of climate change. The global warming era will demand strong leadership, new ideas, better integration of science and management, the willingness to experiment, and adequate funding to enable the agency to fulfill its mission in the 21st century. The Wilderness Society looks forward to working with the Forest Service, this subcommittee, and other partners to meet this formidable challenge in the months and years ahead.

Mr. DICKS. Thank you. That was very good.

TESTIMONY OF DR. BERYL RADIN

Dr. Beryl Radin from American University.

Ms. RADIN. Thank you very much. Chairman Dicks, Ranking Member Simpson and other members, I am very pleased to be here today, and unlike the others on this panel, my interest in this important issue is not focused on the specifics of the current proposals to move the Forest Service into Interior to operate closely with BLM but rather what I will try to do is raise a number of issues that seem to have had an impact on other reorganizations and thus I believe should be considered in this proposal.

While reorganization is an important tool that can be used effectively in many situations, there are very different ways of thinking about this strategy, and I should say that not everyone in the public management field agrees with me, just so you know that. Much of the literature on this topic draws on what I call the management perspective. It borrows experience from the private sector. It emphasizes the authority of the President to make change as well as what are viewed as logical arrangements of organizational components to improve efficiency.

An alternative way of conceptualizing the topic is what I call the policy approach. It considers the context and environment surrounding programs, emphasizes the role of Congress, constituencies and interest groups and distinct cultures of programs. It sometimes employs reorganization not really to change substantive outcomes but as a symbolic response to demands for change. And while efficiency continues to be an essential value, it has to be considered along with issues of effectiveness and equity.

Now, I believe that both perspectives, both the management and the policy perspectives, are important but much of the traditional literature on reorganization emphasizes the management perspective and ignores what I have called the policy perspective and so my remarks will focus on the policy perspective because I think that most public management advice tends to downplay it.

I would like to just lay out six points, and these points mirror a number of the issues that have been already raised this morning, and I have to say that as an academic I have great satisfaction in finding some correlation between what I have been writing and what this subcommittee has been considering because you do not always get that opportunity.

My first point: Reorganization efforts generate two different sets of problems. Some are short term and some are long term. Opponents of reorganization often focus on short-term disruptions and problems and not on potential long-term gains. By contrast, supporters focus on long-term gains and tend to ignore short-term disruptions. Now, if short-term problems are severe, that may serve to block any long-term gains and color future actions, and one of the things that we have not talked much about today is considering the impact on career staff when we make these changes.

My second point: Reorganization rarely shifts political players. If the political system has separate paths for dealing with separate programs, that usually continues. This includes separate Congressional jurisdiction issues, separate constituencies and distinct and

often competitive interest groups. If the programs involve implementation in different settings, and we talked earlier about the relationship with states and localities, these differences may be especially important.

My third point: At first glance, programs may appear more compatible with one another than they actually are. The level of similarity between programs may be more superficial than technical. They may be imbedded in different professional and technical cultures, and when merged usually one of the cultures prevails, and yet both or the multiple cultures are legitimate at different points in the process.

My fourth point: Changing organizational structure is not always an effective way of dealing with conflict between agencies. It may simply displace the conflict to another setting. So we talked about the seats on the deck, and shifting organizational boxes may be more symbolic than real.

My fifth point: There are alternative ways of addressing overlap and interdependency between programs, and I think we have heard some examples of where there have been attempts to do this. Increasingly, and it is not just in this area but all across the government, organizations have sought to devise networking collaboration and joint programs as a way of minimizing conflicts. It does not mean you are going to get rid of the conflict but you are trying to manage that conflict. Now, when you use that kind of an approach, it is very time consuming but is often more acceptable to those within the system and it may have longer-term payoff.

Now, my last point is that changing technology, globalization, something like climate change concerns crises and other shifts in the policy environment may actually bring new players to the table that make the dimensions of a reorganization out of date. So this may generate a belief that there will be constant reorganization, and I think this is not that kind of organizational turbulence that allows the agency to develop a coherent program. All of this is to say that reorganization is not always the panacea that is often suggested by its proponents. At the same time, it is not an argument against all uses of the reorganization tool.

I thank you for inviting me to testify, and I am available to work with the subcommittee and its staff and continue our conversation. Thank you.

[The statement of Beryl A. Radin follows:]

TESTIMONY TO THE HOUSE INTERIOR AND ENVIRONMENT
APPROPRIATIONS SUBCOMMITTEE
OVERSIGHT HEARING ON U.S. FOREST SERVICE
FEBRUARY 24, 2009

BERYL A. RADIN, PhD
SCHOLAR IN RESIDENCE, SCHOOL OF PUBLIC AFFAIRS
AMERICAN UNIVERSITY
FELLOW, NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

My name is Beryl A. Radin and I am a Scholar in Residence in the Department of Public Administration and Policy of American University's School of Public Affairs and an elected fellow of the National Academy of Public Administration.

For many years I have been studying the efforts within the federal government to use reorganization as a way to improve the delivery of federally supported services. Along with my co-author, Joshua Chanin, I recently published a book entitled *Federal Government Reorganization: A Policy and Management Perspective*. It is a reader that brings together a range of views on federal reorganization both through general perspectives as well as specific reorganization examples, including the Department of Homeland Security, the Department of Defense, the Department of Education and proposals to establish a Department of Food Safety.

My interest in this important issue, thus, is not focused on the specifics of the current proposals to move the Forest Service into the Department of Interior to operate closely with the Bureau of Land Management. Rather I will attempt to raise a number of issues that seem to have had an impact on other reorganizations and thus I believe should be considered in this proposal.

While reorganization is an important tool that can be used in many situations, there are very different ways of thinking about this strategy. Much of the literature on this topic draws on what I call the "management" perspective. It borrows experience from the private sector; it emphasizes the authority of the President to make change as well as what are viewed as logical arrangements of organizational components to improve efficiency. An alternative way of conceptualizing the topic is what I call the "policy" approach. It considers the context and environment surrounding programs and emphasizes the role of Congress, constituencies and interest groups, and distinct cultures of programs. It sometimes employs reorganization not to change substantive outcomes but as a symbolic response to demands for change. While efficiency continues to be an essential value, it has to be considered along with issues of effectiveness and equity.

I believe that both perspectives are important but much of the traditional literature on reorganization emphasizes the "management" perspective and often ignores the

"policy" perspective. My testimony will focus on the "policy" perspective because I have found that most public management advice tends to downplay it.

Here are my six points:

1) Reorganization efforts generate two different sets of problems: some are short term and others are long term. Opponents of reorganization often focus on short term disruptions and problems and not on potential long term gains. Supporters focus on potential long term gains and tend to ignore short term disruptions. If short term problems are severe, that may serve to block any long term gains or color any future activities.

2) Reorganization rarely shifts political players. If the political system has separate paths for dealing with programs, that usually continues. This includes separate congressional jurisdiction issues, separate constituencies, and distinct (and often competitive) interest groups. If the programs involve implementation in different settings, these differences may be especially important.

3) At first glance, programs may appear more compatible with one another than they actually are. The level of similarity between programs may be more superficial than technical. They may be embedded in different professional and technical cultures and when merged, one of the cultures prevails. Yet all approaches are legitimate at different points.

4) Changing organizational structure is not always an effective way of dealing with conflict between agencies. It may simply displace the conflict to another setting. Shifting organizational boxes may be more symbolic than real.

5) There are alternative ways of addressing overlap and interdependency between programs. Increasingly organizations have sought to devise networking, collaboration and joint projects as a way of minimizing conflicts. This is a time consuming strategy but is often more acceptable to those within the system.

6) Changing technology, globalization, crises, and other shifts in the policy environment may bring new players to the table that make the dimensions of a reorganization out of date. This may generate a belief that there will be constant reorganization. That form of organizational turbulence does not allow the agency to develop a coherent program.

All of this is to say that reorganization is not always the panacea that is often suggested by its proponents. At the same time, this is not an argument against all uses of the reorganization tool. However, I have suggested that those considering reorganization should take into account the following elements before coming to a decision:

1. What is the location of the reorganization?
2. Have there been previous reorganizations that may affect this situation?
3. What events, issues and dynamics stimulated an interest in moving to a reorganization effort?
4. Are there developments within the environment or context of the agency that pushed a proposal?
5. What are the goals of the effort? Do they appear to be policy, political or administrative issues?
6. Did the ideas behind the reorganization emerge from a commission, a study group, an interest group or some other actor?
7. What was the legal framework and/or authority available to the relevant decisionmakers?
8. What process was used to develop the proposal? Who participated in such a development?
9. Who actually has the ability to decide on the reorganization? Who influenced those decisionmakers?
10. What influenced the proposal's scope or timing?
11. Did the development process and/or the decisionmaking process consider the following issues:
    - Resistance to the idea from staff
    - Resistance to the idea from members of Congress
    - Resistance to the idea from external interest groups
    - The aspects of the culture of the organization that supports or opposes the idea
    - Costs of disruption
    - Laws or regulation required to implement the decision
    - Impact on budget
    - Impact on personnel
    - Space or other resources required
12. Does the process include a discussion of criteria for evaluating the reorganization?
13. Has there been any consideration of future changes that might be required?
14. Is it possible to develop a calculus indicating supporters, opponents and neutral players in the process?
15. Are there alternative approaches to structural change that might address the situation?

Thank you for inviting me to testify before this Subcommittee; I am available to work with the Subcommittee and its staff to continue this conversation.

POTENTIAL OUTCOMES

Mr. DICKS. Well, I think this has been a very useful panel. Let me start off here with Mike Dombeck. You think by trying to get these people to work together, where they can, is maybe the best here?

Mr. DOMBECK. I would not say it is the best outcome. I think it is an appropriate starting point that has gone forward in the past——

Mr. DICKS. Service First.

Mr. DOMBECK [continuing]. In various fits and starts, and Service First. You know, another prime example, I thought one of the best ideas that came out of the 1980s was the land interchange proposal put forward, I think it actually stemmed from the Grace Commission report and that was that really proposed the exchange of 24 million acres of Forest Service and BLM land where the Forest Service had more forest management expertise so they would sort of get the forests the BLM managed and BLM had more grazing management expertise, they would have gotten the grazing lands. From the standpoint of where I sat as an observer and employee at that time, I thought this is one of the most commonsense ideas that we could put forward to do that and it never got to first base because you get the entrenched cultures, you get the constituencies, you get the committee jurisdictions here in Congress. As you point out, the short-term pain is worse than the long-term gain and it just sort of fizzled out. So there are a variety of models of things that have been tried. I think aligning the function is the way to go.

Ms. RADIN. Could I just mention that we have talked about things like Service First but I think we have not emphasized the fact that even if you have a very modest effort to start with, that there are all kinds of informal relationships that are developed when people sit around the table and there are spin-offs of those kind of things that may lead to increasing kind of change. So do not just look at the formal because there are also other things when people talk about the water cooler in their breaks and so on, that that is a really important thing.

Mr. DICKS. Do you think there is much of that between BLM and the Forest Service?

Mr. DOMBECK. There is some of it, and I think that is really one of the positive benefits of Service First because it is like colleagues working together here on the Hill or other places. You get to know people, you get to be friends, you get ideas from them, and I have been basically a career-long believer that one of the things we need in not only agencies but all entities is a slow movement, maybe a trickle of employees from the private sector, from the state agencies, from the academic world sort of in and out of agencies because they bring networks with them, they bring different experiences, but what you have as these cultures and organizations develop, you have a slow and—I think this is human nature. You have the shift of loyalty from the mission of the organization to the culture of the organization, and then it suddenly becomes very hard to be very critical of the organization and you can sort of get into the Hatfields versus McCoys type of a scenario. By a slow movement like

I described you can, I think, eliminate a lot of that. That was really the intent of the civil service reform that occurred in the 1970s or 1980s with the senior executive service. The senior executives would have a skill set that would be applicable for management but that, you know, well, if you have not grown up in this agency, you just do not understand and somehow we need to erode that, and that is much more pervasive in the Forest Service and the Parks Service and the refuge system than it is in BLM. BLM's culture is much more flexible. I mean, if you look at the history of BLM where you have the grazing service, the general land office merged in 1948 by President Truman and then you had functions of the Mineral Management Service brought into BLM—when was it, 1980s? I do not remember exactly when. So you have got more of a mishmash of cultures in BLM where in the Forest Service you have a real pride in the culture and it works both ways. It helps the agency in some respects and it hurts it in others.

IMPACTS TO STATE AND PRIVATE FORESTRY

Mr. DICKS. You mentioned we paid a big price for the reductions in the state and private forestry programs. Give the members a sense of that and why it is so important.

Ms. MACSWORDS. Well, I think the maps that you saw this morning speak to that eloquently in the fact that most of the land is under state and private hands, most of the forest land is. In the state of Kentucky, we have 467,000 private forest landowners so that the state and private forestry programs under the Forest Service have allowed us to work directly with those private forest landowners providing them that level of technical assistance, providing them cost-share programs, providing them information about the forest health threats, also providing fire suppression on those private forest lands. Those very things, fire, insects, diseases, they do not stay within the boundaries of national forests. They move out to the private forestlands. If you look at what happened in the Pacific Northwest when timber harvesting declined, all of that harvesting activity moved to the South, and so it moved to private forest landowners. We have to address this national resource holistically. I think if you look at what happened in the Farm Bill where it calls for states to do a statewide assessment, it did not tell states, just look at the forestlands that are under private ownership; it said look at all your forestlands regardless of jurisdictional ownership. I think Congress recognized that there needed to be sort of a holistic approach to our forests.

Mr. DICKS. And we have done the same thing with the state wildlife grants.

Ms. MACSWORDS. Exactly.

Mr. DICKS. To look at biodiversity and protection of species.

Ms. MACSWORDS. Absolutely, and I would like to build on something Mike said about the culture, and I think you are absolutely right about the culture in the Forest Service but I would suggest that it goes a step further. Not only is a Forest Service culture, it is a national forest culture. Clearly, moving up through the chain of command in the Forest Service comes if you have a background on a national forest and there is not much emphasis on state and private programs as there should be and needs to be nor is there

as much emphasis on research that is critical, especially to states in terms of the forest inventory and analysis information. So it is a subculture within a culture, I guess, is the best way to describe it, and I would like to see that change to include a recognition of the importance of the state and private programs.

COOPERATIVE EFFORTS ON CLIMATE CHANGE

Mr. DICKS. Now, Bill, you talked about climate change and getting these agencies to work together. Now, I think this is the issue of our time, besides the economic downturn, which may consume us. But talk a little more about that. Getting these agencies to work together, no matter what happens, we have to get the BLM, the Forest Service, the Fish and Wildlife Service, all these agencies to cooperate and deal with this, and from a research perspective, talk about that.

Mr. MEADOWS. I think first of all the discussion around climate change over the last many years really has focused on emissions and emissions control. It really has only been recently when people have begun to think about the fact that climate change is already here. Our ecosystems have changed and you can document it through fire, you can look at wildlife migration patterns, you can look at insect infestations.

Mr. DICKS. Acidification would be another.

Mr. MEADOWS. Right, so there are all sorts of real—you just spend any time in Alaska and you see it firsthand where it has been affected by it. One of the things the natural resource conservation organizations like the Wilderness Society, Defenders of Wildlife, the Nature Conservancy, World Wildlife Fund have been looking at is the impacts of climate both already and into the future, and adaptation has become a huge issue for us and one that we believe is critical to the survival of these natural systems, and what you find first of all is that you really cannot draw lines around a map. It does not matter what is wilderness or what is a refuge or what is in the jurisdiction of the Forest Service. These are large ecosystems and you need to be able to look at them holistically, and in order to do that you have to bring various interest groups to the table so it is in specific places, depending on where you are in the country. If you are in Oregon, you are going to want to have the Forest Service and the Bureau of Land Management to sit together and work through what the options are, and you have to have joint research programs. There is independent research going on in lots of different agencies and lots of different sections of academia and the non-governmental organizations arena, and how do you coordinate all that? I think the President has taken a very good step in asking Ms. Browner to take on a coordinating role, but that is going to be a small office. It is going to be a hard thing for one administrative office to do. I think it is going to have to have some support, much broader support from Congress and from the agencies, and so how do we set that in place? I think it is the challenge of our day, and this subcommittee can do a lot to encourage that coordination among the agencies.

Mr. DICKS. Well, we started at USGS with the National Global Warming and Science center to get this thing started, and there is a lot of research. I think our bill last year was $260 million of work

that is being done on climate change. And I agree with you, there has to be an intergovernmental coordination on all this effort.

Mr. MEADOWS. And in my written testimony, I referenced a new ecosystem services operation that the Department of Agriculture has just set up, I guess in December, and Sally Collins, who worked very closely with Mike, is leading that, and, you know, looking at more broadly, and this is intersection also of state and private and federal lands, but looking more broadly at those ecosystems and the services they provide to our society. I would just close this comment by saying that, you know, we recognize that there is a direct economic, cultural, social and natural resource relationship between healthy environment, healthy ecosystems and healthy communities. The two go together. You cannot have one without the other.

Mr. DICKS. And people sometimes do not recognize how the forest is a great thing for carbon sequestration.

Mr. MEADOWS. Well, I mentioned your home area, the Northwest forest, the carbon that is sequestered already is huge. It is very significant.

Mr. DICKS. Congressman Simpson.

MOVING TOWARDS IDEAL SITUATION

Mr. SIMPSON. Thank you, Mr. Chairman. The reality is, when we look at reorganization, which is what this hearing was kind of about, what the GAO report, those things that we attribute to the Forest Service, if we decided to move it to Interior, those functions could all be moved to Interior, given the same authorities and say, you know, you have to coordinate the research, university research programs and all those types of things could be done if you wanted to do that. I kind of like to blow things up and say in an ideal world if nothing existed as it currently exists, what would we do? How would we make it more efficient? How would we make it better coordinated in terms of management, whether it is for whatever purpose, multiple purpose, multiple-use purposes, whether it is for recreation, whether it is for global warming, whatever. How would we do it so that these agencies worked better together? I mean, knowing that you are never going to get to an ideal situation, what I would like to know is, the changes that we make, do they move us closer to it or further away from it, and so I kind of like to theoretically blow things up.

I was interested, Mike, in your comment that there was an effort at one time to consolidate lands because I had written that down. Has there ever been an effort to look at consolidating lands and why did that fail? Because if you look at these maps, the first map that was up there, throw that back up there. You look at Idaho, that big green patch of the Frank Church going down the middle there, and then you look at those fingers of BLM land that stick up there. It is bizarre management, and the reason I come to that conclusion is because we have not even got everything thrown in there. You throw in there the private forests, you throw in there the state forests and public lands, and all of a sudden if you look at a map at all the management, you wonder how it ever gets done because you have got these chunks of state land in the middle of it, every other section that goes on and however it was given to the

state, and there have been efforts to consolidate state lands and trade with the Forest Service for management purposes, and they have done pretty good with the Forest Service. BLM, we are still way behind. Why did that effort fail? You said it did not get to first base.

Mr. DOMBECK. Well, my observations are really based on, you know, in those years an employee in the trenches and what I heard since then. It would be good to have a real study of why that happened and use it as a case study but my impressions are, number one, the employees oppose it because it is change. It makes their life more difficult, more challenging. You know, it is this change thing where generally as long as it is somebody else, it is okay but not if it is us.

Mr. SIMPSON. But that really should not be the decision, it should be a policy decision made by Congress of how we want to manage these.

Mr. DOMBECK. So you have the cultural issue, and then of course you have got the constituencies that are accustomed to dealing with the agencies, the ranchers are used to dealing with BLM, the timber industry is used to dealing with the Forest Service and they just feel more comfortable like that, and there is close collaboration, working relationships that they worry about, and then the third phase, I believe is the jurisdictions on the Hill, and I really cannot speak to that very much because I was only viewing that from a distance at that time.

OPPORTUNITIES FOR COORDINATION

Mr. SIMPSON. Has there ever been an effort to sit down and write out the statutes, the management practices—you mentioned some of them, hiring practices in local communities and so forth and so on and contracting practices—to look at the differences and how we might be able to change that? Because to me, what I am really interested in is less about arranging deck chairs, as I said before, and more about management for whatever purpose we decide to manage it. Has there ever been an effort to try to realign the statutes more?

Mr. DOMBECK. As far as I know, there has been a public lands law review commission and various things like that that I suspect Chris or maybe others here know a lot more about.

Mr. DICKS. When was the last time we did a public land law review?

Mr. DOMBECK. The 1970s?

Mr. SIMPSON. And we have probably written a few statutes since then, I would suspect.

Mr. DOMBECK. But the merit in your idea and the dialog is that I met with Secretary Vilsack yesterday morning and one of the things I said to him was that, you know, I hope you can do what you can to tie the mission of the agencies to the future, and I think Bill addressed that very well. You ask yourself, what is the greatest good for the greatest number for the long run right now versus when it was written by Gifford Pinchot and stated by Secretary Wilson. I have a view on what that is, and as long I have a chance, my view is, climate change and the value of these lands as carbon sinks, as strongholds for endangered species, biodiversity, all of

that stuff. The incredible importance of forests and the forest-water interaction is for drinking water, clean water. I mean, forests are the very filters of water, and where the precipitation falls is mostly on the forested lands. Open space is an issue as we deal with sprawl, keeping people connected to the land and outdoor education. With 80 percent of the people living in cities and towns and urban areas there is difficulty recognizing the value of land and what it does for us for agricultural production and all of that is so important. Fish and wildlife habitats, remnants of what the land was once like, most of this will likely have to occur on public lands, and the value of the BLM lands, which we have not talked about very much, is equally as valuable as the nation forests are.

Mr. SIMPSON. Let me ask you one last question. I always get in trouble when I ask this question in the Energy and Water Committee, wondering why we have a separate Army Corps of Engineers and a BOR, and the Army Corps of Engineers is happy to accept the BOR. Do we need a separate BLM and Forest Service?

Mr. DOMBECK. I guess I do not know. If we were designing it today, from scratch, probably not. However we are at a different time in history. BLM came to be in 1948. The Forest Service as we know it today came to be in 1905. If Gifford Pinchot had been from the West, he would have been Secretary of Interior, according to Edwin Morris, the biographer, at least, and then where do you think the Forest Service would have been? It would not have been in Agriculture. So there is a variety of reasons, and this is why looking at it from a functional standpoint and the authorities I think is the way to go rather than just worrying about who is sitting where. I think that could result in a lot of short-term—the short-term pain would pay off even though aligning functions will, I think, ultimately align things, relationship, and if a move is made 10, 20, 30, whenever years from now, it would be much more productive and much less painful.

Mr. SIMPSON. And I am glad to see we got that elk for you, in the Frank Church.

Mr. DICKS. Mr. Chandler.

FOCUSING ON SUSTAINABILITY

Mr. CHANDLER. Thank you, Mr. Chairman. Mr. Simpson, I happen to agree with you that sometimes it is very healthy to look at the possibility of blowing things up. As I hear all of your testimony, first of all, I want you to know that I agree with almost everything that you said, all of you. Now, that does not necessarily get us to what this hearing was about though. To me, the whole purpose of the Forest Service, of BLM, and of the management of our Nation's resources is to attain sustainability. That to me is what we are looking at. We are trying to sustain good life for the people who live in this country, for the species, for everything. We want that to go on, and we want it go on in a sensible way that is very healthy for all concerned. I think that applies just as much to privately owned land as it does to publicly owned land. It has all got to be looked at together, in my view. I also agree that climate change is the overriding issue here. It is the overriding issue related to sustainability. The other issue that is incredibly important is the issue of fire suppression and how we deal with that, how we

coordinate our efforts, how we maybe at some point get the payment for fire suppression efforts dealt with in a completely different way. But this hearing is about what effect on all of that a change from USDA to Interior might or might not have, and I would like to just get your sense at the end of the day, and again to Mr. Simpson's issue of blowing stuff up, if you look at this, you blow everything up and you put it back together, how do you do it best managed and get us where we want to get in terms of sustainability. Do you put it in one area with one person overseeing it? Anybody can answer.

Ms. MACSWORDS. What state foresters advocate is, there is a need to look at the forest not as a natural resource but as a strategic national resource, and if you start with that premise, that the forests are a strategic national resource, it is important to us that there be one central agency that we can go to as state foresters looking out for the interest of our state owned, our privately owned and our locally owned forests so that we can seek and get the help that we need to deal with this very valuable resource for all the reasons that you have heard in today's testimony. So, start with that premise, not who owns the land, not is it BLM land, not is it Forest Service land or parkland or whatever but that the forests have value in and of themselves and that they all have to be protected and conserved and enhanced to provide those services that every American needs. Start with that premise.

COORDINATION WITHOUT REORGANIZATION

Ms. RADIN. I would like to respond to that by saying that we live in a society where the kinds of issues that we are talking about cross the traditional structural lines, that the old silos we have, whether it is in the Congress or in the agencies or in the interest groups do not really describe what we—and they are not able to address the kind of issue that you are talking about. So to me, then the second issue is, is reorganization the only way to do it or are there some other alternatives? Now, I think it is interesting that this is an appropriations subcommittee. What could this subcommittee do using the budget to really create some incentives for agencies to start moving in that direction? Can it emphasize the collaborative efforts that had been started but seemed to have been kind of dissipated over time? You know, you could use carrots but you also could use sticks. So, I mean, how could you sort of use the budget process as a way to deal with this? Because when you start getting into organizational structure, you are going to hit all kinds of other jurisdictional areas, and, you know, you talked about trying to do a zero-based—basically that is what you are talking about, you know, knock everything down and try to do something from scratch. But, you know, you looked at those districts over there. Are they any crazier than Congressional districts? I mean, our society has figured out ways to play games with these kinds of things and there are reasons why they all occur. So, you know, look at the authority that you already have and see where you could maybe push it further than you have in the past.

Mr. DICKS. And at least insist on collaboration because these are national overriding issues that affect every one of these agencies

and they should be collaborating, no matter which department they are in.

Ms. RADIN. Right.

Mr. MEADOWS. Mr. Chairman, can I speak to that too?

Mr. DICKS. Yes.

Mr. MEADOWS. There is a certain appeal to blowing things up and starting over.

But there are unintended consequences that come from that. I think the reality that we face is that you do not start over. There is a history. And if you were starting anew, as Mike had suggested, we would have a different organization, no doubt. But we have histories now with four different agencies and lots of other agencies that intersect in some ways, and I do not think you can lose that just by blowing it up and you end up, I fear, and the heart of my testimony was that we would spend more time putting it back together than we would focusing on the things that really are critical for us to deal with today. The two areas that I think came out in terms of importance that we all share, I think everyone around the table spoke to this in one way or another, is that the natural resources of our country need to be protected, maintained and sustained, and that is the job of all of these land management agencies and we all have responsibility for making that work as well as it can.

The second part is that there is a service here. There are lots of different ways in which your constituents and my constituents intersect with these agencies and we want to make certain that those are seamless, that those are positive, that they are coordinated, they are not in conflict. There are ways I think to deal with both the natural resource side and the service side of this equation by doing much better coordination. The point you just made about the power of the budget and the ways in which you can encourage that kind of behavior is important.

Mr. CHANDLER. Mr. Meadows, let us take the issue of climate change. What if you had a Secretary of the Interior who is all about that? That person's focus is climate change and how we can have our national resources be helped to deal with that in whatever way is necessary. And what if you had a Secretary of Agriculture who is focused on something else and really is not paying any attention to climate change? The Secretary of the Interior does not have any authority over the Forest Service and the Forest Service for whatever reason may not be moving in that direction. I think that is a very real potential problem and that is what you get into if you do not have this kind of coordination with somebody at the top over all of this in charge of the whole thing.

Mr. MEADOWS. One thing that is encouraging to me is what is happening at the administrative level at least. There was a Cabinet meeting this past Thursday on climate policy and the sub-Cabinet people, and they are very few right now, but the designees in each of the departments, I think they are probably 20, not quite that many, 16 different departments that are coming together to talk about climate policy and how they deal with that at the agency or departmental level. And I think that is being coordinated above the level—I mean, it is being driven above the level of the Cabinet member. It is something that it is clear that this Administration

wants to address. It is putting in place mechanisms for that coordination to take place. It is encouraging and it will be encouraging more, I think, each of the agencies to do what it can to address climate policy that impacts on the lands that are under the purview of whichever agency there is.

I am not certain what you would do when you have a conflict between the Secretary of Interior and the Secretary of Agriculture except as we all do who manage organizations. At some point it goes up the food chain and somebody says this is what I expect to have happen, and that is what I think we expect right now in this particular Administration.

Mr. DICKS. Mr. Calvert.

FOCUSING ON OUTCOMES

Mr. CALVERT. Thank you, Mr. Chairman. I think I kind of go along with Mr. Dombeck and his idea about blending these agencies together over time and aligning the interests versus blowing it up at the present time. Consolidation, being an old manager myself, is a great terminology but if consolidation in itself worked all the time, we would not be worried about Citibank right now or Bank of America, and they certainly blended together interests that were supposedly in their own self-interest. I think from a managerial point of view, we have to look at, does this improve the outcome, whatever your point of view may be, whether it is environmental outcome, harvesting trees or managing grazing land, or does it lower cost. It does not seem to me that we have made any determination here that this ultimately would lower the cost. Ultimately we must ask do you lose focus of your basic functions when you change your focus from what your function has been to this new structure which you are resisting. So doing this incrementally may be quite frankly a more positive outcome rather than trying to change it all at once.

We are a crisis-oriented Congress here. When we have a crisis, we consolidate things like Homeland Security, and sometimes the outcome is not very good because we lose focus of what each department was supposed to do. So I just wanted to make that comment, and all of you can make a comment about that, but it seems to me, I think you have made the case that the Forest Service is not broken, the Department of Interior is not broken, that they do a reasonably good job. You know, they can always do better but they ought to coordinate, they ought to align their functions, have certainty that people who manage those agencies have some similarities in how they do contracting and the rest so people who do business with those agencies have an understanding of where they are going to be when they enter into those kinds of contracts and so forth. Is there any comment on that? That was just my point.

Mr. DOMBECK. I would like to comment on that, and again, I am not an organization expert. This is basically my ideas based on observations and the years I have spent in the agencies and dealing with all the issues. Number one, a lot of progress can be made, I think, by this subcommittee pushing others, the dialog you have with your colleagues, the Administration, and I want to give you a couple examples. How long does it take to do a forest plan? Three to five years, if it is in a non-controversial area, which is fairly

rare. The Northwest Forest Plan was done in 11 months and it involved four agencies and 24 million acres of land and it was a result of kind of a blow-up, the spotted owl issue and that debacle of the court decision that halted timber harvests in the old growth forests of Oregon, Washington and northern California. The reason that happened is, the President said do it. And the same thing was true in another area I was involved in in the development of the roadless policy. Once the White House and the President said do it, I mean, think about the Northwest Forest Plan. You had a President, a Vice President and, what, about four or five Cabinet members and a bunch of agency heads all having a meeting in Portland saying do it, and it happened. If the agencies without that kind of push, it would take decades to accomplish that without those kinds of thrusts can be made.

Another example is the Interior Columbia Basin. Now, a lot of good came out of that effort but it did not go all the way and it did not go all the way because it was a big bite and too much, too fast. We were euphoric after the result of the Northwest Forest Plan and said well, this worked, we will do the whole Columbia Basin. But the positive thing about the Columbia Basin—and a lot of good things came out of the Columbia Basin effort and the Northwest Forest Plan. Did everything work? No, but the thing that we have on the Columbia Basin is, we probably have the best scientific information on that basin than probably almost anyplace else. That is used for a lot of things including, you know, what we are learning about climate change and salmon issues and soil and old growth and regeneration of forests and on and on. Unfortunately, that does not get talked about nearly enough, so I would just very much encourage this subcommittee to push that, and I think you would be surprised in four years how much could happen.

Ms. RADIN. There also may be some experience in very different kinds of agencies that you could draw on. One of the things that I think is really fascinating is what the Goldwater-Nichols legislation did in the Department of Defense because it did not try to totally eliminate the services, it said that they would build in to the promotion and the reward systems in the Department of Defense experience in joint commands, so that is another way of looking horizontally, and building that into some of the promotional criteria, the SES criteria inside of Interior and Agriculture. I mean, those are not real fancy and they are not very sexy but they really start building those kinds of relationships.

Mr. DICKS. And you can start right at the top. You can have somebody from the BLM working at the Forest Service, have an exchange of Forest Service people at the BLM. And you have all the other land agencies that need to work together too.

Ms. MACSWORDS. One of the things that NASF did with the Obama Administration was to ask that the Administration look at all of the areas in the federal government where forestry plays a role or is part of a mission, and to look for those areas to streamline, maybe not necessarily reorganize but to push the very types of cooperation among agencies that need to be done to protect this national resource.

Mr. DICKS. Mr. Olver.

SERVICES AND INFRASTRUCTURE

Mr. OLVER. Thank you, Mr. Chairman. I was struggling here to try to think what I could make of this. I am not sure whether the panel had the benefit of this chart. Did you all see this chart that was provided by staff for the members of the committee? I have been looking at this chart, and I have the feeling—the green line is the USDA Forest Service measures and the second column is the total of the three Interior land management agencies, the Parks Service, Fish and Wildlife Service and the BLM. I have a feeling that I wish I were looking at the National Parks Service and the Fish and Wildlife Service as a pair versus the BLM as a single part of our agencies under Interior down the line. Well, you now have the chart. For the others who probably do not, it gives a number of units, the acres in total, the acres outside Alaska, the number of structures, facilities, roads and bridges, housing, dams, campsites and so forth. I am quite surprised to find that under the USDA Forest Service, which I thought was dealing largely with the national forests and the acreage of national forests that there are so many structures, virtually the same number of structures as in those other three agencies, and I am surprised by the number of housing units and the miles of trail which is enormously greater in the forests and campsites, which are virtually identical to the parks. My sense has always been that the Parks Service and to a lesser degree the Fish and Wildlife Service was covering more of the recreational aspect, but the trails and campsites suggest to me a huge amount of recreational purposes within the national forests. I have backpacked many miles of both parks and national forests so I should not be that surprised by it.

But with that said, I think the BLM would look a lot more like the Forest Service in many of these measures than it does by combining those three groups. Mr. Simpson raised the question, well, why not maybe merge those two. That would cause a war too of course. Then I look at this. It seems to me that we have seen the business of silos dealt with in higher education where when I came through 50 years ago, there was a physics department, a chemistry department, a biology department and now we have so many cross currents of those interdisciplinary purposes and centers for one thing or another where there is so much cooperation and people find that they have very complementary interests, I guess supplementary and complementary interests, and they have settled in and made great advances here. So one maybe should not do this in a very complicated way by blowing things up or thinking that there is only one sort of solution that can deal with the matter.

I was jotting down some of the purposes that we have and I think forest health and forest products as a part of an economy and species diversity, those things relate to climate change and such and those occur, should be occurring across all BLM lands, all Forest Service lands, actually both private and public, not just thinking about public land, and that those are really holistic sorts of things. The fire suppression thing looks to me like the purpose that is odd man out in a sense. We do a huge amount of fire suppression in this committee, spent a huge amount, which is on USDA Forest Service land.

Mr. DICKS. And BLM.

Mr. OLVER. And BLM land, and I have no sense from the chart as to how many acres of grazing land there are in what are managed forests or nominally forestland versus how many acres of forest there are in BLM land, which would go to the point that Mr. Dombeck had made rather early on in the process, that maybe there was a shift that could be made although I am not sure whether you were just suggesting that 20 million acres of forested BLM land should go to Forest Service, and there was not any grazing land in what are the national forests. Is that the case? Was it a shift that you were suggesting was proposed, you would propose or somebody had proposed of 20 million acres or so of land?

Mr. DOMBECK. As I recall, the shift that was proposed was 24 million acres, and——

Mr. OLVER. But was it solely in one direction, some forest land from BLM, which was basically forested BLM land, into the Forest Service?

Mr. DOMBECK. It was both directions.

Mr. OLVER. Both directions.

Mr. DICKS. It was grazing.

Mr. DOMBECK. Predominant grazing lands going to BLM, but keeping in mind that, you know, in nature there are no hard lines.

Mr. OLVER. Of course. That is why the holistic approach makes a certain amount of sense. But fire suppression is costing one hell of a lot of money. We supposedly get some money out of the grazing land and maybe do it well and sometimes it may be overgrazed and so on. So that has implications for species diversity and those other important things. So I am confused. I am just trying to late out some issues here and see whether anything sticks on the wall to any of you from what I have said.

Ms. RADIN. Could I just note that this data came from two completely different reports? One was from Department of Interior, which was doing their performance and accountability report, which is their GPRA requirements and so on, and the other is the Forest Service's budget justification is—I mean, so it is an apples and oranges——

Mr. OLVER. Thank you of noting that, because that probably means we are simply not——

Ms. RADIN. That is not a good comparison.

Mr. OLVER. Okay. That helps.

Mr. DICKS. But no matter what year you took, those numbers are still the same, right?

Ms. RADIN. But you have three agencies versus one.

Mr. DOMBECK. I do think though that this paints an important picture of the outcomes of what you fund from this subcommittee for these specific purposes and to look at the trails and the campsites and miles of roads, things like that.

DISCREPANCY IN ROADS FUNDING

Mr. DICKS. Well, Mr. Olver is chairman of the Transportation Subcommittee, and I hope you will note highway trust funding for the Forest Service is zero, and $254 million for the Interior agencies. For the Forest Service, this is a serious problem. It is not in your committee's jurisdiction, but I am talking to Mr. Oberstar

about this. And then look at the roads. We have a huge number of roads. What is this, four times as many roads as does those three Interior agencies and yet we are not getting anything under SAFETLU. Go ahead.

Mr. DOMBECK. I would like to comment on that specific topic, and there is a statement in my testimony about it, and I sort of tongue in cheek referred to the need to modernize business practices, and in a sense the business model of the Forest Service. Parts of it are still suffering from the big timber era hangover, that somehow we are thinking that the fire funds are going to come out of the Knutson-Vandenberg Act funds which worked fine when we were harvesting 10, 12 billion board-feet of timber every year but we are not doing that today, and the road maintenance money largely came from those efforts as well. So in a sense you have the interests that would like to go back to that era, and to them this might be a hammer to get back there, but the bottom line is, you cannot go back. We are where we are today, and to try to assume that we are going to fund some of these major programs on the back of timber receipts like happened in the 1970s and 1980s, it is not there. We have got to move on and we just have not faced some of those things yet.

Mr. OLVER. Maybe on the roads, you have the roads that are there for recreational purposes in the Interior agencies, at least Parks Service and Fish and Wildlife. I do not know how much of that 254, if you were parsing that out, but among the three agencies you would find quite a different amount being expended in the Parks Service, Fish and Wildlife versus BLM, I think. Again, that would show quite a contrast whereas the roads, I think you have made the point, the roads that are being done are being paid for in large measure out of the economic products.

Mr. DICKS. They were. That is not now the situation. It has been under 2 billion board-feet, right?

Mr. DOMBECK. I think so.

Mr. OLVER. But it was always intended that that was the way it would happen, was it not?

Mr. DOMBECK. That is the way the system was designed and evolved.

Mr. OLVER. So it is a very different kind of a purpose that is involved, a very different function that is being served if one splits the agencies on our side a bit more differently.

Mr. DOMBECK. I think it is key, and of course, Mr. Dicks and I talked about this a long time ago, about the need for highway trust fund dollars to take care of some of these roads on national forests that are largely recreation based.

Mr. DICKS. And there is much maintenance.

Mr. Cole.

Mr. COLE. I do not know if we solved the issue but we certainly established that Mr. Simpson and Mr. Chandler are dangerous radicals and ought to be under some sort of surveillance.

Mr. DICKS. I did not insinuate that.

Mr. COLE. No, I think they self-indicted.

Mr. OLVER. I was just handed this, and I thank the staff for being able to find this so quickly, that of those $254 million in highway trust funding, that National Parks Service is 234, Fish

and Wildlife Service is $20 million and BLM is zero. And some of the recreation is certainly on BLM lands and I backpacked on those as well.

Mr. DICKS. Yes, very unfair.

Mr. Cole still has the time.

REORGANIZATION MISHAPS

Mr. COLE. Thank you very much. I do have an observation that is really based on personal experience and a question to pose to all of you. It is why I do approach these kind of things that look good on paper with some trepidation. When I was a state official during the 1990s, I had occasion to work with FEMA during the Oklahoma City bombing during a lot of tornadoes and during a wildfire outbreak and they did a terrific job every time. Very different kinds of crises, did a wonderful job. Since I have been in Congress and they have become part of Homeland Security, I have had the opportunity to work with them and it has been much less satisfactory, and I have a lot of friends over there and when you talk to them why, they are really pretty analytical about it and they will tell you look, Homeland Security's mission is just that, it is homeland security, and the people at the very top are worried about a terrorist attack every single day. You know, we are always going to have more tornadoes, floods, you know, natural disasters than we are going to have a terrorist incident but literally a lot of the decision making was migrating either out of the FEMA director's office or more importantly out of the agents in the field who were almost like generals on the battlefield. They could be up into a bureaucratic chain where people were thinking about a whole series of different problems. It really gets back to some of Dr. Radin's excellent points.

And so I guess what I would ask you, no matter how good this looks on an organizational chart, you know, to use the two classic conservative dictums, you know, the perfect is the enemy of the good, and if it ain't broke, don't fix it. How is it working? I mean, it sounds to me just from the testimony and what I read that basically yeah, it could be tweaked better, we could have better communication but basically the Forest Service is doing a pretty good job of what it is supposed to be doing. Maybe we will do a better job now with a different focus. Interior is doing a pretty good job there is some economies to be had here but the dangers of just uprooting one and sort of making everything homogenous and uniform for the sake of a organizational chart seems to me to have real risk to it if both these agencies within the larger departments are actually doing a pretty good job of what they are supposed to do. So are they, and if they are, is the kind of change we are talking about really worth it? Is the risk greater than the potential gain?

Mr. MEADOWS. Let me address that in part. I think the observation is correct. I think by and large the agencies take their mission seriously and they implement them well. In my own personal experience, I could do a rank order of how well each of those four do their work but I think there are many employees and many agency leaders who give their heart and soul to the mission and I think accomplish it. I think all four of the agencies in one way or another are resource constrained though. I think the intent is better than

the performance and the performance I think suffers because there really are two—the Fish and Wildlife Service, for example, has had huge staff cuts over the last several years and it has impact on the way you staff a refuge. There are many, many refuges now that have no staff at all and that damages community relations, it damages wildlife protection, it damages the natural resource values you are trying to protect. So this is an appropriations subcommittee and it is one that I think should look at what does it take for each of these agencies to accomplish the mission that it has.

Mr. COLE. I agree, it is way beyond our purview in this sense of our topic today but all this stuff—I could go through a whole list of agencies that do not have the wherewithal what they need. It gets you back to entitlement reform and a lot of really big questions of where the real money is at because these things are not that expensive in the great scope of things for government, but entitlements are, and we are going to be constrained in a whole lot of areas until you get to what I guess the President likes to call the grand bargain someplace down the road and no President pulled that off so far, but that is where your money problems begin, I think.

FUNDS FOR FIRE SUPPRESSION

Ms. MACSWORDS. Mr. Cole, to speak to your issue of whether they are doing a pretty good job, the Forest Service will always struggle until the fire funding problem is solved. Once you can get a handle on fire funding so that they do not have to rob from their other programs, so that they do not have to pick one child over the other, you know, which child gets shoes——

Mr. DICKS. So you do not get the money from FEMA. The money comes right out of roads, trails——

Ms. MACSWORDS. State and private.

Mr. DICKS. State and private, and they take that money and they may not get it back.

Mr. COLE. Speaking as a guy who lost a visitors center in a national park during a fire suppression season and got put all the way back to the end of the line, even in Interior that is a problem because they may be able to get the money across all agencies but it disrupts a whole lot of things. But again, I do not disagree with you but you are telling me this is a resource problem, not a structural problem that we spent a lot of time here talking about, you know, whether it would be better here or there but really that is not the issue, the issue is money, and it does a pretty good job, you just need to get it more money. And I am pushing you beyond your testimony because——

Ms. MACSWORDS. Yes, because they are still my partner and I have got to go to the Forest Service this afternoon, so I just do not want to say anything that would make them lock the doors and not let me in. The issue for state foresters will always be that is all forest, is it landscape management, it is looking at the resource holistically, and Congress has always insisted for money that goes to state private forest interests, states always have to work cooperatively with other partners. We have to work with Fish and Wildlife, we have to work with the Forest Service. We work with the universities. We are told to do that: to get federal money, work together.

So we know how to do that. If you can get that sense of making the Forest Service and BLM and the Interior agencies, if you tell them you have to work together, then that will improve everybody's opportunities.

Mr. COLE. But you are pretty happy with the structure now? Am I drawing that conclusion?

Ms. MACSWORDS. We are happy in the sense that we know we can go to the Forest Service for the technical expertise that we need to deal with our forestry issues. We are increasing our partnership with other USDA agencies. We are working to increase our partnerships with some Interior agencies because we are all about partners. But we want that one centralized agency responsible for the forests.

Mr. DOMBECK. I also think the agencies are full of very good, dedicated people that really are doing an excellent job and want to do an excellent job. I do think the fire issue in the Forest Service stands out. I agree with my colleague state forester that that is an issue that can be fixed. I hope you can do that. I hope you can do it fast. So that said, I also think that organizations need to be pushed to maintain their edge, to look ahead. Bureaucracies do not change just sort of inherently. The push either has to come from within, from without, from someplace, just as with private sector organizations, to increase efficiency so you can get a lot of efficiencies and I think boost the morale of a lot of employees that want some of this change to come about. The roads funding issue is another one I think that there is a fix for that can make a tremendous difference, and just keep on pushing them to move forward.

Mr. DICKS. Mr. LaTourette.

Mr. LATOURETTE. Thank you, Mr. Chairman. I just have a procedural question before I ask questions of the panel. If I come on time, will I get out of this doghouse?

Mr. DICKS. If you are on time, you are in line first.

Mr. LATOURETTE. Thank you, Mr. Chairman.

Mr. DICKS. I believe in seniority, and we are going to go by seniority, but when somebody gets there on time when the committee starts, we are going to recognize them first on both sides and try to be fair.

Mr. LATOURETTE. I am all about the rules and I appreciate that. I just wanted to ask the question so I am clear.

Mr. DICKS. You are not in the doghouse, and we understand you have other important responsibilities.

Mr. LATOURETTE. Thank you so much.

Mr. DICKS. I always liked it when you were the chairman of the committee as a whole, so you always did a good job.

Mr. LATOURETTE. Well, thank you very much. I was also pleased to learn as a long-term authorizer that the Appropriations Committee never authorizes on appropriations bills, and I learned that this morning, so thank you.

Mr. DICKS. Unless we have to.

Mr. LATOURETTE. Two quick things, and then I want to ask you about the purpose of the hearing, but I think from the testimony, two of the big issues are the matter of simple fixes, and one is that whoever the committee of appropriate jurisdiction is, if the fire sup-

pression activities of the Forest Service are given the same authorities of BLM to access unobligated funds within their agency and/or to be reimbursed by FEMA—this discussion reminds me a little bit of when we go visit our school districts and they say by the way, we would love to have a robust science department but the Individuals with Disabilities Education Act is causing a shift of our resources and as a result we cannot do all of the things that we need to do and you cannot budget for it and you cannot plan for it. It seems to me, Mr. Chairman, if we could just either tweak or go to the people that have the authority and give the Forest Service the same ability as BLM to access those or talk to our friends at Homeland Security and say that if you have a big fire in California, it does not come out of the O&M account of the Forest Service, they get reimbursed for those fire suppression activities.

And on the roads, you know, the six-year highway bill is up this year, and I do not know what it is going to be called, but if you also made the contract authority that is available to the three Interior organizations available to the Forest Service, you would solve that problem too and then it is just a matter of how much goes into that account, but it is not unusual. The Appalachian Regional Commission, for instance, gets a certain chunk of money out of the trust fund every year, and just put the Forest Service into the trust fund and figure out how we are going to——

Mr. DICKS. How do we expand the trust fund?

A CASE FOR CONSOLIDATION

Mr. LATOURETTE. Well, we appointed a blue ribbon panel and we are working on that part.

But the question is, and it came about I think from Ms. MacSwords, that this land is land. I visited a plant last week when we were off in my area that makes risers and laterals for people in the natural gas business. They were just bought by a Swedish company, and what they did was, they changed the sign, and they are still making risers and laterals for gas and the same people still work there, and it has not really seemed to be a huge disruption of their lives. As I look at your maps, I understand that there are different things that go on in forests and go on in prairies and so forth but land is land, and if our overarching concern, Mr. Meadows, is climate change, then the stewardship of all lands, I think, would be critical to that. I am not embarrassed, but we do not seem to have a lot of Park Service stuff in Ohio. We do have a lot of privately owned forest. Well, listen, we have a lot of trees. But how that is managed, you know, how our wetlands are managed, which really feed our aquifers and cleanse the air and do a whole lot of things, to me, what is wrong with having an agency within the government that—we are always appointing czars around here. Why do we not have a land czar and what is so hard about getting the forest people to be an agency in the land department and the meadow people and the wetlands people? I mean, why can we not do that? In your last observations, Doctor, you mentioned that private folks do it all the time, and that is one of the criticisms of the government, that we are not as flexible as some people in the private sector. So why can we just not change the sign, get them new

uniforms and have the same people work there and streamline some of their operations?

Mr. DOMBECK. Well, I think if we were starting from scratch, that we would certainly do that. If we were in utopia, that would certainly be something to really move on. The reality is that we are not and we are where we are based upon this history, but I think that we certainly ought to strive for that goal and function.

Mr. LATOURETTE. I have a great deal of respect for your body of work, but I have to say, that is the criticism of what we do here. I know it is not utopia but we are going to hurt somebody's feelings? A ranger is going to go up and hide in a tree and not behave himself? I mean, why can we not change the sign, give them new uniforms, have the same people work there, have the same budget authority and have them do the same work but recognizing, you know, that when the camelback cricket crawls out of the forest and he goes into the meadow, we do not need the BLM guys to take care of that problem. You are all preaching the holistic approach except it appears that nobody wants to change because of history. Just to give you a longer example, I have a bank in my town, National City Bank, founded in 1863. It has just been gobbled up by a Pittsburgh bank, which is a horrible crime if you are from Cleveland, but what have they done? They have changed the sign on the door, the same people are there, they still greet you in the lobby, they still give loans if they have any money and they still bother you when you do not pay. So I guess my question is why. I do not think you have to be in utopia to have an agency that takes care of land. I mean, if we are really concerned about climate change, we should not have all these little bailiwicks and say well, you know, why do we do it this way; well, because we have always done it this way. I know it is not going to happen but——

Mr. DICKS. But it is interesting to think about.

CONCLUDING REMARKS

Mr. SIMPSON. Mr. Chairman, before we close this hearing I need to defend myself a little bit in that I——

Mr. DICKS. If you want to correct the record, you are welcome to.

Mr. SIMPSON. I do not want the FBI to come to my door.

Mr. DICKS. Chandler too.

Mr. SIMPSON. But when is say blow it up, you missed the key point there. I said theoretically blow it up. I like to blow it up on paper, and I will tell you how I came to this conclusion is that when I sat on the Labor Health and Human Services Committee, every year the department would come in, the Secretary of Health and Human Services would come in, they would have Band-Aids to try to fix the healthcare system and what we were paying out in Medicare. I never knew if this was moving us toward a better system or a worse system. All I knew was, it was a Band-Aid that would last for a year. And what I would like is—and when I say blow it up, is to create, you know, in your mind a theoretical in an ideal world, the utopia that you talked about, what would it look like and I would know if changes we were making to the system moved us closer to this or further away from it. That is the only reason I want it blown up. I realizes we are never going to say, hey, let us wipe out what we currently have and go there but we

have to have some direction, which means we have to have an ideal out there, and that is why I say blow it up. Maybe that is not the best term.

Mr. LATOURETTE. Will the gentleman yield to me for just a second? Just so you can completely get out of trouble today, the elk that you and Dr. Dombeck got from Frank Church, is that a pet store? These are pets?

Mr. SIMPSON. You have to come to Idaho, do you not?

Mr. DOMBECK. Actually I do think that would be a valuable exercise. My understanding, that was the goal of the public land law review commission and to focus on the big picture, which I think Bill implied also in discussion of the missions and how do we link them to the future versus struggle with all this history would be a very good exercise. You know, for example, a lot of the culture and the business model in the agencies is still tied to the production of commodities where we have emptied that piggybank and they have to sell something to reinvest. Well, you know, the old growth is cut. The easy stuff is gone and it is going to be gone for a long time.

Mr. SIMPSON. Let me suggest one other thing before the chairman closes then, when we talk about the fire costs. The way they do it in Idaho is that every year the fire costs come in, they expend whatever is necessary to fight the fires and every year when the legislature meets it knows that it is going to have an emergency supplemental levy to pay for whatever the fire costs were. It does not hurt the rest of the public land agencies or anything else. They fight them with deficiency warrants every year. And if we can do something like that, because I think we have to quit using—you know, we go out to these communities where they reduced the fire hazards around them and stuff and they do all this planning and all this kind of stuff and the funds are never there because they have used them to fight fires. And so consequently local communities say to heck with you, we are not going to spend our time doing it.

Mr. DICKS. All right. We want to make sure that Leah MacSwords gets down to the Forest Service. I will just say this. I think this hearing today gave us a discussion of a lot of the issues that we are faced with and a better understanding of the issues that face the Interior Department and the Agriculture Department through the Forest Service. So even if we cannot inspire the authorizers, we can at least have knowledge for all of our members about these kinds of issues, sustainability, climate change. The whole thing is very important and we have to do better and we have to figure out how to do better.

Thank you. We are adjourned to next Tuesday.

Response to Post-Hearing Questions for the Record
"Federal Land Management: Observations on a Possible Move of the Forest Service into the Department of the Interior"
Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Hearing held February 24, 2009

Questions for Robin M. Nazzaro, Director
Natural Resources and Environment
U.S. Government Accountability Office

Questions for the Record Submitted by Chairman Dicks

1. **You said that moving the Forest Service into the Department of the Interior (Interior) could improve the effectiveness of Federal land management programs. What are some examples of programs whose effectiveness could be improved by a move?**

GAO Response:

Moving the Forest Service into Interior could improve the effectiveness of federal land management by enhancing the agencies' ability to manage across broad areas and agency jurisdictions in a way that improves their management of landscapes and ecosystems. Officials we interviewed for our report titled *Federal Land Management: Observations on a Possible Move of the Forest Service into the Department of the Interior* (GAO-09-223) identified a number of areas in which the agencies' programs and policies differ and that could be aligned following a move of the Forest Service into Interior. They cited the following examples:

- *Planning:* The Forest Service and Bureau of Land Management (BLM) have different planning processes and time frames, which means that adjoining units develop or amend their plans at different times, affecting units' abilities to conduct joint projects.
- *Oil and gas:* The Forest Service and BLM take different approaches to oil and gas management and have inconsistent priorities across their lands.
- *Administrative appeals:* The Forest Service and BLM have different internal administrative appeals processes for resolving public challenges to proposed projects. These can make it difficult to conduct joint projects.
- *Mapping and monitoring:* The Forest Service's and BLM's mapping and monitoring are hard to coordinate because they use different databases, different rules for gathering certain data, and incompatible versions of necessary software.

A number of officials and experts we met with emphasized that inconsistencies in programs and policies would not be automatically resolved by simply moving the Forest Service into Interior. They said that a number of efforts would be needed to reconcile laws, regulations, policies, and programs that will take time and resources, and possibly legislation.

2. You described several past proposals to reorganize the Federal land and resource agencies that were unsuccessful. Why were these past proposals unsuccessful, and has anything changed that would affect a new proposal?

GAO Response:

Past proposals to reorganize the land and resource agencies were unsuccessful for reasons including political resistance to the specific changes, shifting government priorities, and concerns about disrupting agency operations. For example, the energy crises of the early and late 1970s diverted congressional and executive branch attention from the Nixon and Carter administrations' proposals to consolidate the Forest Service and Interior agencies, as well as other federal resource agencies, into a single department of natural resources. The Reagan administration's proposal for the Forest Service and BLM to each transfer jurisdiction of some of its lands to that of the other agency, as well as a subsequent "Interchange Proposal," was unsuccessful because of opposition from local communities, counties, states, and members of Congress. In the 1985 Interchange Proposal, the agencies proposed to transfer about 20 million acres of BLM land to the Forest Service and almost 14 million acres of Forest Service land to BLM to consolidate the lands managed by each agency.

Changes in the agencies' management priorities and increasingly urgent challenges to land managers are among the factors that might affect political acceptance or resistance to a new proposal. In the last 20 years, the Forest Service's annual timber harvest amounts declined from nearly 12 billion board feet to about 2 billion board feet (a board foot equals a board that is 1 inch thick, 12 inches long, and 12 inches wide, or 144 cubic inches). This decline reflects trends in the production of timber on private lands, imports, and endangered species protection. Additionally, according to agency officials, other uses of federal lands including national forests have increased, particularly recreation and oil and gas drilling, and the agencies face new challenges and responsibilities particularly related to climate change. At the same time, the agencies recognize the need to integrate their programs and work across jurisdictional boundaries, gaining experience through Service First and other efforts. However, federal government priorities may continue to focus on the continuing economic and financial crisis and shift attention away from other matters such as agency reorganization.

3. In your statement, you mentioned that increasing agency collaboration and coordination is one organizational option that could improve federal land management. How would Congress get the agencies to coordinate more without combining all of the land management agencies into one department?

GAO Response:

Congress could encourage the agencies to focus on collaboration and coordination in a number of ways. One way would be through the budget and oversight process, by holding hearings on agency efforts to collaborate with each other and nonfederal groups. Our recent report, *Natural Resource Management: Opportunities Exist to Enhance Federal Participation in Collaborative Efforts to Reduce Conflicts and Improve Natural Resource Conditions* (GAO-08-262), highlighted federal agency

efforts to collaborate and coordinate. In that report, we made several recommendations to the Council on Environmental Quality and the Secretaries of Agriculture and the Interior to improve federal agencies' collaboration with one another and with state, local, nonprofit, and private entities. In addition, in each program area, such as forest management, grazing, recreation, wildlife management, and others, committees of jurisdiction could include report language directing the agencies to emphasize collaboration and the streamlining of incompatible regulations and policies. Congress could also consider enacting relevant legislation directing the agencies to implement our recommendations.

To deal with large-scale changes across our nation's landscapes, however, increased collaboration is needed among more than just the federal agencies. Increased collaboration on broader landscape management issues such as climate change, reduced biodiversity, changing temperatures and vegetation, and wildland fires, will involve all landowners—federal, state, local, and private. To do this, the federal land management agencies, including Interior's agencies, need to work more with state, local, and private entities.

4. In what way would moving the Forest Service to the Department of the Interior address the large-scale, cross-boundary problems such as wildland fire, invasive species, and development of private lands along the agency borders?

GAO Response:

Landscapes and ecosystems involve large areas of land that often cross agency or ownership boundaries and thus, management of these areas can require coordination of agency and others' efforts. In our recent report, *Natural Resource Management: Opportunities Exist to Enhance Federal Participation in Collaborative Efforts to Reduce Conflicts and Improve Natural Resource Conditions* (GAO-08-262), we highlighted examples of different collaborative groups working together on different land management activities to improve natural resource conditions. The groups' members included federal agencies such as the Forest Service, BLM, and Fish and Wildlife Service; state agencies; nonprofit groups; and private landowners. The types of activities the groups undertook included large-scale burning to reduce vegetation and improve grasslands and forest conditions; acquisition and restoration of wetlands and forests; and improvement of riparian conditions across ownership boundaries.

The land management agencies—the Forest Service, BLM, National Park Service, and Fish and Wildlife Service—each have different laws, regulations, and policies for managing their lands. Management across agency or ownership boundaries is complicated by the need to coordinate the work and the different agency processes to accomplish that work. Moving the Forest Service into the Department of the Interior could begin the process of aligning agency regulations, policies, and programs to enable the agencies to manage their lands similarly. A move would not, however, result in automatic or immediate alignment of the agencies. As mentioned earlier, a number of officials and experts we met with emphasized that legal and policy inconsistencies would not be automatically resolved by simply moving the

Forest Service into Interior, saying efforts to reconcile laws, regulations, policies, and programs will take time and resources, and possibly legislation.

5. What could be the impacts of a move on Native American tribes? Do you think that Forest Service work with the tribes might be enhanced by being in the same department as the Bureau of Indian Affairs?

GAO Response:

Tribes have reserved rights (e.g. hunting, fishing, grazing, and water rights) on former tribal lands now part of present-day national forests and would need to be consulted about a move. According to tribal representatives, a move may enhance tribes' abilities to help manage national forests and grasslands and increase the Forest Service's responsiveness to tribal concerns. In many cases, Indian reservations are adjacent to national forests and grasslands and forest management problems—such as invasive species, disease infestation, and wildland fire—sometimes threaten tribal lands. The Tribal Forest Protection Act allows the tribes and the Forest Service to develop projects to address these concerns. A move could standardize accounting practices and provide greater visibility of funding equity for forest management across the federal land management agencies and the Bureau of Indian Affairs, as well as facilitate the transfer of funds to tribes to address insect and disease infestations affecting tribal forests and woodlands, according to tribal representatives.

6. What legislative or administrative steps would have to be taken in order to set consistent priorities for BLM and Forest Service oil and gas, grazing, and other programs?

GAO Response:

Consistent priorities for BLM and Forest Service programs could be established either legislatively or administratively. Through both administrative and legislative action, the agencies have worked to make fire suppression and healthy forest restoration policies similar. For example, under the Healthy Forests Restoration Act the two agencies have established joint guidance to manage their fuel reduction programs. In other programs such as grazing and recreation, the agencies have tried to establish common direction for programs by developing joint regulations. They did not succeed, however, in part because of differing legal advice from USDA's Office of General Counsel and Interior's Office of the Solicitor. Legislation could be passed requiring the agencies to establish consistent priorities for specific programs; in some cases, the legislation establishing the programs may need to be reconciled as well. A study of how existing laws affect land and resource management agencies' priorities could assist in evaluating legislative options for reconciling agency priorities.

7. The Forest Service and the Interior bureaus have different internal administrative appeal processes. Is this significant?

GAO Response:

Yes, these differences are significant because the agencies' different processes and time frames can make it difficult for them to collaborate and coordinate on projects. In oil and gas cases, for example, one difference is that BLM's leasing decisions can be challenged to the appropriate BLM state office director, appealed to the Interior Board of Land Appeals, and litigated in federal court. In contrast, at the Forest Service, planning and leasing decisions can sometimes be appealed through the supervisory chain of command. In addition, the Forest Service has specific time frames for deciding appeals, whereas BLM and the Interior Board of Land Appeals do not. Moving the Forest Service into Interior would not necessarily resolve these differences. According to an agency official from Interior's Office of the Solicitor, after a move of the Forest Service into Interior, the Forest Service could retain its appeals process unless there was legislation directing otherwise.

8. You said that moving the Forest Service out of USDA could diminish its state and private lands mission. Please explain. Do you think that the inclusion of the state and private functions within the Interior Department could enhance the outreach capacity of the various bureaus within the Interior Department?

GAO Response:

Interior's mission is focused on federal lands, whereas the Forest Service has a mission of working with state and private landowners—which is a mission focus it shares with USDA—in addition to its federal lands mission. Interior does not have USDA's long-standing relationships with nonfederal partners or a mission focus on nonfederal lands. Further, some officials and state foresters were uncertain whether the authorities provided to the Forest Service through USDA (e.g., through the Farm Bill) would be transferred if the agency were moved and how smoothly such transfers of authority could be implemented. As a result, moving the Forest Service into Interior could direct the agency's attention more toward its federal lands and away from the 500 million acres of state and privately owned forested lands, according to many officials. Other officials believed that a move would not cause the Forest Service to change its role in state and private forestry programs if it were moved into Interior with its authorities intact.

It is possible that the inclusion of state and private functions could enhance Interior's outreach capacity, as some of Interior's agencies have programs to work with nonfederal entities already, such as the Fish and Wildlife Service's Partners for Fish and Wildlife program, which provides nonfederal groups with funding to protect habitat for threatened and endangered species on private lands. Some officials said that Interior could work more with state and local entities if the authorities to do so were transferred with the Forest Service to Interior and extended to its other agencies. In commenting on our report on a potential move, Interior also said that the department's ability to conserve endangered species, wetlands, and other resources could be improved by a move.

9. Your report describes the potential effects on research if the Forest Service were moved into Interior. What would these effects be? Do you think that the Forest Service integrated model of science within the land managing agency might enhance science use and deployment in the Interior bureaus if the Service were moved?

GAO Response:

The Forest Service has a large research arm, and numerous officials and experts said that one potential effect of a move would be the reorganization of this research arm into Interior's U.S. Geological Survey (USGS). In Interior, USGS conducts much of the science supporting BLM, National Park Service, and Fish and Wildlife Service management, although the agencies do have some scientific activities within their own budgets. Views differ on the merits of the agencies' different research structures. Some Forest Service officials said that having research within the Forest Service ties research more closely to land managers, making research and studies more responsive to land management needs. On the other hand, Interior officials said that its approach assures the credibility of scientific research and prevents political interference in research. If the Forest Service's research arm were moved into USGS, some officials believed, its forestry research might be deemphasized; also, some said that the connection to USDA's carbon sequestration research and standard-setting would be divided across departments. If the Forest Service were moved with its research capacity intact, however, some officials believed that BLM could benefit from the possible increased access to range research conducted by Forest Service researchers.

10. The land management agencies' wildland fire management programs have benefited from agency coordination, such as their integrated operations at the National Interagency Fire Center (NIFC) in Boise, Idaho. However, fire suppression funding continues to increase and now consumes half of the Forest Service's budget. Would it make sense to create a separate fire agency? Would reorganization potentially have an impact on the fire issues?

GAO Response:

In our interviews, several officials addressed the option of creating a separate fire agency but did not believe such an option made sense. Creating a fire agency that focused solely on fire suppression would separate firefighting from land management, which some argued would not provide for efficient or effective management of either activity. Such separation may also limit the agencies' abilities to use prescribed burning as a management tool, since a fire service would only be focused on suppressing fires and not on using fire to reduce fuels, improve forest health, or protect communities. Further, creating such an agency could take away incentives for cost containment, since a fire agency would have a budget allocated solely for fire suppression and could require hiring a full cadre of firefighters. The agencies currently draw from their workforce of foresters, range technicians, and other land managers to fight fires when needed, but a separate fire agency would likely require a staff of full-time firefighters.

Moving the Forest Service into Interior could improve the effectiveness and perhaps efficiency of wildland fire management. Although the agencies have coordinated aspects of their suppression programs, they still have key differences that hinder management effectiveness and efficiency; such differences include incompatible information technology, finance, procurement, human capital, and other business operations and systems. For example, one difference mentioned by several of the officials we interviewed is certification of firefighters by both the Forest Service and Interior. According to these officials, firefighters certified by Interior have to take additional training to be certified by the Forest Service because the Forest Service and Interior have different qualification standards. Another example is the lack of coordination of wildland fire budgets: differences between the Forest Service and Interior agencies in how they budget and pay for staff time produces estimates of firefighting budgets that cannot be compared with each other. Specifically, Forest Service firefighters charge all their hours to fire suppression, including the regular 8 hours an employee would work, while Interior firefighters charge only overtime pay, over and above the 8 hours an employee would work.

11. Can you elaborate on how the "Service First" program demonstrated increased effectiveness, but agency reports showed that little efficiency was gained? How would a move to Interior combat this problem? What legislative or administrative changes are needed to enhance the impact of "Service First"?

GAO Response:

The Service First offices have integrated a number of programs that have helped improve the effectiveness of land management and public service. For example, the San Juan Public Lands Center in Durango, Colorado, is one of a few offices in the country that has cross-delegated officials—that is, officials from the Forest Service who have authority to manage BLM land and vice versa. The office has both Forest Service and BLM staff working jointly to manage recreation activities, grazing allotments, oil and gas exploration and production, and other resources across federal lands. In addition, the agencies share a front desk and information center for the public. According to Forest Service and BLM officials, the office provides better public service by making the agencies' processes invisible to land users. The Service First efforts also demonstrate some of the inefficiencies that the Forest Service and BLM have working together because of different systems. For example, although the Colorado and Oregon Service First offices have integrated aspects of their programs, the offices have to maintain two computer systems, one for the Forest Service and the second for BLM. In addition, staff must learn two sets of regulations and policies for managing common projects and activities. Recent agency reviews noted the increased workload and inefficiencies stemming from two sets of rules and processes and the complexity of measuring data consistently for the participating agencies, which in turn makes efficiencies hard to document.

Moving the Forest Service into Interior could improve the effectiveness and perhaps efficiency of Service First if the agencies took the opportunity to coordinate

programs they have in common and integrate their business systems. Some experts and officials said, however, that a move would not necessarily increase collaboration or alter the Forest Service's statutes, regulations, or systems, which would discourage changes leading to greater efficiencies, such as moving to common management and information technology systems.

There are two changes that could be made legislatively or administratively to enhance the impact of Service First. These include:

- First, expanding the Service First initiative to include more locations and higher levels of integration at these locations would increase their impact and improve public service. The extent to which the agencies coordinate use of the Service First authority varies from location to location and comprises offices and programs that are fully integrated and managed by a single manager, as well as offices that simply share space, or are colocated, within the same building.
- Second, making the agencies' information technology and other business systems consistent would greatly increase the efficiency of Service First efforts. According to officials involved in the Service First effort, agency officials at the state, regional, and headquarters levels are not always fully supportive or engaged in Service First efforts and sometimes, decisions are made at these levels that make Service First harder to implement. For example, the inefficiencies—and ineffectiveness—that result from the agencies having different information technology systems was demonstrated through an Oregon Service First effort to have a joint radio repeater system for some offices. The BLM and Forest Service offices in part of the state shared radio repeaters—instruments on the tops of mountains that capture, multiply, and resend radio signals—to avoid the cost of maintaining and supporting separate systems. In 2005, however, the Forest Service made a unilateral decision to use its Internet system to send its radio signals, which effectively cut off the BLM radio system because the Forest Service repeaters were not supported. This event occurred in July, a critical fire month in the state, and caused the BLM and Forest Service to stop their patrols searching for fire outbreaks because they could not communicate current fire conditions or danger to people in the field.

12. You claim that "more-recent theories, recognizing the interdependence of agencies and the multiple missions they may hold, advocate networking and collaboration among agencies rather than reorganization. How can we encourage increased networking and collaboration, outside of a move?

GAO Response:

Congress could encourage the agencies to focus on collaboration and coordination in several ways. One way would be through holding budget and oversight hearings on agency efforts to collaborate with each other and nonfederal groups. Our recent report, *Natural Resource Management: Opportunities Exist to Enhance Federal Participation in Collaborative Efforts to Reduce Conflicts and Improve Natural Resource Conditions* (GAO-08-262), highlighted federal agency efforts to collaborate and coordinate. In that report, we made several recommendations to the Council on Environmental Quality and the Secretaries of Agriculture and the Interior to improve

federal agencies' collaboration with one another and with state, local, nonprofit, and private entities. In addition, in each program area, such as forest management, grazing, recreation, wildlife management, and others, committees of jurisdiction could include report language directing the agencies to emphasize collaboration and the streamlining of incompatible regulations and policies. Congress could also consider enacting relevant legislation directing the agencies to implement our recommendations.

13. The Forest Service has specific statutory and regulatory requirements such as the National Forest Management Act (NFMA), which includes the concept of biodiversity. How different are the NFMA and the BLM's Federal Land Policy and Management Act (FLPMA)?

GAO Response:

For the purposes of our work we did not analyze NFMA and FLPMA in detail. As we reported, under both laws the agencies generally manage their respective lands for multiple uses (e.g. timber, recreation, range, wildlife) and sustained yield (permanently maintaining a regular output of various renewable resources without impairment of the productivity of the land). One key difference between the laws that officials noted was that NFMA, unlike FLPMA, contains a provision specifically addressing biodiversity. NFMA requires the Forest Service to develop guidelines to provide for diversity of plant and animal communities based on the suitability and capability of the land in order to meet multiple use objectives. Agency officials noted that the Forest Service implements this requirement in part by conducting viability assessments for different species and monitors key species in its management plans.

14. Some of the individuals you interviewed suggested a review of Federal land law with recommendations about legislative and structural changes, which would involve a task force or commission. Would you, in your professional opinion, recommend that such a study be undertaken prior to moving the Forest Service to the Department of the Interior?

GAO Response:

A review of the federal land laws would not necessarily need to be linked to a move of the Forest Service into Interior; such a review could be undertaken before, at the same time as, or following a move. According to a number of agency officials and experts we interviewed, the federal land laws should be reviewed before making any organizational changes to optimize the effectiveness and efficiency of land management, and some noted that a review should be undertaken whether or not the Forest Service is moved. On the other hand, a few agency officials and experts said that such a review should not be undertaken, since it would be time-consuming and would heighten public attention and perhaps opposition to reorganization of the agencies. Given that such a review has not been done in almost 40 years, GAO believes there is merit in studying whether the federal land laws provide an adequate framework for the federal land management agencies to manage current and future land management challenges.

Questions for the Record Submitted by Ranking Member Simpson

1. **In your testimony, you cited five previous unsuccessful attempts to reorganize the land management agencies over the last 40 years. Why were these past proposals unsuccessful and has anything changed that would affect a new proposal? Can you point to any one of the five previous studies leading to any significant changes in how our land management agencies function today?**

GAO Response:

Past proposals to reorganize the land and resource agencies were unsuccessful for reasons including political resistance to the specific changes, shifting government priorities, and concerns about disrupting agency operations. For example, the energy crises of the early and late 1970s diverted congressional and executive branch attention from the Nixon and Carter administrations' proposals to consolidate the Forest Service and Interior agencies, as well as other federal resource agencies, into a single department of natural resources. The Reagan administration's proposal for the Forest Service and BLM to each transfer jurisdiction of some of its lands to that of the other agency, as well as a subsequent "Interchange Proposal," was unsuccessful because of opposition from local communities, counties, states, and members of Congress. In the 1985 Interchange Proposal, the agencies proposed to transfer about 20 million acres of BLM land to the Forest Service and almost 14 million acres of Forest Service land to BLM to consolidate the lands managed by each agency.

One significant change that resulted from the Public Land Law Review Commission recommendations in 1970 was the passage of FLPMA and the decision to retain the remaining public lands in federal management under BLM. Before this, federal policy had been to dispose of public lands to states or private entities for various development purposes.

2. **In our conversation you mentioned the establishment of the Public Land Law Review Commission some 40 years ago. Can you talk about the purpose of this commission, its duration, its recommendations, and whether the re-establishment of this commission might be timely today in light of the land management issues we're now discussing? In your opinion, is it time to look at a possible reorganization of our natural resources management practices?**

GAO Response:

Purpose, duration, and costs

- The commission was established by law (Pub. L. No. 88-606) in 1964 and issued its report in 1970.
    - The commission had 19 members. In addition to Congressman Wayne Aspinall, who suggested the commission and became its chair, 6 members were appointed by the President, 6 were appointed by the House of Representatives, and 6 were appointed by the Senate.

- The commission was charged with conducting a comprehensive review of public land laws and the rules, regulations, policies and practices of federal, state, and local governments and agencies. It was to recommend any necessary modifications and prepare a final report.
- Thirty-four individuals were selected by the commission and federal agencies to serve as an Advisory Council.
- The commission was authorized to hire staff members.
- The commission undertook more than 30 studies of different areas, including land acquisitions and exchanges, appraisal techniques, disposal of public lands, energy and minerals, fish and wildlife, forage, intensive agriculture, land grants to states, outdoor recreation, outer continental shelf, timber, user fees, water, and others.

- The act creating the commission authorized up to $4 million (in 1964 dollars) to fund its activities. The commission was authorized to pay for the following items:
  - Staff time and benefits;
  - Travel for site hearings and witnesses to attend commission meetings;
  - Office location and rent;
  - Office operations and equipment; and
  - Contracts for outside studies.

Recommendations

- The commission issued its report, *One-Third of the Nation's Land,* in 1970. The report had more than 130 recommendations related to various aspects of federal land and natural resource management, including use of public lands for recreation, minerals management, timber, water resources, agriculture, and environmental benefits and other public land management matters such as trespass, state land grants, disposals, and exchanges. Some of the recommendations in the report were unnecessary because of legal changes that occurred—the report was issued a few months after the National Environmental Policy Act (NEPA) legislation was passed. Others were still timely. In particular, the report recommended that land managers should develop plans and conduct work on the basis of those plans. One key piece of legislation that resulted from the commission's report was FLPMA passed in 1976. This act provides the BLM with its land management planning framework and also ended the policy of disposing of public lands, allowing BLM to retain much of the land it now manages.

Need for new commission

- A number of experts and officials we talked to agreed that, given it has been almost 40 years since the last review and several key laws were passed after the review including NEPA, the Endangered Species Act, NFMA, and FLPMA, it may well be time to review these laws. A recent report titled *A Federal Public Lands*

Agenda for the Twenty-first Century, issued by the University of Montana Law School and Public Policy Research Institute, suggests several options for a legal review:

> Option 1: Resolve the multiple use mandate conundrum by working with Congress to prioritize among competing uses and articulate an overarching vision for public land stewardship.
>
> Option 2: Convene a bipartisan panel of experts, scientists, managers, and the public to credibly provide focus on where we are now and recommendations on what options to take to better address these complex and competing mandates.
>
> Option 3. Consider administrative changes to align agencies and departments based on overarching federal public land goals and objectives.
>
> Option 4: Develop better tools and approaches—or adapt and modernize existing statutory rules and tools—to address current and growing public land challenges.
>
> Option 5. Work with Congress to: (1) revise the major land management acts with the goal of devising a more cost-effective and balanced management approach that better reflects twenty-first-century realities; (2) provide adequate funding for public land agencies to address the challenges highlighted in this report; and (3) find new avenues for citizen action prior to litigation through better implementation of alternative dispute resolution processes when appropriate.

On the other hand, others said the amount of work required by such a commission would not pay off and might not be timely. For example, the commission's assistant chief stated that over the course of the 6-year study, the public's view of natural resources changed dramatically, and the commission's report came out just as some of the legal and regulatory framework, stemming from changed public sentiment, changed.

We did not assess whether it is time to consider a possible reorganization of the nation's natural resources management. However, given that it has been almost 40 years since the last comprehensive review of public land laws, GAO believes there is merit in studying whether federal land laws provide an adequate framework for the federal land management agencies to manage current and future challenges.

3. Based on everything you know about the inherent challenges of aligning the federal land management mission under one department, does it make more sense to move the Forest Service to the Department of Interior or to start from scratch by creating essentially a Department of Natural Resources?

GAO Response:

Each option has advantages and disadvantages, depending on the goals to be achieved. Policymakers will need to determine the goals to be achieved, and then the

means to best achieve those goals can be determined. Several agency officials and experts we interviewed said that moving the Forest Service into Interior as a separate bureau would not gain much in terms of increased effectiveness or efficiency and that creating a department of natural resources, merging the Forest Service and BLM, or other options may do more to improve land management. Given the difficulty of past proposals, a larger reorganization may require more political capital to achieve and generate greater public opposition. On the other hand, a few officials and an expert said that moving the Forest Service into Interior could be a first step to further reorganization within Interior.

4. **During your extensive research you encountered a variety of opinions about the wisdom of potentially moving the Forest Service into the Department of Interior. There are obviously large-scale natural resource challenges like wildland fire and invasive species issues that cross agency and jurisdictional boundaries.**

   The NIFC, which is located in Boise in my congressional district, provides an excellent illustration of how the Forest Service, BLM, Fish and Wildlife, National Park Service, and Bureau of Indian Affairs coordinate the mobilization of people, supplies, and equipment to fight wildland fires.

   Are there lessons to be learned from this type of coordination that can be applied to other natural resource areas? Are there issue or program areas where coordination can be improved or changes can be made short of actually moving the Forest Service from USDA to Interior?

GAO Response:

To increase the effectiveness, and perhaps efficiency, of federal programs, a number of officials and some experts supported intensifying efforts to collaborate and coordinate between agency programs; some of them even supported creating a council or task force to highlight programs for more effort. A move would not be necessary, according to multiple officials and experts we interviewed, since similar gains can be had by strengthening coordination and collaboration between agency programs. Several experts said that in deciding whether to move an agency, it is necessary to determine whether agencies need to be together to carry out their work or whether they can get that work done by other means, such as enhanced collaboration and coordination. Areas where the agencies may benefit from increased collaboration and coordination include land management planning, oil and gas management, timber programs, mapping and monitoring, and grazing programs.

5. **The land management agencies' wildland fire programs have obviously benefited from agency coordination and integrated operation at NIFC in Boise. Still, fire suppression costs continue to increase and now consume almost one-half of the Forest Service's annual budget. Would it make more sense to create a separate agency—a National Fire Service—to address all federal fire-related issues?**

GAO Response:

Several officials addressed the option of creating a separate fire agency but did not believe such an option should be considered. Creating a fire agency would separate firefighting from land management, which some argued would not provide for efficient or effective management of either activity. Such separation may also limit the agencies' abilities to use prescribed burning as a management tool, since a fire service would only be focused on suppressing fires and not on using fire to reduce fuels, improve forest health, or protect communities. Further, creating such an agency could take away incentives for cost containment, since a fire agency would have a budget allocated solely for fire suppression and could require hiring a full cadre of firefighters. The agencies currently draw from their workforce of foresters, range technicians, and other land managers to fight fires when needed, but a separate fire agency would require a staff of full-time firefighters.

6. **You have identified several locations in Colorado and Oregon where the BLM and Forest Service have collocated and co-managed operations addressing grazing allotments, oil and gas exploration, timber, and other program areas. During your examination of organizational issues at Interior and the Forest Service, did you identify other policy or program areas where Forest Service and BLM operations could be merged to provide better coordination or improve overall effectiveness?**

GAO Response:

Expanding the Service First initiative to include more locations and higher levels of integration at these locations may increase the level of coordination between the agencies and enhance federal land management. The extent to which the agencies coordinate use of the Service First authority varies from location to location and comprises offices and programs that are fully integrated and managed by a single manager, as well as offices that simply share space, or are colocated, within the same building. Areas where the agencies may benefit from increased collaboration and coordination include land management planning, oil and gas management, timber programs, mapping and monitoring, and grazing programs.

7. The GAO study cites experts who believe that federal land management programs could be more effective if Forest Service and BLM regulations, policies, and programs in areas like timber, grazing, and oil and gas were more closely aligned. Wouldn't it make more sense to have one set of guidelines and legal opinions driving policy on these issues? What are the obstacles to aligning regulations and policies in those areas that the Forest Service and BLM have in common?

GAO Response:

Ideally, it would be more effective and efficient for the agencies to have one set of guidelines and legal opinions. For example, in programs such as grazing and recreation, the agencies have tried to establish common direction for programs by developing joint regulations but have not succeeded, in part because of different advice from their individual legal counsel. But because of the nature of the lands managed by the agencies, the way that the agencies have historically used or managed the land, and their relationships with communities, some differences may be valid and it may not be necessary to consider creating a consistent set of laws. In addition, differences in managing land result in the competition of ideas and may provide different ways of managing for the other to consider. Making the programs consistent between the Forest Service and Interior agencies would depend on reorganization goals; programs would not simply align because the Forest Service moved into Interior. Obstacles to aligning regulations and policies include the fact that many statutes already exist, and new ones are being added all the time. And, as we reported, even in areas in which Forest Service and Interior agencies operate under the same laws, such as the National Environmental Policy Act and the Federal Lands Recreation Enhancement Act, they have sometimes received different legal opinions from USDA's Office of General Counsel and Interior's Office of the Solicitor. According to officials from Interior's Office of the Solicitor, the department could adopt the legal decisions that USDA's Office of General Counsel has already made, and any differences could be worked out over time. The workloads of Interior officials and the Solicitor's Office could well increase, however, as they try to determine how to make things work.

WEDNESDAY, MARCH 11, 2009.

FOREST SERVICE OVERSIGHT

WITNESSES

ROBIN M. NAZZARO, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GAO

PHYLLIS K. FONG, INSPECTOR GENERAL, DEPARTMENT OF AGRICULTURE

OPENING REMARKS

Mr. DICKS. I want to welcome our panel of witnesses this morning from the Government Accountability Office and the Department of Agriculture's Office of Inspector General. Our first witness will be Ms. Robin Nazzaro, Director of the Natural Resources, Environment Division of the GAO. She will be followed by Ms. Phyllis Fong, the IG at USDA. We appreciate both witnesses appearing here today.

I have asked the GAO and the IG's Office here today to discuss areas of concern and material weaknesses in programs within the Forest Service. The Forest Service has been the subject of a lot of controversy in recent years regarding its various management problems, and especially for its huge and important Wildfire Program.

The Forest Service has a very broad mission. Therefore, there is tremendous push and pull from many competing interests with opposing viewpoints.

Nevertheless, the hearing today affords us an opportunity to be aware of various management issues before we get started on the fiscal year 2010 budget activities.

I also want to point out that this subcommittee will be holding another hearing on April 1, focusing specifically on funding options for wildfire suppression. That hearing will cover suppression reserve accounts as proposed by President Obama's Administration and the Flame Fund as proposed by Mr. Rahall, Mr. Grijalva, Mr. Simpson, myself, and others. Both GAO and the Inspector General have issued many reports on the Forest Service in recent years. I would like the GAO and the IG to summarize the findings of these studies and identify the most important issues which this subcommittee should be aware of as it carries out its oversight of these programs.

We may discuss individual reports, but I am especially interested in various trends and why certain management problems seem to be persistent over many years. But where there is good news we should also discuss that. We should also look at how past experience may suggest areas of concern in the future.

The Forest Service land managers, researchers, and state assistance providers will need new approaches to deal with climate

change. In addition, we should ask how this past experience may inform our oversight of the Forest Service role in the Economic Recovery Package recently passed.

As we begin the hearing, I want to remind members that the format of this session is somewhat different from a regular hearing. We have allocated approximately 15 minutes for opening statements by each witness because I believe it is important that members hear about the broad range of issues which the testimony raises. We will first hear from GAO and then from the Inspector General, and then we will begin member questions.

Mr. DICKS. Mr. Simpson, I yield to you for your opening remarks.

Mr. SIMPSON. Mr. Chairman, thank you once again for scheduling today's oversight hearing relating to the US Forest Service. I want to commend you because every Chairman likes to be commended by his Ranking Member.

Mr. DICKS. Very frequently, too.

Mr. SIMPSON. But also because oversight is one of the key functions of our committee. As I mentioned during last week's Department of Interior Oversight Hearing, the Appropriation Committee's focus is so often tied to how much is being spent rather than how we spend what we appropriate. We tend to overlook our oversight role.

One of my biggest concerns with the Forest Service is the impact that fire suppression costs are having on other program areas within the agency. With nearly one-half of its budget now committed to fire-related costs, the Forest Service has been forced to transfer money from various program areas year after year just to pay for fire suppression. Some years this funding is repaid. Some years it is not. Last year $400 million was transferred from a variety of program accounts to cover fire costs.

Fortunately, these funds were paid back because of the work of this subcommittee and the passage of the Emergency Supplemental Funding Bill. My feeling is that there has got to be a better way.

I am hoping that your testimony and your subsequent back and forth conversations will shed some light on how to better address this and other issues that demand our attention. I also look forward to your perspective on how best to provide a central oversight of the Forest Service funding contained in the recently-signed Stimulus Package. The role of both the GAO and the Forest Service Office of Inspector General are critical to our work, and I look forward to today's testimony.

Thank you, Mr. Chairman.

Mr. DICKS. All right. Robin, why don't you start?

STATEMENT OF ROBIN NAZZARO, GAO

Ms. NAZZARO. Thank you, Mr. Chairman. Good morning. And members of the subcommittee. I am pleased to be here today to discuss the management challenges facing the Forest Service.

As a steward of over 190 million acres of land encompassing 155 national forests and 20 national grasslands, the Forest Service within the Department of Agriculture is responsible for a wide array of programs to ensure access to and use of natural resources within its lands, while also ensuring adequate protection of those lands. Carrying out these often-competing responsibilities has pre-

sented a daunting challenge to the agency, exacerbated by the increasing costs of wildland fires and budgetary constraints necessitated by our Nation's long-term fiscal outlook.

Over the past decade we and others have identified numerous management challenges facing the Forest Service and made many recommendations to improve the agency and its programs. While the agency has improved in some areas, progress has been lacking in other key areas, and management challenges remain.

My testimony today focuses on the findings from a number of our reports issued over the past several years. Specifically, I will discuss management challenges in three key areas: wildland fire management, data on program activities and costs, and financial and performance accountability.

I will also discuss a number of emerging issues facing the agency, which increase the importance of addressing these management challenges.

Perhaps the most daunting challenge facing the Forest Service is the dramatic worsening of our Nation's wildland fire program over the past decade. The agency's annual acreage burned has increased by about 70 percent, while the agency's related appropriations have more than doubled and represent a much more significant percentage of its appropriations.

We have focused on four steps we believe the agency needs to take to better understand the extent of and address this challenge. Specifically, the Forest Service needs to first develop a cohesive strategy that lays out various potential approaches for addressing wildland fire, the estimated cost associated with each approach, and the tradeoffs involved. This past January agency officials told us they were working to create such a strategy, although they have no estimate of when it would be completed.

Second, establish clear goals and a strategy to help contain wildland fire costs. While Forest Service officials identified several documents they argue make up the agency's strategy to contain costs, we believe these documents lack the clarity and specificity needed by officials in the field to help manage and contain wildland fire costs.

Third, continue to improve its processes for allocating fuel reduction funds and selecting projects. The agency has taken steps to improve its process for allocating fuel reduction funds, to improve the information it uses in allocating those funds and selection projects, and to clarify the relative importance of the various factors it considers when making allocation decisions. We believe the Forest Service must continue these efforts.

Fourth, take steps to improve its use of a new inter-agency budget and planning tool known as Fire Program Analysis or FPA. FPA was intended to allow the agencies to analyze potential combinations of firefighting assets to determine the most cost-effective mix of assets and strategies. However, as developed, it cannot identify the most cost-effective mix and location of assets for a given budget and has only limited ability to project the effects over time of different approaches to fuel reduction and fire suppression.

The second challenge area is the lack of complete and accurate data on activities and costs. Without such data the agency has dif-

ficulty recognizing and setting priorities for needed work, tracking activities, and understanding the true costs of its operations.

For example, the agency lacks sufficient reliability to accurately quantify its specific needs, establish priorities among treatments, or estimate a budget in its program for reforestation and treatments to improve timber stands. A year later we reported on a similar shortfall in the agency's program for rehabilitating and restoring lands unlikely to recover after their own fires, noting that the agency lacked nationwide data on the amount of needed rehabilitation and restoration work it had completed for recent fires.

And in 2008, we reported that the agency did not maintain complete nationwide data on its use of stewardship contracting authority. Data such as the value of products sold and service procured through agreements rather than contracts were not systematically collected or were incomplete.

In addition, the Forest Service lacks complete data on the costs of activities. For example, although Congress had limited the funds the Forest Service could spend on competitive sourcing activities, the agency lacks sufficiently complete and reliable data to determine whether it had exceeded the Congressional spending limitations.

The last challenge area is the ability to provide adequate financial and performance accountability. Regarding financial accountability, the agency has had shortcomings in its internal controls and has had difficulty generating accurate financial information. For example, in a 2008 report we cited internal control weaknesses in the case of a Forest Service employee who had embezzled almost $650,000 from the Forest Service's National Fire Suppression Budget.

Regarding performance, the agency has not always been able to provide Congress and the public with an understanding of what its 30,000 employees accomplish with the approximately $5 billion the agency receives each year. Again, our concerns in this area date back over a decade. In 2003, we reported that the agency had made little progress in its ability to link planning, budgeting, and results reporting and was years away from implementing a credible performance accountability system. In 2007, we surveyed federal managers on their use of performance information in management decision making. The Forest Service scored lowest of 29 federal agencies.

We also asked federal managers about their views on their leadership's commitment to using performance information to guide decision making. Only 21 percent of the Forest Service managers we surveyed agreed that their leadership demonstrated such a commitment to a great or very great extent compared with 50 percent of their federal counterparts.

Several emerging issues are likely to have profound implications for the agency, complicating its management responsibilities and underscoring the importance of addressing the management challenges I have highlighted. The evolving effects of climate change and increasing development in and near wildlands are likely to lead to increased fire activity and habitat change. Retiring federal workers threaten to leave critical gaps in leadership and institu-

tional knowledge, and effective and efficient spending will be critical with potentially static or even shrinking budgets.

In conclusion, Mr. Chairman, the Forest Service's mission is without doubt a difficult one, managing millions of acres of diverse lands for often-competing purposes, while ensuring that the current uses do not impair long-term productivity. Nevertheless, the repetitive and persistent nature of the shortcomings that we identified points to the Forest Service's failure to fully resolve, perhaps even fully grasp, its problems. Absent better data, better internal controls and accountability, and a more strategic approach to wildland fire, the agency cannot hope to improve upon its performance and may ultimately be unable to respond effectively to the new challenges it faces.

If on the other hand the Forest Service is to face these challenges head on, it will require a sustained commitment by agency leadership to identifying and resolving the agency's long-standing problems.

This concludes my prepared statement. I would be pleased to answer any questions you or members of the subcommittee may have.

[The statement of Robin M. Nazzaro follows:]

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

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FOREST SERVICE

Emerging Issues Highlight the Need to Address Persistent Management Challenges

Statement of Robin M. Nazzaro, Director
Natural Resources and Environment

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GAO-09-443T

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Highlights

Highlights of GAO-09-443T, a testimony before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

FOREST SERVICE

Emerging Issues Highlight the Need to Address Persistent Management Challenges

Why GAO Did This Study

The Forest Service, within the Department of Agriculture, manages over 190 million acres of forest and grassland. The agency is responsible for managing its lands for various purposes—including recreation, grazing, timber harvesting, and others—while ensuring that such activities do not impair the lands' long-term productivity. Carrying out these often competing responsibilities has been made more difficult by the increasing cost of wildland fires and the budgetary constraints necessitated by our nation's long-term fiscal outlook.

This testimony highlights some of the major management challenges the Forest Service faces in carrying out its land management responsibilities. It is based on numerous reports GAO has issued on a wide variety of the agency's activities.

What GAO Recommends

GAO has made a number of recommendations intended to improve the Forest Service's wildland fire management, strengthen its collection of data, and increase accountability. The Forest Service has taken steps to implement many of these recommendations—by, for example, improving its processes for allocating funds to reduce potentially hazardous vegetation, and issuing guidance to strengthen financial controls—but has been slow to take action on others.

View GAO-09-443T or key components. For more information, contact Robin Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

What GAO Found

While the Forest Service has made improvements in many areas GAO has reported on in recent years, certain management challenges persist—with the agency struggling to manage a worsening wildland fire problem and spiraling fire costs, collect data on its activities and their costs, and demonstrate financial and performance accountability to Congress and the public. Several emerging issues facing the agency underscore the urgency of addressing these challenges.

The Forest Service continues to lack strategies for using its wildland fire management funds effectively. In numerous reports over the past decade, GAO has highlighted the challenges the Forest Service faces in protecting the nation against the threat of wildland fires. While the agency has taken important steps to improve its wildland fire management, other key steps remain. Specifically, the agency needs to (1) develop a cohesive strategy laying out various potential long-term approaches for addressing wildland fire, the estimated costs associated with each approach, and the trade-offs involved; (2) establish clear goals and a strategy to help contain increasing wildland fire costs; (3) continue improving its processes for allocating funds and selecting projects to reduce potentially hazardous vegetation; and (4) take steps to improve its use of a new interagency budgeting and planning tool.

Program management suffers from lack of data on activities and costs. GAO's work over the years points to a persistent shortcoming in the Forest Service's management of its activities: the lack of adequate data on program activities and costs. This shortcoming spans multiple land management programs, including programs for selling timber and rehabilitating and reforesting lands that have been burned, as well as administrative functions such as the competitive sourcing program, which aims to increase competition between federal entities and private sector organizations. Inadequate data have hindered field managers in carrying out their duties and prevented the agency from understanding how much its activities are costing.

Financial and performance accountability have been inadequate. The Forest Service has struggled to implement adequate internal controls over its funds, generate accurate financial information, and provide clear measures of what it accomplishes with the appropriations it receives every year. GAO's concerns about these issues date back to the 1990s but have yet to be fully addressed.

Several emerging issues underscore the need for the Forest Service to improve its management. The evolving effects of climate change, increasing development in and near wildlands, the aging of the federal workforce, and our nation's long-term fiscal condition likely will have profound implications for the agency and magnify the urgency of addressing these challenges.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss management challenges facing the Forest Service. As the steward of millions of acres of national forest and grassland, the Forest Service, within the Department of Agriculture, is responsible for a wide array of programs to ensure access to and use of the natural resources within its lands while also ensuring adequate protection for those lands. Carrying out these often competing responsibilities has presented a daunting challenge to the agency, exacerbated by the increasing cost of wildland fires and the budgetary constraints necessitated by our nation's long-term fiscal outlook. In recent years we have issued numerous reports on a wide variety of the Forest Service's activities. My testimony today includes findings from a number of those reports,[1] focusing on management challenges in three key areas: (1) wildland fire management, (2) data on program activities and costs, and (3) financial and performance accountability. I will also discuss a number of emerging issues facing the Forest Service, which increase the importance of addressing these management challenges.

Background

The Forest Service manages about 193 million acres of land, encompassing 155 national forests and 20 national grasslands. Laws guiding the management of the forests require that the Forest Service manage its lands for various purposes—including recreation; rangeland; wilderness; and the protection of watersheds, fish, and wildlife—and to ensure that the agency's management of the lands does not impair their long-term productivity. In managing its lands in accordance with these principles, the agency provides a variety of goods and services. Goods include timber, natural gas, oil, minerals, and range for livestock to graze. Watersheds on Forest Service lands provide drinking water to thousands of communities, and the national forests themselves offer recreational opportunities to the public, such as camping, hiking, and rafting.

[1]See the list of related GAO products at the end of this statement. We conducted our work in accordance with all sections of GAO's Quality Assurance Framework that were relevant to the objectives of each engagement. The framework requires that we plan and perform each engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analyses conducted, provided a reasonable basis for the findings and conclusions in each report.

In recent years, appropriations for the Forest Service have totaled about $5 billion annually, with wildland fire management activities—such as reducing potentially flammable vegetation, preparing for and fighting fires, and rehabilitating burned lands—consuming a substantial portion of the agency's budget. The Forest Service employs about 30,000 people and operates hundreds of regional, forest, and ranger district offices nationwide.

Over the past decade, we and others have identified numerous management challenges facing the Forest Service and made many recommendations to improve the agency and its programs. While the agency has improved some areas, progress has been lacking in other key areas, and management challenges remain. Addressing these challenges is becoming more pressing in the face of certain emerging issues.

The Forest Service Continues to Lack Short- or Long-Term Strategies for Using Wildland Fire Management Funds Effectively

Perhaps the most daunting challenge facing the Forest Service is the dramatic worsening of our nation's wildland fire problem over the past decade. The average annual acreage burned by wildland fires has increased by about 70 percent since the 1990s, while the Forest Service's wildland fire-related appropriations have more than doubled in that time, from about $1 billion in fiscal year 1999 to almost $2.2 billion in fiscal year 2007,[2] representing over 40 percent of the agency's total 2007 appropriations. As we have previously reported, a number of factors have contributed to worsening fire seasons and increased firefighting expenditures, including an accumulation of fuels due to past land management practices; drought and other stresses, in part related to climate change; and an increase in human development in or near wildlands. The Forest Service shares responsibility for wildland fire management with four agencies of the Department of the Interior (Interior)—the Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, and National Park Service.

Since 1999, we have issued numerous reports calling for various improvements in the Forest Service's approach to wildland fire management. Most recently, we have focused on four primary steps we believe the agency, in conjunction with Interior, needs to take to better understand the extent of, and address, the nation's wildland fire problems

[2]These figures are in 2007 dollars. We adjusted the 1999 appropriated dollars using the chain-weighted gross domestic product price index with fiscal year 2007 as the base year.

and to help contain rising federal expenditures for responding to wildland fires.[3] Specifically, we have called on the Forest Service to:

- ***Develop a cohesive strategy that identifies options and associated funding to reduce potentially hazardous vegetation and address wildland fire problems.*** Despite our repeated calls for a cohesive wildland fire strategy, the Forest Service has yet to develop one. In 1999, to address the problem of excess fuels and their potential to increase the severity of wildland fires and cost of suppression efforts, we recommended that a cohesive strategy be developed to identify the available long-term options for reducing fuels and the associated funding requirements.[4] By laying out various potential approaches for addressing wildland fire, the estimated costs associated with each approach, and the trade-offs involved, such a strategy would help Congress and the agencies make informed decisions about effective and affordable long-term approaches to addressing the nation's wildland fire problems. Six years later, in 2005, we reiterated the need for a cohesive strategy and broadened our recommendation's focus to better address the interrelated nature of fuel reduction efforts and wildland fire response.[5] The Forest Service, along with the other wildland fire agencies, has generally agreed that such a strategy is necessary but has yet to develop one. In January 2009, agency officials told us they were working to create such a cohesive strategy, although they had no estimate of when the strategy would be completed.

- ***Establish clear goals and a strategy to help contain wildland fire costs.*** In 2007 and 2008, we reported that the Forest Service was taking a number of steps intended to help contain wildland fire costs, including improving its decision-support tools for helping officials select strategies for fighting wildland fires, but that the agency had not clearly defined its cost-containment goals or developed a strategy for achieving those goals—

[3]We are currently reviewing recent Forest Service and Interior actions to address our past findings related to wildland fire management and expect to issue a report later this year.

[4]GAO, *Western National Forests: A Cohesive Strategy Is Needed to Address Catastrophic Wildfire Threats*, GAO/RCED-99-65 (Washington, D.C.: Apr. 2, 1999).

[5]GAO, *Wildland Fire Management: Important Progress Has Been Made, but Challenges Remain to Completing a Cohesive Strategy*, GAO-05-147 (Washington, D.C.: Jan. 14, 2005).

steps that are fundamental to sound program management.[6] Forest Service officials identified several documents they argue provide clearly defined goals and objectives that make up the agency's strategy to contain costs. In our view, however, these documents lack the clarity and specificity needed by officials in the field to help manage and contain wildland fire costs, and we therefore continue to believe that our recommendations in this area, if effectively implemented, would help the Forest Service better manage its cost-containment efforts and improve its ability to contain wildland fire costs.

- ***Continue to improve its processes for allocating fuel reduction funds and selecting fuel reduction projects.*** Also in 2007 and 2008, we reported on several shortcomings in the Forest Service's processes for allocating fuel reduction funds to field units and selecting fuel reduction projects, shortcomings that limited the agency's ability to ensure that funds are directed where they will reduce risk most effectively.[7] The Forest Service has taken steps to improve its processes for allocating fuel reduction funds, including the use of a newly developed computer model to assist in making allocation decisions, rather than relying primarily on historical funding patterns and professional judgment. The agency is also taking steps to improve the information it uses in allocating funds and selecting projects—including information on wildland fire risk and fuel treatment effectiveness—and to clarify the relative importance of the various factors it considers when making allocation decisions. We believe the Forest Service must continue these efforts so that it can more effectively use its limited fuel reduction dollars.

- ***Take steps to improve its use of a new interagency budgeting and planning tool.*** In 2008, we reported on the Forest Service's and Interior's development of a new planning tool known as fire program analysis, or FPA.[8] FPA was intended, among other things, to allow the agencies to analyze potential combinations of firefighting assets, and potential

[6]GAO, *Wildland Fire Management: Lack of Clear Goals or a Strategy Hinders Federal Agencies' Efforts to Contain the Costs of Fighting Fires*, GAO-07-655 (Washington, D.C.: June 1, 2007), and *Wildland Fire Management: Federal Agencies Lack Key Long- and Short-Term Management Strategies for Using Program Funds Effectively*, GAO-08-433T (Washington, D.C.: Feb. 12, 2008).

[7]GAO, *Wildland Fire Management: Better Information and a Systematic Process Could Improve Agencies' Approach to Allocating Fuel Reduction Funds and Selecting Projects*, GAO-07-1168 (Washington, D.C.: Sept. 28, 2007), and GAO-08-433T.

[8]GAO, *Wildland Fire Management: Interagency Budget Tool Needs Further Development to Fully Meet Key Objectives*, GAO-09-68 (Washington, D.C.: Nov. 24, 2008).

strategies for reducing fuels and fighting fires, to determine the most cost-effective mix of assets and strategies.[9] While recognizing that FPA represents a significant step forward and shows promise in achieving certain of its objectives, we believe the agencies' approach to FPA's development hampers the tool in meeting other key objectives. First, FPA has but limited ability to project the effects of different levels of fuel reduction treatments and firefighting strategies over time, depriving agency officials of information that could help them analyze the long-term impact of changes in their approach to wildland fire management. Second, FPA, as the agencies have developed it, cannot identify the most cost-effective mix and location of firefighting assets for a given budget. Rather, it analyzes a limited number of combinations of assets and strategies to identify the most cost-effective among them. The Forest Service is now beginning to use FPA to help develop its fiscal year 2011 budget request. We made a number of recommendations designed to enhance FPA and the agencies' ability to use it, and the Forest Service—in conjunction with Interior—has identified several steps it is considering taking to do so. It is not yet clear how successful these steps will be, however—and, further, the steps the agencies have outlined do not address all the shortcomings we identified. We continue to believe that agency improvements are essential if the full potential of FPA is to be realized.

In addition to these issues, we have also reported on the Forest Service's difficulties funding fire suppression activities within its appropriated wildland fire budget; in many years, the agency has transferred money from other Forest Service programs to pay suppression costs. We reported in 2004 that such transfers between programs had caused projects to be delayed or canceled, strained relationships among land managers at different agencies, and created management disruptions within the Forest Service, and we recommended several measures to minimize the impacts of funding transfers and to improve the estimates on which the agencies base their wildland fire budgeting requests.[10] Nevertheless, fire-related funding transfers continue, occurring in fiscal years 2006, 2007, and 2008—with the Forest Service transferring $400 million from other programs in fiscal year 2008 alone.

[9]As we have reported previously, FPA is critical to developing a cohesive strategy. See, for example, GAO, *Wildland Fire Management: Update on Federal Agency Efforts to Develop a Cohesive Strategy to Address Wildland Fire Threats*, GAO-06-671R (Washington, D.C.: May 1, 2006).

[10]GAO, *Wildfire Suppression: Funding Transfers Cause Project Cancellations and Delays, Strained Relationships, and Management Disruptions*, GAO-04-612 (Washington, D.C.: June 2, 2004).

Lack of Complete and Accurate Data on Activities and Costs Continues to Hamper Program Management

Long-standing data problems have plagued the Forest Service, hampering its ability to manage its programs and account for its costs and reflecting deep-rooted and persistent shortcomings in the agency's management of its activities. Without complete and accurate data, the agency has difficulty carrying out tasks that are intrinsic to its land management responsibilities—including recognizing and setting priorities for needed work, tracking activities, and understanding the true costs of its operations. Further, without an effective managerial cost-accounting system, the agency will have difficulty monitoring revenue and spending levels and making informed decisions about future funding needs. We have made numerous recommendations aimed at the Forest Service's data shortcomings regarding both activities and costs.

Forest Service Lacks Adequate Data on Land Management Activities

In recent years we have identified several land management programs for which the Forest Service lacks sufficient data, keeping the agency from effectively overseeing its activities and understanding whether it is using its appropriated dollars most efficiently. For example, in 2005, we reported on data problems in the Forest Service's program for reforestation—the planting and natural regeneration of trees—and treatments to improve timber stands, such as thinning trees and removing competing vegetation.[11] Reforestation and subsequent timber stand improvement are critical to restoring and improving the health of our national forests after timber harvests—yet the agency lacked sufficiently reliable data to accurately quantify its specific needs, establish priorities among treatments, or estimate a budget. A year later we reported on a similar shortfall in the agency's program for rehabilitating and restoring lands unlikely to recover on their own after wildland fires, noting that the agency lacked nationwide data on the amount of needed rehabilitation and restoration work it had completed for recent wildland fires.[12] And in 2008, we reported that the Forest Service did not maintain complete nationwide data on its use of stewardship contracting authority, under which the agency can trade goods (such as timber) for services (such as thinning forests or rangelands) that it would otherwise pay for with appropriated dollars, and

[11]GAO, *Forest Service: Better Data Are Needed to Identify and Prioritize Reforestation and Timber Stand Improvement Needs*, GAO-05-374 (Washington, D.C.: Apr. 15, 2005).

[12]GAO, *Wildland Fire Rehabilitation and Restoration: Forest Service and BLM Could Benefit from Improved Information on Status of Needed Work*, GAO-06-670 (Washington, D.C.: June 30, 2006).

can enter into stewardship contracts lasting up to 10 years.[13] Although the Forest Service had recently updated its timber sale accounting system to include certain data on stewardship contracts, other data—such as the value of products sold and services procured through agreements rather than contracts[14]—were not systematically collected or were incomplete.

Data on the Costs of Forest Service Activities Are Likewise Incomplete

In addition to data on its activities, the Forest Service also lacks complete data on their costs. In 2006, we reported that the agency did not have a managerial cost-accounting system in place with which it could routinely analyze cost information.[15] Managerial cost accounting, rather than measuring only the cost of "inputs" such as labor and materials, integrates financial and nonfinancial data, such as the number of hours worked or number of acres treated, to measure the cost of outputs and the activities that produce them. Such an approach allows managers to routinely analyze cost information and use it in making decisions about agency operations and permits a focus on managing costs rather than simply managing budgets. Such information is crucial for the Forest Service, as for all federal agencies, to make difficult funding decisions in this era of limited budgets and competing program priorities. In 2012, the Department of Agriculture is scheduled to replace its current Foundation Financial Information System with a new Financial Management Modernization Initiative system. The new system is expected to incorporate managerial cost-accounting capabilities, but the department has delegated responsibility for implementation of managerial cost accounting to its component agencies. The Forest Service's Chief Financial Officer stated at the time of our 2006 review that implementation of a managerial cost-accounting system would not be a priority until outstanding financial

[13]GAO, *Federal Land Management: Use of Stewardship Contracting Is Increasing, but Agencies Could Benefit from Better Data and Contracting Strategies*, GAO-09-23 (Washington, D.C.: Nov. 13, 2008).

[14]Contracts are used to purchase goods and services for the direct benefit of the government or to sell government property, such as timber, and are mutually binding legal relationships obligating the seller to furnish supplies or services and the buyer to pay for them. In contrast, agreements are typically used to transfer a thing of value to a state or local government, or other recipient, to carry out a public purpose—often for projects that are for the mutual interest and benefit of the government and a cooperating organization such as a nonprofit organization or a state or local government.

[15]GAO, *Managerial Cost Accounting Practices: Department of Agriculture and the Department of Housing and Urban Development*, GAO-06-1002R (Washington, D.C.: Sept. 21, 2006).

reporting issues had been resolved and that reliable and timely financial information was necessary before pushing to develop managerial cost-accounting information. Without a managerial cost-accounting system, however, the Forest Service will continue to have difficulty developing realistic and useful budgets and related cost-benefit analyses of its activities—essential tools for present and future land management activities.

In addition to its shortcomings in accounting for its overall costs, the Forest Service's shortcomings in tracking of the costs associated with its timber sales program—such as obligations and expenditures for personnel and equipment—have been the subject of several of our previous reports. In 2001 we reported that serious accounting and financial reporting deficiencies precluded an accurate determination of the total costs associated with the timber sales program and, in fact, rendered the agency's cost information unreliable.[16] In 2003, we reported that it was unclear how accurately the agency would be able to report on the actual costs of individual work activities.[17] And more recently, in 2007, we reported that the Forest Service tracks the funds it spends on timber sales in a way that does not provide the detail that many field managers, such as district rangers and national forest supervisors, said they need in order to make management decisions—for example, deciding how to allocate or redirect resources among sales.[18] The agency does not track timber sales-related obligation or expenditure data by individual sale but rather aggregates these data by the programs that fund the sales.[19] Neither does it track obligations and expenditures at the ranger district level, where timber sales are generally carried out, but tracks them instead at the national forest level—making it more difficult and resource intensive for field managers to oversee activities occurring in their units.

[16]GAO, *Financial Management: Annual Costs of Forest Service's Timber Sales Program Are Not Determinable*, GAO-01-1101R (Washington, D.C.: Sept. 21, 2001).

[17]GAO, *Forest Service: Little Progress on Performance Accountability Likely Unless Management Addresses Key Challenges*, GAO-03-503 (Washington, D.C.: May 1, 2003).

[18]GAO, *Federal Timber Sales: Forest Service Could Improve Efficiency of Field-Level Timber Sales Management by Maintaining More Detailed Data*, GAO-07-764 (Washington, D.C.: June 27, 2007).

[19]Within the Forest Service's appropriations, there are several programs, or "budget line items," related to timber sales; most sales are funded through the Forest Products program.

Limited cost data also hampered the agency's implementation of the competitive-sourcing program, as we reported in 2008.[20] Competitive sourcing is aimed at promoting competition between federal entities and the private sector by comparing the public and private costs of performing certain activities (typically those performed in both government and the commercial marketplace, such as information technology, maintenance and property management, and logistics) and determining who should perform those activities. Although Congress had limited the funds the Forest Service could spend on competitive-sourcing activities, we found that for fiscal years 2004 through 2006, the Forest Service lacked sufficiently complete and reliable cost data to determine whether it had exceeded these congressional spending limitations. Additionally, the Forest Service did not consider certain costs in calculating competitive-sourcing savings and as a result could not provide Congress with an accurate measure of the savings produced by its competitive-sourcing program during this time. We recommended that the agency take several actions to improve its management of the program. The program's future, however, now appears uncertain.[21]

The Forest Service Has Struggled with Financial and Performance Accountability

Over the years, the Forest Service has struggled to provide adequate financial and performance accountability. Regarding financial accountability, the agency has had shortcomings in its internal controls and has had difficulty generating accurate financial information. Regarding its performance, the agency has not always been able to provide Congress and the public with a clear understanding of what its 30,000 employees accomplish with the approximately $5 billion the agency receives every year.

[20]GAO, *Forest Service: Better Planning, Guidance, and Data Are Needed to Improve Management of the Competitive Sourcing Program*, GAO-08-195 (Washington, D.C.: Jan. 22, 2008).

[21]An omnibus appropriations bill for 2009, H.R. 1105, § 414, provides that "None of the funds made available by this or any other Act may be used in fiscal year 2009 for competitive sourcing studies and any related activities involving Forest Service personnel." A similar provision appeared in the Consolidated Appropriations Act for fiscal year 2008, Pub. L. No.110-161, § 415, 121 Stat. 2148 (2007).

Financial Accountability Concerns Include Internal Control Weaknesses

Our long-standing concerns over the Forest Service's financial accountability resulted in our including the agency in our High-Risk Series from 1999 through 2004,[22] citing, among other issues, "a continuing pattern of unfavorable conclusions about the Forest Service's financial statements." We also had concerns about internal control weaknesses within the agency; in a 2003 report, we noted that internal control weaknesses in the Forest Service's purchase card program—under which purchase cards are issued to federal employees to make official government purchases—left the agency vulnerable to, and in some cases resulted in, improper, wasteful, or questionable purchases.[23] Subsequently, in a 2008 report, we noted that internal control weaknesses continued and that from 2000 through 2006 a Forest Service employee had embezzled over $642,000 from the Forest Service's national fire suppression budget.[24] Another area where we have raised concerns about the agency's internal controls is in the Recreational Fee Demonstration Program, under which the Forest Service and other agencies can collect fees for using agency sites, including entrance fees for basic admission to an area and user fees for specific activities such as camping or boat launching. We reported in 2006 that the Forest Service not only lacked adequate controls and accounting procedures over collected recreation fees, but also lacked effective guidance even for establishing such controls.[25] The agency has since updated its policies and procedures for handling collected recreation fees, although we have not evaluated their implementation.

We removed the Forest Service from our high-risk list in 2005 in response to its efforts to resolve many of the financial management problems we identified. Nevertheless, the agency continues to struggle with financial accountability. In 2007, the Department of Agriculture's Inspector General

[22]GAO, *High-Risk Series: An Update*, GAO/HR-99-1 (Washington, D.C.: Jan. 1999); *High-Risk Series: An Update*, GAO-01-263 (Washington, D.C.: Jan. 2001); *High-Risk Series: An Update*, GAO-03-119 (Washington, D.C.: Jan. 2003); *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: Jan. 2005).

[23]GAO, *Forest Service Purchase Cards: Internal Control Weaknesses Resulted in Instances of Improper, Wasteful, and Questionable Purchases*, GAO-03-786 (Washington, D.C.: Aug. 11, 2003).

[24]GAO, *Governmentwide Purchase Cards: Actions Needed to Strengthen Internal Controls to Reduce Fraudulent, Improper, and Abusive Purchases*, GAO-08-333 (Washington, D.C.: Mar. 14, 2008).

[25]GAO, *Recreation Fees: Agencies Can Better Implement the Federal Lands Recreation Enhancement Act and Account for Fee Revenues*, GAO-06-1016 (Washington, D.C.: Sept. 22, 2006).

reported that significant deficiencies existed in the Forest Service's ability to produce accurate financial information;[26] in 2008, the Inspector General reported that certain deficiencies had been corrected but that others remained[27]—including the agency's failure to comply with the Federal Financial Management Improvement Act of 1996.[28]

Performance Accountability Shortcomings Are Long-standing and Persistent

As with financial accountability, our concerns about the Forest Service's performance accountability shortcomings date back over a decade. In 2003 we reported that the agency had made little real progress in resolving its long-standing performance accountability problems—which included its inability to link planning, budgeting, and results reporting—and was years away from implementing a credible performance accountability system.[29] We concluded that the agency was essentially in the same position it had been in more than a decade earlier—studying how it might achieve performance accountability. We recommended that the agency appoint a senior executive with decision-making authority and responsibility for developing a comprehensive plan to ensure the timely implementation of an effective performance accountability system and that the agency report annually to Congress on its progress in implementing such a system. While the agency responded that it would follow our recommendations, problems persisted; in our 2007 survey of federal managers' use of performance information in management decision making, the Forest Service scored lowest of 29 federal agencies

[26]Department of Agriculture, Office of Inspector General, *Audit Report: Forest Service's Financial Statements for Fiscal Years 2007 and 2006*, 08401-8-FM (Washington, D.C., Nov. 2007).

[27]Department of Agriculture, Office of Inspector General, *Audit Report: Forest Service's Financial Statements for Fiscal Years 2008 and 2007*, 08401-9-FM (Washington, D.C., Nov. 2008).

[28]The Federal Financial Management Improvement Act of 1996 requires that agencies implement and maintain financial management systems that substantially comply with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Government Standard General Ledger. The act also requires GAO to report annually on the agencies' implementation of it; see, for example, GAO, *Financial Management: Persistent Financial Management Systems Issues Remain for Many CFO Act Agencies*, GAO-08-1018 (Washington, D.C.: Sept. 30, 2008).

[29]GAO-03-503.

and components we surveyed in six of nine key management activities.[30] Equally troubling are our survey findings related to leadership commitment to results-oriented management, which we have identified as perhaps the single most important element in successfully implementing organizational change. In our survey, we asked federal managers about their views on agency leadership's commitment to using performance information to guide decision making. Only 21 percent of Forest Service managers we surveyed agreed that their agency's leadership demonstrated such a commitment to a great or very great extent, compared with 50 percent of their counterparts in the rest of the federal government.

More recent work by the Department of Agriculture's Inspector General noted that the Forest Service continues to need improvements in its management controls to effectively manage resources, measure progress toward goals and objectives, and accurately report accomplishments. In fact, in 2008—only 7 months ago, and more than 5 years after our 2003 report on the problem—the Inspector General echoed our earlier findings, stating, "Some of these issues have been reported in multiple reports for over a decade, but their solutions are still in the study and evaluation process by [the Forest Service]."[31]

Emerging Issues Magnify the Need to Address Management Challenges

Several emerging issues are likely to have profound implications for the agency, complicating its management responsibilities and underscoring the importance of addressing the management challenges we have highlighted so that the agency is well positioned to meet these new issues. Among the most significant:

Climate change. In August 2007, we reported that according to experts, federal land and water resources are vulnerable to a wide range of effects from climate change, some of which are already occurring.[32] These effects include, among others, (1) physical effects, such as droughts, floods,

[30]These included activities such as adopting new program approaches or changing work processes, refining program performance measures, and setting new or revising existing performance goals. See GAO, *Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results*, GAO-08-1026T (Washington, D.C.: July 24, 2008).

[31]Department of Agriculture, Office of Inspector General, *Management Challenges* (Washington, D.C., Aug. 2008).

[32]GAO, *Climate Change: Agencies Should Develop Guidance for Addressing the Effects on Federal Land and Water Resources*, GAO-07-863 (Washington, D.C.: Aug. 7, 2007).

glacial melting, and sea level rise; (2) biological effects, such as increases in insect and disease infestations, shifts in species distribution, and changes in the timing of natural events; and (3) economic and social effects, such as adverse impacts on tourism, infrastructure, fishing, and other resource uses. These effects are also likely to lead to increased wildland fire activity. We noted that federal resource managers, including those at the Forest Service, had not yet made climate change a high priority and recommended that the Secretary of Agriculture (along with Interior and the Department of Commerce) develop clear, written communication to resource managers that explains how managers are expected to address the effects of climate change, identifies how managers are to obtain any site-specific information that may be necessary, and reflects best practices shared among the relevant agencies. The Forest Service has since issued guidance on incorporating climate change information in land management planning activities.

Increased human settlement in or near wildlands. Rapid development in the outlying fringe of metropolitan areas and in rural areas is increasing the size of the wildland-urban interface, defined as the area where structures and other human development meet or intermingle with undeveloped wildland. Experts estimate that almost 60 percent of all new housing units built in the 1990s were located in the wildland-urban interface and that this growth trend continues. They also estimate that more than 30 percent of housing units overall are located in the wildland-urban interface, including about 44 million homes in the lower 48 states, and that the interface covers about 9 percent of the nation's land.[33] This development has significant implications for wildland fire management because it places more structures at risk from wildland fire at the same time that it increases the complexity and cost of wildland fire suppression. Other land management challenges result as well; for example, as we reported in 2008, private subdivisions may seek access across public lands via roads that were not designed for public use, complicating agency management of those lands.[34] And researchers have also noted that the wildland-urban interface is an area of widespread habitat fragmentation,

[33]In addition to housing, other types of infrastructure are located in the wildland-urban interface, including power lines, oil and gas wells, and campgrounds and other recreation facilities.

[34]GAO, *Proposed Easement Amendment Agreement between the Department of Agriculture and Plum Creek Timber Co.*, B-317292 (Washington, D.C.: Oct. 10, 2008).

introduction of invasive species, and biodiversity loss, further adding to the agency's land management challenges.

The aging of the federal workforce. Earlier this year we reported on the looming challenge facing federal agencies as retirements of federal workers threaten to leave critical gaps in leadership and institutional knowledge.[36] In fact, we reported that about one-third of federal career employees on board at the end of fiscal year 2007 were eligible to retire by 2012, a trend especially pronounced among the agencies' executives and supervisors—with nearly two-thirds of career executives projected to be eligible for retirement by 2012. Facing such a potential exodus of its most experienced employees, the Forest Service—like other federal agencies—will need to focus on strategic workforce planning to help forecast who might retire, when they might retire, and the impact of their retirement on the agency's mission and, using this information, develop appropriate strategies to address workforce gaps.

Our nation's long-term fiscal condition. We have reported that our nation, facing large and growing structural deficits, is on an unsustainable long-term fiscal path.[36] As a result, all federal agencies may be called upon to carry out their responsibilities with static or even shrinking budgets over the long term—making it especially important that the Forest Service address the challenges we have identified and ensure that it is spending its limited budget effectively and efficiently. Effective and efficient spending will also be critical in the short term, as the agency identifies projects to undertake with funds provided under the American Recovery and Reinvestment Act of 2009.[37]

Concluding Observations

Mr. Chairman, these issues are not new. In fact, not only are we repeating many of the same issues we have brought up over the years, but some of our concerns date back well over a decade. The Forest Service's mission is, without question, a difficult one: managing millions of acres of diverse lands for often competing purposes while ensuring that current uses do

[36]GAO, *Older Workers: Enhanced Communication among Federal Agencies Could Improve Strategies for Hiring and Retaining Experienced Workers*, GAO-09-206 (Washington, D.C.: Feb. 24, 2009).

[36]See, for example, GAO, *Long-Term Fiscal Outlook: Long-Term Federal Fiscal Challenge Driven Primarily by Health Care*, GAO-08-912T (Washington, D.C.: June 17, 2008).

[37]Pub. L. No. 111-5.

not impair long-term productivity. This is an enormous and complex task, and we do not seek to minimize its difficulty. Nevertheless, the repetitive and persistent nature of the shortcomings we and others have surfaced over the years points to the Forest Service's failure to fully resolve—perhaps even to fully grasp—its problems. Absent better data, better internal controls and accountability, and a more strategic approach to wildland fire, the agency cannot hope to improve upon its performance—and may ultimately be unable to respond effectively to the new challenges it faces. If, on the other hand, the Forest Service is to face these challenges head-on, it will require a sustained commitment by agency leadership to rooting out and resolving the agency's long-standing problems. As a new administration takes office and begins to chart the agency's course, it will be important for Congress and the Forest Service to remain vigilant in focusing on these issues.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

GAO Contacts and Staff Acknowledgments

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Related GAO Products

Wildland Fire

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Mr. DICKS. Phyllis, why don't you go ahead and provide your statement.

STATEMENT OF PHYLLIS FONG, OIG

Ms. FONG. Thank you, Mr. Chairman, Mr. Simpson, and members of the subcommittee. We appreciate the opportunity to come up here and talk to you a little bit about the work that we have done vis-a-vis the Forest Service and its programs. I know you have my full statement, so I will limit my comments to a brief summary of the key work that we have done on wildland fires and some soon-to-be-released work that we have in progress.

I will just note for the record that we have 14 audits currently in process pertaining to Forest Service, and a number of those reports will be rolling out in the next few months, and we will be sure to provide those to you.

I would like to spend a few minutes on our views on recent wildfire management issues at the Forest Service. We have looked at a number of aspects of that. First off was our work evaluating Forest Service's large fire suppression costs, and our primary recommendations were that the Forest Service should allow its staff to concurrently manage wildland fires for both wildland fire use as well as suppression. We felt that that was a very significant and critical ability that the Forest Service managers needed to have in order to most cost effectively use their resources.

We are continuing to discuss this issue with Forest Service. We believe that they are making progress on this towards more effective fire suppression policies. We have noticed that their incident command leaders now have more flexibility to change management approaches to fire during the suppression stage, and they are now, they have the authority to evaluate the fire to determine what is the most cost-effective approach.

We also note that Forest Service is in the process of looking at how it measures success in efficiently suppressing wildfires and also how it reviews large fire suppression costs. They have developed an inter-agency large fire cost review guide in conjunction with other agencies, and they are now using that guide.

The second update we want to provide is on the Healthy Forest Initiative. We had issued a report a number of years ago where we found that Forest Service lacked a consistent process for assessing wildland fire risk and the benefits of fuels treatment programs and, again, we are seeing some progress in this area. Forest Service reports that it is now in its third year of using a prioritization process for determining where it puts its hazardous fuels reduction resources, and we understand from the Forest Service that their headquarters office is keeping a tighter control on this process, vis-a-vis its regional offices. And they are also using prioritization initiatives to develop and allocate their budget in this program.

So in light of those policy changes, we feel that we do need to keep an eye on this. We will be planning oversight work on this program this year to make sure that things are moving as they should be.

WILDLAND FIRE: AERIAL RESOURCES

Finally, with respect to wildland fire issues, we want to note that we are doing some work on Forest Service's air safety and aerial resource issues. We had done a couple of audits a few years ago on the Air Safety Program, and we believe that Forest Service has taken some steps to implement some of the safety recommendations that came out of those audits.

The issue that we see on the table now is that the Forest Service must focus on the advancing age of its firefighting air tanker fleet. By its on estimation the Forest Service believes that by 2012, their fleet of air tankers will become exceedingly expensive to maintain or no longer airworthy.

And so to assist the Forest Service and the Congress in considering this issue, we are about ready to issue an audit on our evaluation of this program. The Forest Service feels very strongly it needs to replace its aerial fighting resources, and that will involve a significant cost to the Forest Service to do that as these air tankers do cost a lot of money. We will get that report to you as soon as it is issued.

ACCOUNTING

In terms of financial statements, I know that is an issue of interest to the committee. We as, you know, perform the financial statement audit through KPMG every year, and I just would like to note that in 2008, the most recent year, the Forest Service was able to sustain its unqualified opinion. It is continuing to make progress on its financial management reporting. It does have issues that need to be worked on. The information technology area is one such area, timeliness of reporting, and accuracy of reporting is also an issue that they need to work on. But we do think that looking back over the course of the last 10 years the Forest Service has made progress in this area.

In terms of pending audits that we have going, vis-a-vis the Forest Service, we are looking at firefighting succession plans, because we recognize that human capital is a significant challenge in the Forest Service. We need to come up with recommendations for the Forest Service to assist them in addressing the severe shortage of qualified firefighters that they are facing, with the aging of their workforce, and mandatory retirement.

We are also continuing to look at the issue of safety of firefighting personnel to determine whether the Forest Service has adequately implemented some of the recommendations that we have made in a number of our audits to ensure that their firefighters are safe when they go out and do these critical jobs.

On the investigation side of our house, we have a number of open investigations pertaining to Forest Service. The Esperanza fire is perhaps the most significant investigation that we have ongoing right now.

So in conclusion, I just want to note that we appreciate the support of this subcommittee for our activities. We recognize that we have some challenges ahead of us in terms of oversight of the stimulus funding that the Forest Service has received. We appreciate your support in providing resources to us to do that oversight, and

I want to assure you that stimulus oversight is an issue that we will be spending quite a bit of time on in the next few years.

So I thank you for your attention and welcome your questions.

[The statement of Phyllis K. Fong follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

STATEMENT OF THE HONORABLE PHYLLIS K. FONG

INSPECTOR GENERAL

Before the

SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE of REPRESENTATIVES

MARCH 11, 2009

Good morning, Chairman Dicks, Ranking Member Simpson, and Members of the Subcommittee. Thank you for inviting me to testify about our work at the U.S. Department of Agriculture (USDA) Office of Inspector General (OIG) regarding the U.S. Forest Service (FS). Conducting oversight of FS' vast operations and programs is an important responsibility for OIG. Our audits and investigations of FS' vital activities and programs are frequently among the highest profile work we do each year with respect to congressional and public interest. Before beginning my testimony, I would also like to express the high regard that OIG has for the valuable natural resource stewardship work of FS officials and employees across the country. I particularly appreciate the cooperation provided by FS officials and staff to our auditors and investigators as we carry out our oversight responsibilities.

I will begin my testimony with an overview of the plan my senior managers and I have developed to conduct oversight of FS' activities that will be funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act).[1] I can advise the Subcommittee of several specific audits we will conduct pursuant to FS' Recovery Act programs. As requested by the Subcommittee, I will then present an update on recent OIG work involving FS' wildfire management issues, discuss some of the more noteworthy audits we now have underway or planned, and provide information on our major investigative activity in the past year.

I. OIG Oversight for FS Activities Funded by the Recovery Act

A. Recovery Act Oversight: OIG Planning

As you know, the Recovery Act provided FS with $650 million for Capital Improvements and Maintenance and an additional $500 million for Wildland Fire Management. The Recovery Act provided supplemental funding to OIG for oversight of USDA's stimulus activities, including guidance that a portion of the funds be used for oversight and audits of FS stimulus programs, grants, and projects. We appreciate the efforts of the Chairman, Ranking Member, and Subcommittee Members to ensure that our office would receive supplemental funding to meet our FS oversight responsibilities under the Recovery Act.

[1] H.R. 1, Public Law 111-5, February 17, 2009.

The Recovery Act creates a vital oversight role for the IG community, and I can assure the Subcommittee that our office is actively engaged in planning to meet our responsibilities with respect to FS' stimulus-funded activities. Our emphasis for FS (and all USDA agencies in our jurisdiction) will be taking proactive measures to make sure the vast public funds involved are properly expended and utilized. We have developed a number of actions to enable OIG to provide timely and effective oversight of FS' Recovery Act expenditures. Our oversight plan is, of course preliminary, since we will regularly make adjustments as FS develops its own plan for using its Recovery Act funding and begins to spend the monies.

In anticipation of the Act's passage, we began reviewing FS' implementation of agreed-to OIG audit recommendations for programs that will receive Recovery Act funding. In recent years, we have made recommendations affecting many of the FS programs receiving such funding. We are conducting analyses of our recommendations to determine if FS officials have fully implemented the corrective actions required and whether the agency's actions are proving effective in correcting past operational and programmatic weaknesses we identified.

We are conducting outreach to FS—including meetings with senior officials—to advise them of OIG's plans and to solicit their input on where our efforts would be most effective. OIG Audit officials are working with FS officials to review the agency's plan for its Recovery Act funds. As their plan is finalized, we will proactively monitor and evaluate FS' stimulus-related spending to reduce fraud, waste, and abuse. We will provide FS officials with information on oversight "best practices" as they are developed. For example, we have provided FS with a recently issued guide to grant oversight and best practices for combating grant fraud.

The second phase of our Recovery Act oversight plan for FS will involve developing new audits to review various aspects of the agency's programs receiving stimulus funding. (Several such Recovery Act-related audits are described in subsequent sections of this testimony.) OIG's review of FS' Recovery Program Plan may lead to further targeted oversight initiatives. We anticipate that a final phase of audit work will evaluate the determinations FS makes about the effectiveness of its stimulus activities by analyzing FS performance measures with respect to outcomes.

On the Investigations side of OIG, our agents will increase the fraud awareness briefings we conduct for FS (and other USDA agency) personnel and distribute information to program stakeholders on our investigative capabilities and the avenues available for citizens to report stimulus-related fraud.[2] OIG fraud alert memoranda to USDA agency personnel will highlight fraud schemes attempted in other Federal entities to raise awareness levels. We will investigate any allegations of program, grant, and contract fraud that may arise in FS' stimulus-funded activities. OIG's Hotline can be a source of information on potential criminal activity affecting FS' stimulus activities. Each month, our Hotline staff receives approximately 275 contacts and performs an initial assessment of the complaints and allegations to determine the level of OIG investigative inquiry that is warranted. Upon assessing our investigative results for USDA's stimulus activities, we will work to ensure that entities involved in criminal or serious misconduct are held accountable via criminal and/or civil prosecution, asset forfeiture, agency fines, and administrative sanctions (suspension/debarments, etc.).

B. Recovery Act Oversight: Specific OIG Reviews of FS Programs

We will begin our active monitoring of FS' Recovery Act activities by following up on two audits that we have previously presented to the Subcommittee. These are Large Fire Suppression Costs and the Healthy Forest Initiative.[3] I would like to advise the Members of our observations regarding the responsive actions FS has taken regarding these audits—and what further steps should be taken—since we testified before the Subcommittee last year. First, with respect to our Large Fire Suppression Cost audit, we recommended that FS should:

- Modify current polices to allow concurrent management of wildland fires for both Wildland Fire Use[4] (WFU) and suppression; transitioning between WFU and suppression; and managing wildfire suppressions to accomplish fuel reduction;

[2] OIG fraud awareness briefings are provided to entities such as agencies, contractors, gra ntees, and research facilities.
[3] Forest Service Large Fire Suppression Costs. OIG report 08601-44-SF, November 2006. Implementation of the Healthy Forests Initiative. OIG report 08601-6-AT, September 2006.
[4] Wildland fire use – The management of naturally ignited (usually by lightning) wildland fires to accomplish specific pre-stated resource management objectives in predefined areas outlined in a Fire Management Plan.

- Develop better reporting and assessment mechanisms for accurate evaluations of agency fire suppression activity and further develop procedures and training for FS staff who perform the reviews.

We have reviewed FS policy changes and discussed these issues with agency managers. We believe FS is making progress towards more effective fire suppression practices. Since a small number of large fires consume most of the suppression budget, FS has advised OIG that it is working on a fundamental shift in its management approach and practices for WFU and suppression. Specifically, Incident Command (IC) leaders now have flexibility to change their management actions under a program of Appropriate Management Response.[5] Additionally, FS has increased its training not only for IC staff but also for land managers who interact with the IC staff.

FS is in the process of implementing new practices to re-evaluate the amount of resources committed to large fires, assess the probability of success, and re-allocate resources to areas and incidents where the resources may have a greater impact. FS has also been developing software, management processes, and scientific tools to better measure its success in effectively and efficiently suppressing wildfires. FS has changed how it reviews large fire suppression costs. Specifically, OIG worked with FS to develop a guide for personnel conducting large fire suppression reviews. This guide—*Interagency Large Fire Cost Review Guide (July 2008)*—has been adopted as the national inter-agency guide for conducting large fire suppression reviews by the Wildland Fire Coordinating Group.

The second update I would like to provide for the Subcommittee pertains to our audit of the Healthy Forest Initiative (HFI), in which we determined that FS lacked a consistent analytical process for assessing the level of risk that communities face from wildland fire and determining if a hazardous fuels project is cost beneficial. We also found that FS had not developed specific national guidance to weigh risks and benefits of fuels treatment and restoration

[5] Any specific action suitable to meet Fire Management Unit (FMU) objectives. Typically, the AMR ranges across a spectrum of tactical options (from monitoring to intensive management actions). The AMR is developed by using FMU strategies and objectives identified in the Fire Management Plan.

projects. Since the release of our HFI audit, OIG Audit personnel have communicated regularly with FS management regarding their actions on our recommendations and those contained in a subsequent Government Accountability Office (GAO) report.[6]

In response to the recommendations of OIG, FS has started refocusing its approach to hazardous fuels. Currently, FS is in its third year of hazardous fuels prioritization. For the second time, FS' Headquarters office is mandating the use of its prioritization model or an equivalent. FS is beginning to use the Fire Program Analysis (FPA) program to identify and prioritize hazardous fuels projects. FPA is also being used for formulation and allocation of FS' budget.

In recognition of the policy and programmatic changes FS has conveyed to OIG and the Recovery Act's increased funding for hazardous fuels reduction, we plan to revisit the FS hazardous fuels program. At the current time, we plan to begin a new hazardous fuels audit in the spring. Our objective will be to assess the agency's progress on prior recommendations and the effectiveness of any relevant new FS initiatives. This audit will also include our monitoring and oversight of hazardous fuels funds allocated to FS by the Recovery Act.

To provide responsive oversight of the $650 million provided by the Recovery Act for FS for capital improvement and maintenance, we have added a review of this subject area to our fiscal year 2009 audit plan. In two previous OIG audits of FS capital improvement and maintenance operations, we identified areas needing improvement. These included (1) better methods of compiling maintenance backlog information; (2) inventorying all infrastructure on National Forest System (NFS) lands, and (3) implementing controls to ensure that operations and maintenance plans are prepared. This audit will follow up on our previous recommendations and evaluate FS internal management controls for the Recovery Act funds used for capital maintenance and improvement activities.

FS Administration of Grants

As part of the $500 million available to FS for Wildland Fire Management, the Recovery Act

[6] Wildland Fire Management, GAO-07-1168, September 2007.

provided FS $250 million for grants to fund projects located on State and private lands; up to $50 million of this amount may be used to fund wood-to-energy grants to promote increased utilization of biomass. A previous OIG audit of FS' Renewable Energy Program[7] found FS controls over the woody biomass grant program were inadequate to ensure that the grant funds were spent for their intended purpose.

We will conduct audits of biomass utilization grants in two phases. For the first phase, we will determine whether FS has established proper internal controls, selection and eligibility guidelines, oversight procedures, and reporting requirements in accordance with Recovery Act and Office of Management and Budget (OMB) guidelines. For the next phase, we will audit FS' controls over its administration, funding, and monitoring of approved biomass grants to non-Federal entities.

C. Recovery Act Oversight: Reporting OIG's Activities and Results

The closing comment I would like to offer regarding our preliminary oversight plan at USDA OIG pertains to our recognition of the importance of timely reporting about stimulus- related activities. Fulfilling our reporting obligations under the Recovery Act will assist FS officials and congressional oversight committees in carrying out their responsibilities. We will alert FS officials to program integrity and efficiency problems as quickly as possible to expedite corrective actions. We will incorporate the Recovery Act's new requirements regarding whistleblower complaints into our semi-annual reports to Congress. As provided by OMB guidance, OIG will separately report our use of Recovery Act monies and other funds for stimulus-related activities in our reports and "Recovery.gov" submissions.

II. Reviewing FS' Aerial Resources Programs, and FS Financial Statements

Assessing FS' Air Safety

I would like to provide followup information to the Subcommittee regarding an issue we discussed in last year's hearing—our audit of FS' Air Safety Program.[8] We reported that FS

[7] Forest Service's Renewable Energy Program. OIG report 08601-52-SF, August 2008.
[8] Forest Service Air Safety Program. OIG report 08-010048-SF, February 2008.

has assumed the maintenance responsibilities and airworthiness evaluations for its aircraft, but faced technical and resource challenges in performing them. FS has made strides toward improving its air safety program, but the agency still needs to develop and implement an airworthiness assessment, inspection, and maintenance program geared towards the particular demands of the firefighting flight environment.

Since our audit was issued, FS has implemented an improved air safety program. FS' air safety program incorporates the recommendations from the National Transportation Safety Board reports and the Blue Ribbon Panel report on FS aviation.[9] Since implementation of its enhanced program, FS has suffered no losses of fixed-wing airtankers due to in-flight structural failure. FS is continuing to work on improving its safety program to include rotor wing aircraft and aircraft loaned to States under the Federal Excess Personal Property program.

However, under the current circumstances, FS' air safety program may expect to have success for only a limited amount of time. The airtankers currently being used by FS are 40 to 60 years old. These airtankers are accumulating flight hours at a rate four to five times greater than the annual rate airtankers experienced 30 years ago. Under these circumstances, even the best air safety program cannot reasonably be expected to be able to continue to protect the public and FS employees from accidents. We will soon issue a new report that will discuss the agency's program to address some of these concerns. (Discussed below).

FS Replacement Plan for Firefighting Aerial Resources

We are currently nearing completion of an audit that examined FS' plan for replacing its firefighting aerial resources. Our audit evaluated FS' overall plan for procuring new airplanes and helicopters for its aerial firefighting program. Over the next decade, FS plans to modernize its firefighting aircraft, particularly its airtanker fleet. Airtankers are key resources because they can fly to remote areas and quickly contain small fires before they become larger, costlier, and more dangerous. In 2002, FS had 44 airtankers, but lost more than half in 2004 after they

[9] NTSB's "Safety Recommendation" (April 23, 2004). The Blue Ribbon Panel was jointly commissioned by FS and the Department of Interior's Bureau of Land Management. The panel's analysis covered the aviation safety programs of both agencies.

were grounded due to safety concerns. FS estimates that by 2012, the remaining 19 airtankers will begin to be either too expensive to maintain or no longer airworthy. Unlike other aircraft that FS can obtain via leases, FS will likely have to purchase airtankers due to the lack of manufacturers willing to lease them. According to FS, replacing airtankers alone will cost up to $2.5 billion.

Forest Service Sustains Unqualified Opinion on its Financial Statements

Pursuant to the Chief Financial Officers Act of 1990 and OMB guidance, OIG is responsible for an annual audit of FS' financial statements to obtain reasonable assurance that they are free of material misstatements. In FY 2008, FS sustained its unqualified opinion on its financial statements. FS continued to make progress in its financial management and financial reporting. The agency made sufficient progress in addressing its material weakness in the area of information technology (IT) that the auditors downgraded it to a significant deficiency. FS made progress in the areas of vulnerability assessments, change control, security certification and accreditation, and segregation of duties. These improvements allowed the material weakness to be downgraded. However, to sustain this progress, FS needs to continue improving its information security program.

III. OIG Audits of FS in 2009: In Process Reviews

OIG currently has 14 audits underway of various FS programs and activities. In addition to the aforementioned Firefighting Aerial Resources audit, I would like to describe several of the most significant reviews we are working on. We will provide each audit report directly to the Subcommittee upon completion.

Evaluating FS Processes to Obtain and Grant Rights of Way and Easements

FS manages thousands of easements, which can provide access to private land through a National Forest and access to a National Forest, by going through State, local, or private land. Concerns arose in one State in 2008 regarding an FS proposal to clarify an easement agreement between the agency and a major private landowner. The FS proposed easement clarification gave rise to legal, policy, and procedural issues such as access rights of owners,

road uses and development within NFS lands, public input, and the potential impact on county infrastructure and fire protection. OIG has recently initiated an audit to determine if FS is both properly obtaining rights-of-way and easements (ROW&E) necessary to manage Federal lands and properly granting and modifying ROW&E in accordance with laws, regulations, and the best interests of FS.

FS Firefighting Succession Plans

FS and other firefighting agencies are facing a severe shortage of qualified firefighters as the workforce gets older and firefighters face mandatory retirement. With this in mind, we initiated an audit to determine what actions FS was taking to address this situation. Specifically, the audit will determine whether FS has adequately planned for the timely replacement of its critical wildfire suppression personnel as retirements increase and fewer of its personnel volunteer for fire suppression duties due to concerns over safety, liability, and other factors.

Followup on Prior OIG Firefighter Safety Audits

We are currently following up on our two previous audits that addressed the safety of firefighting personnel: FS' Firefighting Safety Program[10] and FS' Firefighting Contract Crews.[11] In both reports, we found deficiencies in documentation supporting firefighters' training and qualifications. Instances of missing documentation included the "Task Books" that firefighters usually receive after completing prerequisite training courses. The task books provide verification that firefighters have satisfied rigorous on-the-job training requirements. Also, we found that FS was not monitoring implementation of recommendations from wildfire accident reports. The audit will determine whether FS has adequately implemented the corrective actions to which it agreed in response to OIG's audits. We have just begun work on this review.

[10] Forest Service Firefighting Safety Program. OIG report 08601-38-SF, September 2004
[11] Forest Service Firefighting Contract Crews. OIG report 08601-42-SF, March 2006.

IV. OIG Investigations

Investigations into potential criminal violations and incidents of serious misconduct are also an important element of OIG's oversight of FS activities and operations. During the past year, we have been engaged in an array of investigative work related to FS, with extensive involvement in wildland fire and personnel misconduct investigations. In FY 2008, OIG's Office of Investigations (Investigations) initiated 20 investigations related to FS. Our investigative results for the fiscal year included obtaining 8 indictments, 7 convictions, and $8.6 million in monetary results. Of course, other investigations we initiated related to FS operations and programs in FY 2008 or prior years are still being actively worked by OIG special agents.

Wildland Fire Investigations

An important responsibility for Investigations is our statutory duty to conduct independent investigations of any FS firefighter deaths that "are caused by wildfire entrapment or burnover."[12] To fulfill our investigatory responsibilities, we have developed a Wildland Fire Investigation Team (WFIT) comprised of eight investigators who undergo extensive training. Each member of our WFIT has attended the Basic Fire Academy (operated in coordination with Boise State University in Idaho) and several members have attended the Serious Accident Investigations Course sponsored by the Bureau of Land Management. Our WFIT members have visited active forests fires independent of any OIG investigation to obtain additional experience. Since our last appearance before the Subcommittee, Investigations has been working to conclude two wildland fire investigations involving FS firefighter fatalities: the long-standing Thirtymile Fire investigation and the Esperanza Fire investigation.

As the Chairman will recall, the Thirtymile Fire occurred in July 2001 in the North Central area of Washington State. Four FS firefighters were killed after their fire shelter deployment site was burned over in the Chewuch River Canyon, 30 miles north of Winthrop, Washington. The statutory requirement for an independent OIG investigation had not been established at that time. Our investigation into the events surrounding the loss of life was initiated in July 2003 at

[12] Public Law 107-203, July 24, 2002. 7 U.S.C. 2270(b)-2270(c).

the request of the United States Attorney for the Eastern District of Washington. OIG's investigation found that the Incident Commander (IC) made false statements about his lack of proper instructions to the firefighters about their positioning as the fire approached and whether a fire engine assigned to fight the fire had checked in with him, as required. (The captain of the engine properly did so.) The IC pled guilty in 2008 to two counts of making and delivering a false statement in an official writing. In August 2008, the IC was sentenced to serve 90 days in a work release facility and to refrain from participating in firefighting activities with any agency.

Our second active wildland fire investigation in 2008 was the Esperanza Fire that began on October 26, 2006, near the town of Cabazon in Southern California. The fire burned in excess of 41,000 acres and destroyed a total of 54 residences and outbuildings. Shortly after the fire began, five FS firefighters were entrapped while deploying to protect a private residence on a hilltop. Three of the FS firefighters lost their lives at the site when a burnover occurred. Two other firefighters were critically injured and later died at the hospital as a result of their injuries. This investigation presented a unique challenge for our WFIT. It was the first instance since enactment of the public law in which FS personnel were not in charge of the incident command when the fatalities occurred. The fire occurred on non-Federal land, and FS was assisting in the suppression effort as part of a cooperative agreement with the California Department of Forestry and Fire Protection, an entity for which OIG has no oversight jurisdiction.

The cause of this fire was determined to be arson by local and Federal law enforcement officials and FS. The individual alleged to have deliberately set the fire was charged by the Riverside County District Attorney's Office with 5 counts of murder (capital offenses), 11 counts of arson, and 10 counts of using incendiary devices to start fires. The trial was held in Riverside County Superior Court in California; closing arguments occurred on February 26, 2009. We expect to issue our investigative report to Congress by the end of this month, and will, of course, provide it directly to the Subcommittee.

Other OIG Investigations Involving FS

Within the last year, OIG has completed several investigations involving FS personnel. I will briefly mention two such investigations that demonstrate the different types of fraud cases that arise involving FS programs and employees.

In December 2008, a former FS employee in Washington, D.C., was sentenced for embezzling nearly $300,000 from FS. While employed by FS as a management analyst, the employee claimed overtime and holiday pay for hours she did not work. The investigation disclosed that the employee began defrauding the Government in 2005 by approving her own time and attendance reports without the knowledge of her supervisors. The former employee pled guilty to conversion of public money and was sentenced to 18 months of imprisonment, 36 months of supervised release, and ordered to pay $282,000 in restitution.

Another OIG investigation disclosed that a former FS firefighter in Los Angeles, California illegally used his Government-assigned purchase card for personal use by charging over $31,000 worth of personal items. The former firefighter was on a medical leave of absence from his duty station at the time these charges were made. The former employee pled guilty to theft of Government funds and was sentenced in February 2009 to 60 months of probation, 25 hours of community service, and ordered to pay $5,000 in restitution to USDA.

This concludes my statement. I again want to thank Chairman Dicks and Members of the Subcommittee for the opportunity to present testimony on behalf of OIG. I would be pleased to address your questions.

FINANCIAL STATEMENTS

Mr. DICKS. I can remember a time when the Forest Service's financial statements were such a high-risk item that some here on the Hill, including myself, talked about putting the Forest Service into receivership as was done for the District of Columbia. Now you indicate that a lot of progress has been made. Can you please summarize some of the trends you have seen on financial management of the Forest Service?

I get the impression that they are improving, but they still have a way to go in order to be able to clearly demonstrate what they are doing with the money they receive from the Congress, how it is spent, and actually to balance their books at the end of the year.

How would you react to that?

Ms. NAZZARO. Well, one area we have seen improvement is that they are getting clean audit opinions, however, that is only one aspect of financial accountability.

Mr. DICKS. Yes. Well, explain that, because, you know, we had NAPA come in. This was something that Mr. Regula liked to do, and the National Association of Public Administration, and they took a look at their situation, and the committee tried to move them, obviously——

Ms. NAZZARO. Uh-huh.

Mr. DICKS [continuing]. But explain that. I think that is an important distinction. You can get a clean audit but still not be there. Is that not what you are saying?

Ms. NAZZARO. Well, I guess the easiest way for me, who is not an accountant——

Mr. DICKS. Right.

Ms. NAZZARO [continuing]. To try to understand it is that you can have the data but then what you do not have is a reasonableness of the cost analysis that is being performed using that data. So that is where there is still a problem, and apparently it has been described that in some cases to get that clean audit opinion they actually went through what they use the term historic efforts. So apparently you can go in and actually adjust the data to get that clean audit during the audit.

Again, like I say, I am not an accountant, so I am not exactly sure how that works, but it is my understanding that you can go in and do some clean up of the data, and they have done that in the past, which has enabled them to get this clean audit opinion.

But our concern is that that is only part of the picture, that then it is how you use this data and some of the analyses that are being done do not necessarily get that same clean opinion.

Mr. DICKS. Phyllis, do you want to give us——

Ms. FONG. Yeah. You know, I think Robin, you are right. The way we look at it is, Mr. Chairman, you are also correct. Way back ten years ago the Forest Service was not even able to get an audit of its financial statements because the data just were not adequate to be audited. We are now at least at the point where we can audit the books, but you are correct that a financial statement audit is really a snapshot in time, you know. As of September 30 we are going to look at your books and do the books balance, is there support for your transactions, what do you need to do to make that

happen? And the Forest Service has engaged in heroic efforts, they have had tremendous leadership and will in this area. They made it a priority to get a clean audit opinion.

Now that being said, there are still processes that they need to clean up. They need to be able to have good data all the time on a timely basis. They need to have good accounting processes.

Mr. DICKS. Is there IT equipment suitable to do that?

Ms. NAZZARO. I know they have IT systems, and I know that they are trying to upgrade a number of those. There are some issues with IT security, which impact the financial statements, and we have pointed out a number of those as a significant deficiency for the Forest Service. They need to make sure that the data that is maintained in their systems are secure, that there are not people going in there who have the ability to change that data in an unsecured way. Those kinds of system weaknesses we are focusing on.

WILDFIRE PROGRAM MANAGEMENT

Mr. DICKS. Going to the wildfire program, you know, there has been an escalation. The '90s it was like 13 percent of the budget. Now for both the Forest Service and BLM it is close to 50 percent of the budget. That is very concerning to us, and we are also concerned about, you know, you say they do not have a strategy, I think that was in your statement, that they do not have—or maybe it was your statement. They do not have a strategy for how they are going to deal with wildland fires and suppression.

And in several of your audits you asked them, you have urged them to do this. Why are they resistant to writing down on paper or in the computer what their strategy is? I mean, why do you think they have not done this?

Ms. NAZZARO. Well, initially they did concur with our recommendations, and we thought that they were working toward that strategy, and then after a few years when we still were not seeing much progress, that was where we asked them then to come up with a tactical plan that would lay out for you, you know, as well as us a timeline that they would do that and what it would cost.

They still have not gotten to that point, and what they tell us is that, you know, the conditions change every year, so to develop a strategy that says this is today's condition and here is how we are going to proceed, they feel that it would not be relevant, you know, two years down the road, then a huge investment.

We see it more like an investment strategy, that you—it is something that you would tweak from time to time, but you go in at least laying out what are your options, and then with those options what are the costs going to be. So at least when you are making the decisions particularly in a limited-budget environment, you can decide that you are going to get the best payoff for those funds that you are committing at that time.

Mr. DICKS. Our staff thinks that they are stuck, this is stuck at OMB for some reason, that OMB has not allowed them to come forward with this strategy. Is that accurate or——

Ms. NAZZARO. Well, we did hear that at one time.

Mr. DICKS [continuing]. Is there a speculation——

Ms. NAZZARO. At one time the agency did tell us that the reason that they could not provide these numbers, they could not actually lay out a strategy and then assign a budget to that was because OMB was not allowing them to do it. We met with the budget examiners at OMB and said, you know, what gives? You know, I have done work at other agencies over the years, and I know DOE sets up a budget for their long-term clean-up strategies, so I did not see this as being any different. OMB said that they had no problem with it.

Mr. DICKS. Okay. Well, that is good to know.

Mr. Simpson.

Mr. SIMPSON. Thanks, Mr. Chairman. I am not sure I know how to ask any of these questions, because it seems like there is obviously a huge problem out there.

When we talk about wildfires, you mentioned that the number of acres burned is up 70 percent, and the budget is about doubled from $1 billion to $2.2 billion. So I guess with the number of acres burned increased by 70 percent, it is not surprising that the budget is doubled.

When you talk about a fire strategy, to sympathize with the Forest Service just a little bit, they are right in that when a fire breaks out, you do what you have to do to try to contain it, to put it out, to protect communities, whatever. How do you plan a fire suppression, or when you say a fire strategy, what do you mean exactly?

Ms. NAZZARO. We would want it to take into——

Mr. SIMPSON. I mean, my best fire strategy is have no wildfires. I cannot plan that, though.

BALANCING FUELS TREATMENT AND SUPPRESSION

Ms. NAZZARO. Well, but we think maybe there is an opportunity here. What we want them to look at is all aspects of the fire, not just suppression but also what you do as far as fuel treatments and vegetation management. And is there a point in time where if you spent more on the fuel reduction activities that you would see a reduced cost or the severity of fires which ultimately would result in reduced costs? So we would like them to look at various options.

Now, it may be cost prohibitive. You know, we are not saying that you are going to see the immediate savings as far as dollars——

Mr. SIMPSON. Right.

Ms. NAZZARO [continuing]. And severity of fire because you also have these other competing demands now or other factors like climate change that could also exacerbate the situation. But we feel at least you should come up with options. If we spent X amount of dollars in vegetation management over the next 10 years, what is that going to result in? Are we going to see finally that we have hit that point where there may actually be less severe fires, and it will cost us less for the fire suppression activities.

Mr. SIMPSON. Well, and I understand that, and then I, you know, I think, man, we have got so much fuel on the ground out there, and how can we reduce that fuel, and then I go stand on top of a mountain and look out across the forests in the west. You are not going to—what is going to reduce the fuel, quite frankly, is fire, be-

cause I mean, these are huge. There is not enough money in the United States to go out and do fuels reduction across these forests in the United States. Can you do it around communities to help protect them so that when a fire occurs, it is less likely to cause property damage and those types of things? I thought that was what the Healthy Forest Initiative and the Forest Service was supposed to be doing now.

And also, I understand that whenever they plan a fuels reduction program in a particular area, that oftentimes, at least in some areas, that they are held up because of lawsuits, and they cannot go in and do them. And add to that a fire comes along, and we transfer the budget that was used for, that was going to be used for fuel suppression in the next year into the fire reduction or fire suppression, and we never get the money into the fuels reduction program. And that seems to be a problem.

Ms. NAZZARO. Well, we were talking about this yesterday, and it does seem, I mean, everything is so interrelated.

Mr. SIMPSON. Uh-huh.

Ms. NAZZARO. But how in these current economic times what came to mind with us is what we are doing with bailing out the banks. It is almost like the Forest Service is too big to fail.

Mr. SIMPSON. Yeah.

Ms. NAZZARO. You know, these fires come. We have no choice. We have to, you know, we focus on suppression. In the spring I am here every year, we are talking about budget, and in the summer we are talking about saving houses, saving peoples' lives. You know, at some point you have to decide how are we going to get a handle on this, or are we just going to let it continue to go on? You know, and we think the smarter approach is to have a strategy, so at least we are consciously, and it may be that the costs are going to continue for a number of years, but at some point—will we ever be able to get a handle on it?

The cost of fighting fires, the severity of the fires are going up every year.

Mr. SIMPSON. Yeah.

Ms. NAZZARO. Is that just going to be a fact of life? And then the way that they have been estimating, doing the 10–year average, it is never enough. So as you mentioned, you know, then you are borrowing from other accounts, which, you know, always does not get paid back as the example Mr. Cole brought up last week.

IS PLANNING POSSIBLE?

Mr. SIMPSON. Well, and it is, you know, I understand to some degree the frustration of the Forest Service. It has become the Fire Service. Forest Service in trying to develop a strategy here. I go hiking out here, and all of a sudden you can see trees where you have got the bark beetles that have burrowed in because the temperatures have not been cold enough to kill them, and you know that two or three years from now that is going to be a dead tree, and it is going to be central to a lightening strike and bam, there you go.

And how do you plan to address that? I honestly do not know, but I do understand the issue of trying to reduce the potential damage around communities and those types of things, and then,

of course, we have got the issue of more and more people are moving into the wildland urban interface that is causing more and more problems.

And we need to look at how we want to handle that, quite frankly, as a society, and you know, on one hand, it is costing us a bunch of money. On the other hand I understand why a guy likes to wake up and see the pine tree touching his house. It is a difficult, difficult issue.

Ms. NAZZARO. If I could just add——

Mr. SIMPSON. Sure.

Ms. NAZZARO [continuing]. You are right. I mean, and we do not want to minimize it, but also we do not want to make recommendations that are not doable. So, I mean, this is something that we talked with the agencies, not only the Forest Service but Department of Interior about at the time we did our work, and actually they had had a group that was trying to come up with something like this. So the agency does think it is doable. Like I said, they did agree with our recommendations.

So I think it is feasible. You get people who are knowledgeable about strategies for fighting fire and what works and understands how much vegetation is out there and how these activities could certainly help the problem. But part of the problem is that they do not have adequate data on all of these, you know, so I do not know, you know, what formulas you would plug in.

But I do think they think it is reasonable to try to get a handle on it.

Mr. DICKS. You know, one thing that I think everybody should get in context is that 1 percent of the fires are the ones that are costing the money. One percent. So we are stopping the other 99 percent. And, in your comment you suggested that hazardous fuels removal may be too expensive. It would be one of those things you got to do because it is going to be more expensive. It is pay me now or pay me later. If you do the fuels removal, you have a better chance of reducing those fires or making them less severe. That is what I think. And I honestly think that the previous Administration just was unwilling to put the money up to do a robust forest health mitigation approach to this. And I think that is the only option you have got.

STRATEGY FOR SUPPRESSION, FUELS TREATMENTS, AND FIRE USE

And the other problem here, of course, is climate change. The fire season is now one month longer on both ends, and as you mentioned, with the droughts and with the bug infestation, that comes right from the climate change. You are going to have more severe fires, especially if you do not go in and clear out the understory.

Mr. SIMPSON. Well——

Mr. DICKS. So I think we have to look at a robust strategy here.

Mr. SIMPSON. And I do not disagree with you around communities, but if you are talking about reducing the fuel loads out in the middle of these forests where you stand on a peak and all you can see is forests for as far as you can see, there would be an argument to be made by many forest managers that one of our problems is we put out too many fires, in that when you do that all you do is build up the fuel underground. Dead trees fall over and pretty

soon there is tons per acre, and that increases the likelihood of catastrophic fires when they happen.

As you know they had a plan in Yellowstone, in our national parks, that they did not suppress wildfires until a fire came through Yellowstone, and everybody went, wow. We cannot do this. We got to go put it out. You go back today and look at where those fires burned Yellowstone, and there are trees coming up, there is more vegetation and wildlife there than there ever was. That is part of our natural cycle.

Mr. DICKS. But then sometimes we have not done enough on federal forestlands, we have a huge backlog of thinning work that needs to be done. When you do the thinning, the fires are less intense, and therefore——

Mr. SIMPSON. That is right.

Mr. DICKS [continuing]. You know, so that is one area. And also it helps to grow bigger, better trees that are going to be sinks for carbon sequestration.

Mr. SIMPSON. Yeah. I do not disagree with that.

Mr. DICKS. You know, to me there is a way to move forward here, and especially on the thinning aspect of this, which has not been done. Region six probably has the most forestlands of any region in the country, and we are way behind in thinning and doing the adaptive management kind of things that would make fires less intense.

Mr. SIMPSON. Yeah. I do not disagree with you, but again, I would state, you know, the idea that we are going to go out and thin all of these forests to try to make them less likely to have wildfires or catastrophic wildfires, there is not enough money in the United States to do that.

Mr. DICKS. Well, we have to look and see what the costs——

Mr. SIMPSON. It has got to be in certain areas. In fact, one of the big problems right now is that when you do thinning, guess what you put in there? A vehicle. You put a road in. And every one of these, I should not say every one, an awful lot of these programs to thin the forests are before courts right now because they get sued when they want to do a thinning project, even around a fuels reduction project, even around communities sometimes.

As I understand it the ones in Northern Idaho and Montana, every project, and I would have to check this out, I am not absolutely certain, but every project that has been proposed to thin around the forest has been sued. They have been sued on it.

So there are issues that we have got to address, and I am not sure that there is any one answer to this. I think it is a combination of all things, but I am not disagreeing with what you are saying, Mr. Chairman. I think we have got to do a better job——

Mr. DICKS. We have to have a strategy.

Mr. SIMPSON. Yeah. We do. I agree.

MANAGEMENT TRAINING WITHIN THE USFS

Let me ask you one other thing. The most devastating thing that I think I see in your whole report, your GAO report, is where you write, "The Forest Service has struggled to implement adequate internal controls over its funds, generate an accurate financial infor-

mation, and provide clear measures of what it accomplishes with the appropriations it receives every year."

I find that a devastating comment. If I cannot tell you what I am accomplishing with the budget, why should I ask for another budget? I mean, I do not think you could write anything more devastating about the way they handle their finances.

Have you ever looked at—it seems to me that within the Forest Service people are promoted up. Most people began in the Forest Service as a ranger, worker out on the forest , you know, and they move up. How much training do these people have in actual management as opposed to Forest Service management? Actual management.

And the reason I ask that, when I went to dental school, they taught us how to practice dentistry. They never taught us how to be small businessmen. You see an awful lot of dentists get out in the world and want to practice dentistry, they do not know diddly about how to run a small business and the implications of that.

I wonder if some of that is true with, I do not want to use the word inbreeding, but, you know, I mean, everything comes within the Forest Service and moves up. And if they would be sometimes more effectively managed with professional management, not necessarily someone that is a Forest Service individual, has anybody ever looked at that?

Ms. NAZZARO. We have not looked at that. Have you, Phyllis?

Ms. FONG. Not specifically but I can offer some comments on that.

Mr. SIMPSON. Sure.

Ms. FONG. We know that the Forest Service has a significantly large core of senior executives, and within USDA they spend quite a bit of time training and developing their executives. But given the nature of the mission, I think it is safe to say that most of their senior management do come from within the Forest Service because they have got the experience fighting fires, they know what the issues are, and it is very hard to transport somebody who has never done that into a senior-level position.

We, you know, just a comment on GAO's observation about the need for planning and good performance measures and strategic development, we also have noticed that, but we also see that as a trend within USDA as a whole. The department as a whole needs to have better strategic planning and better performance measures to really measure what they are doing. And so we have pointed that out as one of our management challenges for the department, as well as the Forest Service.

I do understand your comment about, you know, I am a lawyer. I was never trained to be a manager per se, and so when you hit that first management job, there are significant levels of challenges that an individual has to face. And the Forest Service is attempting to do that. They are attempting to train their people.

Mr. SIMPSON. With me it is, you know, we are kind of managers in the job we have. I am not an expert in every area. What I expect to get around me is people that are experts and then as a manager be able to listen to them and try to weigh the pros and cons. And management is different than knowing how to fight a forest fire or

how to manage a forest or anything else. Management is something that is substantially different, and just a thought. Anyway——

Mr. DICKS. The gentleman's time has expired.

Mr. Calvert. Mr. Olver suggested he wanted to wait a little bit, so we will go to Mr. Calvert.

Mr. CALVERT. Thank you, Mr. Chairman.

BUSINESS MANAGEMENT IN THE USFS

Just to carry on what Mr. Simpson was talking about, just a management culture. It seems to me from your testimony that that does not really exist within the Forest Service, I mean, to a significant degree, and I share his concern. He was reading my mind about bringing in outside, possibly others that are expert in financial controls.

I am just curious on one issue. Let us take one part of this: Inventory control. I would imagine that the Forest Service has a significant amount of equipment spread over a significant area. Do they have any type of inventory control system that is traceable, that they know where every piece of equipment is at any given time? Is that a yes or a no on that?

Ms. FONG. My sense is that we have not done work recently in that area, but I do believe that property and inventory control has been a long-standing area of concern at the Forest Service. My staff here is going yes. And we do look at that in the financial statement process, because that is a major line item for them.

Mr. CALVERT. You mentioned the embezzlement case where someone stole $600,000, and typically in these types of large businesses, it does not really matter what kind of business we are talking about, at some point in time it usually tracks back to inventory. If you can track your inventory, you can track how that equipment is being utilized and whether it is being utilized correctly or incorrectly.

But I just wanted to make that point, and I just wanted to follow up with what Mr. Simpson was saying, but on the part about forest fires, I am from Southern California. We have our experience with forest fires. Fuel load is an important issue. It is not trees that we are worried about. It is scrub or chaparelle. It is overgrown. Fire is a natural occurrence in California. You know, we had the Santa Annas that come up, fire historically for thousands of years. Cleared it out.

In some cases I think the Forest Service has been, you know, suffering from their own success in that they have put out these fires quickly, and the fuel load has grown, and then we have these catastrophic fires, one of which you talked about is the Esperanza fire. I am pleased to report that Mr. Oiler, who set that fire, was convicted last week for the murder of five firefighters that were killed in that fire by an overburn.

FATALITY INVESTIGATIONS

But on this investigation, you mentioned there were unique challenges. What are those unique challenges?

Ms. FONG. These investigations are very difficult because by definition we are dealing with mortalities of firefighters during situations where there has been property destruction and people have

been displaced, and the firefighters themselves are very sensitive because, of course, they want to do the best job that they can. And some of the challenges that we face in doing these investigations involve being able to talk to the people involved at a time when they are dealing with the crisis itself.

We are also dealing with a situation where there are other entities coming in to do investigations as well. I think in Esperanza OSHA was involved in an inquiry, the Forest Service has its own inquiry going on, and so there is a real need to—and Cal Fire, of course, was the lead agency on that fire. They were the incident command. And——

So there is a real need to coordinate.

Mr. CALVERT. I can understand people's personal reluctance to, especially when they are talking about friends and colleagues, but is that an effective way to have an investigation into those types of circumstances? You know, when the Santa Anna winds come up, you can be literally looking at a fire a mile away, and you could be standing there, and the fire will be on you in less than 15, 20 seconds. That is how quickly it will move. And I can understand from the firefighter perspective that it is very difficult to defend yourself in those kind of circumstances. And so they, I think they are somewhat reluctant.

But are there any recommendations you would make in trying to manage this type of investigation in the future?

Ms. FONG. Well, as you know, we are required by law to do these investigations whenever there is a death by burnover, and so we know that we need to do them. One of the things that I think we need to do from a management perspective is to develop some protocols before the next one happens with the fire, with the Forest Service and others so that we, all of us understand our respective roles and figure out a way to handle it so that people are not subjected to multiple interviews at a time when it is very difficult. I think that would be one step forward that we could take.

WILDFIRE AERIAL RESOURCES

Mr. CALVERT. One other issue, something that is important to all of us in the west is the aircraft. It is very frustrating to us in that when the fire first occurs, that we do not get the aircraft up immediately and put that fire out as quickly as possible, especially if it is close to an urban area where you can start getting considerable damage.

And we talk about grounding aircraft and possible maintenance problems on aircraft or difficulties in utilizing that aircraft, that is something that we need to fix as quickly as possible. So any recommendations on that I am sure this committee would be very interested in.

Ms. FONG. Okay. We do have a report that is just about ready to be issued on aerial resources, and we will make sure to get it up to you as soon as we get it out.

Mr. CALVERT. And, you know, this new technology that is out there by using bladder technology which is more accurate, has a GPS monitoring system and all that, I think we will have to take a look at that technology versus just the old technology of loading

up water and spraying it out in the atmosphere. It just does not work as effectively.

Ms. FONG. Okay. Thank you.

Mr. CALVERT. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Cole.

DIFFERENT TONE FROM TWO STATEMENTS

Mr. COLE. Thank you, Mr. Chairman.

You know, I do not mean to try and pit you two against one another, but I will tell you, when I read the two reports, it was like the tale of two Forest Services, because one was getting better and the other one was hopelessly broken. Thank you very much. And so, you know, I would like to sort of get down to that deeper level for a moment and just ask for your judgment.

I mean, clearly from a GAO standpoint you have had enormous resistance. You can sense the frustration as you read through the report. We talked about this for ten years, we have talked about this, and they say it is getting better, and it never does get better, you know, or it is pretty halting. I mean we get a little bit of stuff at the edge, and then the Inspector General report is a little bit more positive. So which one is it, and tell me why? Why so much resistance to, you know, a continuance stream of suggestions in terms of developing a strategy? I want to get to that strategy issue, too, in a minute but——

Ms. NAZZARO. Well, I do not want to paint a picture to say that the agency does not do anything right or has not been receptive to recommendations, because like I say, I think they have made efforts to make improvements. I mean, certainly in the area of how they are allocating fuel reduction funds, some of the tools that they are developing. I mentioned FPA. That tool is going to be implemented with the 2010, budget, I believe.

So they are developing tools. It is just they have got a long way to go yet in our estimation.

And as to why more does not get done, I mean, I do see sometimes shifting focuses that, you know, we issue a report on one issue, they start taking steps and making progress and then we go back and start looking at implementation, and that has been dropped, and now they are shifting in another direction.

So I do not know if it is a lack of resources or, you know, that ultimately leads to that problem.

Mr. COLE. What is the problem? I mean, why is that?

Ms. NAZZARO. I would say the overall problem is lack of accountability, you know, that that is why we continue to see the same problems, because I think what has been more frustrating to us is we report on one particular program, and some problems there, we give them recommendations, they take action there, and then we look at another program, and they still do not have data to implement that program or internal controls. And so we are seeing these broader concerns continue time and time again for a particular program. They may have taken action, then that is taken care of.

But the one that we were just talking about, internal controls, I mean, it is not just the embezzlement of the fire budget, but we have seen it with the recreation fee program. You know, we have

seen it more where it is managing money, not inventory. We have not really done work on the inventory.

Mr. COLE. Do they have a fundamental disagreement with you? I mean, sometimes you run into these things where literally people are telling you, no, you need to do this, and you think, I cannot do that. You know, it is kind of to Mr. Simpson's point maybe that, okay, we cannot have a strategy. They are really, I mean——

Ms. NAZZARO. Once in awhile we will get pushed back, but I have to say I think we have a very good working relationship with the agency, and like I said, when my teams go out there, they talk to them about what is reasonable, you know. So we are not just going to make recommendations that we know are going to be way too costly or extremely difficult to implement.

So it is usually a happy medium, that we say, okay, here is what is broken, you know, and try to get their input of what challenges do you have in trying to implement this program, what would help you, and get them to buy in.

So I would say the vast majority of the time they concur with our recommendations.

Mr. COLE. You know, I have seen these issues on Armed Services in a different kind of way. You want to talk about a vast problem, try and think about global security of the United States. You cannot have soldiers everywhere, and they have developed since 9/11 this whole idea of, okay, there cannot be ungovernable spaces in the world. Okay. We cannot govern it, but what do you do to help a military someplace else be a good military, so in other words, they sort of have an intellectual framework that they approach this by, recognizing that they cannot do everything. But they have got a way to attack this around, and it does not sound like from a GAO perspective there is just that kind of strategic ability to think it through.

Ms. NAZZARO. I would tend to agree that that is where, when we tried to pull this statement together that we went beyond just looking at individual programs to try to figure out what was broken. And I do think that they need much better information to be able to manage, and there definitely has to be more accountability.

Mr. COLE. Yeah. I mean, sometimes it may literally be, hey, we cannot put firefighters everywhere, but this is what we could do to help the local people on the ground when this thing gets started, you know. This is, you know, you have to have some way to address it if the problem is 70 percent bigger than it used to be, and it is increasing you cannot just keep doing the same stuff.

Ms. NAZZARO. Definitely, and what are other options then? If fuel reduction is not the answer, if that is too costly, you know, can we do more to encourage local communities as far as fire-wise-type programs, you know, educate the public. What can they do, get fire retardant roofs, create defensible space. I mean, there may be education programs, so I am not saying it is an either or that you are either going to fire or you have to do fuel reduction. There may be other strategies as well that could come into play.

Mr. COLE. Ms. Fong, I have been fair to you to let you, because I sort of set up this contest, and you may want to say no, it is not—I do not know.

Ms. FONG. Well, you know, I echo Robin. We, I think GAO and the OIG, we have focused on many of the same issues at the Forest Service over the last 10 years. We both recognize that there has been progress. We both recognize that there are still many things that need to be done.

And I will say that we are encouraged because the Forest Service has been receptive to our recommendations. They have not disagreed with many, if any, of our major recommendations. They have reported progress. Now, the next step for us is to actually go in and verify that they are actually doing what they say they are doing, and I think that is where we can start to offer some information as to whether true progress is being made or whether it is still being planned and thought about.

Mr. COLE. I know you probably need to—I assume there will be a second round. I do not want to abuse my time, Mr. Chairman, but one other question because I want to talk later about some of the aerial stuff maybe in the second round.

CONCERN OVER ACCOUNTING PRACTICES

But I am always bothered when I hear, you know, for a long period of time there has not been a "clean financial audit." And when you go "reconstruct" one historically, that is enormously expensive, and you are going to uncover enormous—I have done this relatively recently at a political committee. And I can just tell you. You know, when there has not been audits, there has been—and it is not even the potential for corruption. That is bad enough but what the real thing is is nobody has been thinking about things systematically, and there is no management structure at all. And lots of bad decisions get made.

So tell me or reassure me that it is not just we found an audit. We now have one that is clean, but what are they doing with the audit as a management technique to go and say, okay. We have really found fundamental weaknesses in this area and this area and this area, and here is our management team's strategy to go and address these problems, or, we do not have management or good administrators here. Fine. We are going to fire these guys and bring in an administrative unit. We do not have adequate controls on the flow of money here. We do not suspect anybody, but we are going to do this. Do they do that? Or are they just saying, "here." "Here is our clean audit," as opposed to using it as the first round to make a management plant?

Ms. FONG. I would like to offer a couple of comments. The situation on the financials, I think Forest Service views this as a real success story. They recognized back in 2001, 2002, that they could not continue to do what they were doing, and so the CFO at the time brought in, as you had mentioned, professional financial management expertise. He brought in a team of people from the private sector who had done a lot of financial work. And he told them, I want a clean statement. I want you all to get this, these financial management programs in place, and I want them to work.

And it took a heroic effort over a period of several years to get the Forest Service to the point where they could get a clean opinion. The first one was in 2002, I believe. Since then and it was tough in 2002, 2003, 2004, we would come down to the wire on the

last day of the financials. There were all kinds of issues that needed to be resolved. The opinion would hang on the balance.

But since then they have been able to take a step back and say, okay. We now know what we need to do to get it to look good on that one day. Now, what do we do to make it, make the processes better for the rest of the year?

And what they have done is take steps towards that. They have consolidated all of their financial management activities into one location. It used to be very decentralized across all the regions of the country. They got it centralized in Albuquerque, and that has brought more accountability to the process and more expertise.

They have also started to implement new accounting policy and procedures that they are using to account for their funds, and they are paying more attention to documenting their transactions as those transactions occur. Their leadership in this area I think has, to me, demonstrated the fact that when the Forest Service decides it is going to go after an issue and it decides to put the human capital into it and the leadership, the will to do it, they can do it. Now, the trick is to make that happen, you know, across the agency in other areas as well.

Mr. COLE. I will wait for another round, Chairman. Thank you.

Mr. DICKS. Mr. Olver.

DEVELOPING A FIRE STRATEGY

Mr. OLVER. Thank you, Mr. Chairman. Mr. Cole at one point mentioned strategy. I am not sure that he was going to get to a strategy and have questions on that. So I am just going to try to explore that a little bit, because Ms. Nazzaro, you have mentioned that there isn't any clear strategy for wildfire suppression, and that fire suppression costs dealing with that is lacking.

I am curious, what would be necessary to develop a strategy and what might a strategy look like? For instance, does the agency collect good data on whether the frequency of fires is mainly related to lightening strikes in isolated areas or to encroachment of development in places where human development is going on, or being usage for high usage of recreation, which might occur in very different kinds? I have no idea where that territory is.

For one thing, we have the type of data that really examines whether there is a difference in frequency, is it random, or what? And then what would the components of the strategy be? I know we have infestations of bark beetle in the west. Can you know as soon as you have got a bark beetle that you will now go in and cut and get valuable forest products out of that before it becomes so severe that it is past any possibility of anything but providing more fuel on the ground floor?

In the Northeast, we have had the wolly adelgid on hemlock or gypsy moths on red oak and things like that, which if you are lucky, you can get out the red oak, which is very highly valuable as forest product material. Just as a comment, I think if one wants to get to carbon sequestration, probably the highest uptake of carbon occurs not when there is a fully-grown forest but rather at the early-growth level when it has been a few years after the fire, and when there is just a lot of new growth going up before there is a lot of selection for what is going to survive in the process.

And I suppose one could have a strategy, cellulosic ethanol plants in places where you want to do some serious clearing out to reduce the density of the forest land. And then, of course, you have got intermittent kinds of forests which are more like the national forest that I have hiked in, where there are clumps of trees distances apart, but it is still part of a national forest and so forth. This is not an easy problem.

Anyway, either of you may speak to this.

Ms. NAZZARO. Well, I think you do raise a number of issues, and let me try to sort some of them out maybe.

What is hard is the interrelationship among all of this, and you asked the first question about whether they have got data on what causes the fire. I mean, ultimately, you know, when you go back to what causes it, I would say the vast majority are lightning strikes, and it does seem like the agency has information. They do investigative work that they know in some cases it is arson, but, you know, in a lot of these cases they are lightening strikes.

But then it is more that they are exacerbated by the effects of climate change. It is not that because there is more development in the wildland urban interface or climate change that cause the fire but that exacerbates the fire. So, you know, if the fire spreads and it gets to an area such as the wildland urban interface, then that is going to automatically increase your costs of fighting the fire because you have got higher-cost items at risk. So, you know, trying to just fight a fire out in the wilderness is a lot cheaper than fighting a fire where you have got a lot of assets to protect.

The other issue with climate change, again, things like bark beetle infestation certainly weakens the trees and makes them more susceptible to a fire, but that is not really the cause of the fire.

MULTIPLE STRATEGIES REQUESTED

Then on your issue of the strategies that we are asking for, and maybe this is confusing because actually we have asked for strategies in a number of different areas. One, we have asked for strategies on just the bigger picture, this cohesive strategy that brings everything into place. We have also asked for strategies on cost containment.

And specifically on cost containment, what we found there was when we talked to the line managers who are actually out there trying to develop how they are going to approach a particular fire, they said that their guidance is not always clear, you know, that you have got competing factors again. You have got the safety of the people that potentially are at risk, including the firefighters or individuals from the Forest Service. You have also got various structures that you are trying to minimize the impact on them.

And so what we saw was that there is no means to assess the relative importance of these various competing factors, and how do you approach the fire? What we found was more often then they are going to err on the side of protection rather than cost containment. So we felt more guidance needs to go out to the field staff for how to make these tradeoffs and to actually establish, you know, while the goal everybody says is to contain costs, at what expense? And you do have to value these various elements that factor

into it and make these tradeoffs. So what we are asking for there in cost containment is focus more on how you make these tradeoffs.

Then we are talking about this cohesive strategy, which takes into effect or takes into consideration the fuel reduction activities, the suppression activities. That is kind of on a different level.

Mr. OLVER. It is complicated, is it not?

Ms. NAZZARO. It is complicated. And maybe our mistake is using the same term that we are asking for a strategy. That is why on the fire side we have always been calling it a cohesive strategy to try to keep that separate because we have asked for a strategy as far as cost containment.

Mr. OLVER. I had mentioned lightning, and you say the vast majority seem to be lightning.

Ms. NAZZARO. I believe so.

Mr. OLVER. I am curious. I mentioned two aspects of human activity. One is just the casual usage of the camping and hiking type of usage of the forest that there is a lot of——

Ms. NAZZARO. Uh-huh.

Mr. OLVER [continuing]. But also then developing encroachment close with a lot of people with intense activity close at the interface. What would be the percentage of the lightning strikes versus the other two? Which involve intensive or less intensive human activity?

STATISTICS ON FIRE STARTS

Ms. NAZZARO. I do not have the specific numbers, but it was always my understanding that lightning strikes are the vast majority, so I would think we are even 90 some percent probably. Yeah. We do not have exact numbers, but I think these other things are much more in the minority. I do not know, Phyllis, if you have ever put statistics together.

Ms. FONG. That is our stance as well.

Mr. DICKS. We will get that from the agency when they come up.

Mr. OLVER. Thank you.

Mr. DICKS. Yes.

Mr. OLVER. Thank you, Mr. Chairman.

Mr. DICKS. Okay. Thank you. It is very important as we have been talking about here now, to reduce fuels if we want to get ahead of the wildfire program. Last week you indicated that the Interior Department did not have a good method of allocating funds among the four firefighting bureaus.

How does the Forest Service system of choosing wildfire projects compare with that of Interior?

CROSS BOUNDARY MANAGEMENT

Ms. NAZZARO. Actually, they have similar processes. We have looked at both Forest Service and BLM and now they are jointly developing this Fire Program Analysis, FPA Program. What we think is, I mean, what they need to do, though, is to identify the highest priorities without regard to jurisdictional boundaries. I know last week we talked a lot about ecosystem management and——

Mr. DICKS. Right.

Ms. NAZZARO [continuing]. Where these boundaries are very close and that they need to have similar strategies so that you are focusing on the ecosystem and not just on the specific agency. But certainly I think it has got to be a little bit of both that if you have got a higher priority, you have got to focus on that. I mean, they have limited resources to be able to reduce these fuels.

Where we have had more of a problem is just identifying how they are allocating the funds, and you and others have actually asked for a report on this from the agencies. We know they are working on it. We were not able to evaluate it because it is not yet released. It is still a pre-decisional document.

But they certainly are making progress, and I think it needs to be done jointly in the future.

Mr. DICKS. So there needs to be a common strategy between both Interior and——

Ms. NAZZARO. And that is what we talked about last week. Yes.

Mr. DICKS. What about bringing in the counties and the states and the private sector? How do we do that?

Ms. NAZZARO. I think everybody has to be involved in it. We have talked about collaboration in the past as well, and clearly, you know, one of the issues that was raised earlier was this issue of every time you set up a program to thin or to reduce these fuels that then somebody is suing and does not want it done. So certainly that can be minimized through a collaboration, and I think you need to be transparent in the processes. You need to get communities involved both at the state and local level so that they know what you are doing and why you are doing it.

WILDFIRE COST DRIVERS

Mr. DICKS. In California has that been attempted? Are there efforts like that underway there since a huge part of the fire effort last year was in California?

Ms. NAZZARO. Certainly on cost containment they do have strategies that they work with the state and locals and try to figure out who is going to be responsible for what, both as far as the suppression activities and the cost. Where we found the problem was there was little guidance and there was little consistency. So one state maybe treated one way by the Federal Government, another state being treated a different way.

Mr. DICKS. Yes. If you looked at it a little differently, we look at suppression, we look at the urban, rural interface and those things, but what about looking at it in terms of manpower? How much of this is done with firefighters, and what is the cost of that, and is that under control? Or looking at the aerial tanker program, other aspects of this. Has there been any attempt to look at this from, is it the cost that we are hiring all these people to come in and fight these fires? And is that what is escalating, or is it the equipment side of it. Have we looked at it in that aspect, that way?

Ms. NAZZARO. Yeah. We have never really, I guess, looked at what is, you know, what constitutes the increased cost I guess is what you are saying.

Mr. DICKS. That is right.

Ms. NAZZARO. Are the increased costs due to manpower increase or increased use of equipment? We really never, not that I am aware of. No.

Mr. DICKS. That might be something we want to ask you to take a look at.

Ms. NAZZARO. Uh-huh.

Mr. DICKS. Because you hear stories that we are hiring companies and the cost has escalated and that the government again is being taken advantage of——

Ms. NAZZARO. Uh-huh.

Mr. DICKS [continuing]. By private-sector firms who come in and do this, and it is not just a hiring haul where you are bringing in firefighters. I mean, you have companies that actually do this, and just as we have seen in other areas of the government, sometimes these contractors take advantage of the situation.

Ms. NAZZARO. Uh-huh. No. That aspect we have not looked at. We have looked more prospectively what is the agency trying to do to reduce its costs, and there they did identify a number of programs, and that is where I said, again, what we were looking at as well. There seems to be guidance lacking when we talk to the people out in the field. They are always saying, well, we do not know what tradeoffs we should be making. And they did admit that they err, though, more on the side of protection. When you are fighting a fire, you have got this thing breathing down your neck, and people are angry, and people want it to be dealt with. And so they said at that point they are forced to err more on the side of protection rather than cost containment.

Mr. DICKS. Yes.

COST SHARING ON WILDFIRE

Ms. NAZZARO. So if they had more guidance——

Mr. DICKS. What about who pays for what? I mean, when you have states and counties——

Ms. NAZZARO. Uh-huh.

Mr. DICKS [continuing]. And the Federal Government in there, I mean, is there a fair allocation of costs based on responsibility, or does the Federal Government wind up picking up the tab for a lot of this?

Ms. NAZZARO. There is a cost-sharing agreement, and when each fire starts, they come onboard and everybody gets involved, and they work up an agreement as who is going to pay for what, but that is where I said that there is, again, not very clear guidance so the arrangement that is reached is not always the same. You know, it can vary from state to state, from locality to locality. Some of it does have to do with who can bring what to the table, though, too, I mean, to be fair. There are some localities that are better prepared to contribute than others are with equipment and in-kind services.

Mr. DICKS. I have got some concern that there has been a cutback in state and private forestry, and that is probably the wrong thing to do, because you need the states and the privates to be partners in this, and the Federal Government cuts back these programs. It worries me that that is going to have a negative effect.

Ms. NAZZARO. Well, I agree with you that it does need to be a partnership arrangement, and that is why, you know, we have talked in the past also about the need for having a separate fire agency and would that be the answer to a lot of these problems. You know, we feel it has to be an integrated approach. All the programs have to come into play. The state and locals have to be involved. Everybody has got to be concerned with cost containment. Everybody has got to be concerned with fuel reduction activities. It does need to be an integrated approach, and everybody needs to be involved.

And if you take the cost-sharing issue out of the states, then you do not have incentive to reduce the cost, which is why we also talked against having a fire agency because if you set these funds aside for this agency, then the others are not going to be concerned with fuel reduction activities because, well, I do not have to deal with that. That is, you know, fire suppression. That is their job and I do not have to be concerned with it. It is an integrated issue, and it needs to be dealt with in that manner.

Mr. DICKS. Phyllis, do you want to make any comments on this?

Ms. FONG. Well, in terms of the cost of firefighting and how they are allocated between the feds and states, we do feel that the Forest Service should be looking at the allocation. Right now the way we understand it is that if a forest, if a fire occurs on national Forest Service lands but the costs and suppression are really directed at protecting private property in that wildland urban interface area——

Mr. DICKS. Right.

Ms. FONG. That there should be a way to negotiate the costs so that the state and local governments pick up some of that. And the reason we are advocating this is because we think that this is an appropriate allocations of costs. We believe that the state and local governments need to have some incentives so that they can encourage homeowners to enact more fire-wise protections; to clear the area around their houses, to use certain kinds of shingles on their roofs, which will in the end reduce the cost of firefighting.

And we think this is one way to get at one of those cost drivers. So we are encouraging the Forest Service to talk to the state and local governments, renegotiate these agreements, and try and pass some of those costs to the localities.

Mr. DICKS. Mr. Simpson.

COMMUNITY FIRE PROTECTION

Mr. SIMPSON. You just hit on what I was going to ask and that is the forest or the Forest Service policies, have we looked at what they are doing to encourage fire-wise management, because you are not going to get control out of this unless the homeowners are involved in trying to create a fire-wise space around their homes and that type of stuff.

And also, when we look at, if a forest fire starts on Forest Service land and moves into private land, we are looking at then having the local communities and homeowners pay a cost of that. What about when a forest fire starts on private land and moves into the public forest? I understand that they can then recover the cost from the private landowner.

Ms. FONG. I do not know that deep, that level of detail on that issue, but you are exactly right. We think there needs to be a way to incentivize homeowners and state and local governments to really take stronger measures, because the rising cost of fires is what is really driving the cost of suppression.

Mr. SIMPSON. Right.

Ms. FONG. And so if homeowners and state and local governments can start doing preventive and proactive activities, that will in the end bring the cost of suppression down.

Now, the Federal Government does not control local ordinances as you mentioned. So we need to figure out ways to incentivize them, state and locals, to make this more of a matter of urgency.

Mr. SIMPSON. Well, and that is one of the reasons we are doing things like conservation easements and stuff in forests so that they are not developed because you can go up, you can, you know, fly a helicopter up the side of a mountain, and you can see little houses poking out everywhere up there. When that goes up in flames, and it will go up some day, those houses are going to go up with it.

OVERSIGHT OF ARRA FUNDS

One other question or a couple other questions. The Inspector General has a huge job in overseeing the Forest Service and what they are doing and so forth and so on. How are you planning to oversee the stimulus funds that are going into the Forest Service now?

Ms. FONG. Yeah. We were actually talking about that this week. We brought all our audit managers into Washington to figure out how we are going to provide that oversight. We have already started to talk with the Forest Service to determine how they plan to spend their stimulus money. We are engaged in developing a number of audits in some of the areas we have talked about; forest health, wildfire suppression.

There is also an area, biomass grants, woody biomass, where we have in the past noted some difficulties with grant management in the Forest Service. And so we plan to focus on grant management under the Stimulus Bill to go in there and talk with the Forest Service and say, look—you really need to make sure that when you put those monies out that the monies are for expenses that are properly vouchered and there are receipts for that.

So we have, we are developing our oversight plan now, and we have got——

Mr. SIMPSON. Are you planning on hiring more personnel?

Ms. FONG. We plan to hire between 20 and 30 new audit staff and about 10 new investigators to deal with the whistleblower complaints that we anticipate.

ALBUQUERQUE SERVICE CENTER

Mr. SIMPSON. Okay. Whose idea was it to consolidate activities at Albuquerque?

Ms. FONG. I believe it was the Forest Service's.

Mr. SIMPSON. Under the recommendations of anybody in particular? Was that GAO that made those recommendations or—do you believe it has been a success?

Ms. FONG. From all indications, yes. It seems to be running much more efficiently.

Mr. SIMPSON. It is interesting, because I talk to people actually on the ground in the forest across this country, or at least in the West. One of the big complaints they have is that consolidation at Albuquerque and the difficulty it has made their job, and they will tell you almost to a person that I talked to that the morale in the Forest Service has gone through the floor because of that.

Ms. FONG. That is interesting information.

Mr. SIMPSON. Yeah.

Ms. FONG. Yeah. Thank you.

Mr. SIMPSON. It is something that I think this committee wants to look at, whether that has been successful or not and stuff.

You know, we have a tendency, and whenever something goes wrong, and you know as well as I do that in a government of this many employees there is going to be some crooks. We find that even in Congress that occasionally there is one. Fortunately those guys are in jail.

But there are going to be some people that skirt the rules, do things they should not like the embezzlement of the $650,000 or whatever it was. Then we have a tendency to go in and say we have got to stop this from ever happening again, put in rules that make it more and more difficult for honest people to do their job. And no matter what rules you put in place, somebody is going to violate those. If you are a crook, you are a crook. You are going to violate whatever rules.

And the question is not how can we ever prevent that from ever happening again, because we will never prevent——

Ms. FONG. Uh-huh.

Mr. SIMPSON [continuing]. Any malfeasance from ever happening, but are they getting caught? Are we finding it out and catching them? And that to me is the measure of whether the measures that we put into place are effective.

But sometimes we put in things as I talk to people at work in the forest that have made it tougher and tougher for them to do their job. And it is something that I think we ought to look at. I mean, it is as simple as talking to a guy who works in the Forest Service. He has snow machines and stuff that are Forest Service owned, trucks, all this kind of stuff. He has got a credit card for each snow machine, each truck, everything else. You know, of course, if he does not have the right credit card for the right snow machine, then he has got to call his boss, and if she does not happen to be at her desk, then he is stuck at a gas station waiting for her to get back from wherever so that he can get gas in the snow machine to get wherever he has got to go and that kind of stuff.

And consequently morale has just gone through the floor, and it is something that I think we really ought to look at how we are managing all this.

Ms. FONG. Well, I appreciate that feedback, and we will factor that into our reviews. Thank you.

Mr. SIMPSON. One last thing. I will be interested in the report that you put out on the aerial, the need for the forest firefighting with our aerial fleet and stuff.

Thank you.

Ms. FONG. Okay.

Mr. OLVER [presiding]. Mr. Calvert.

DEFENSIBLE SPACE CONCERNS

Mr. CALVERT. Thank you, Mr. Chairman. I would just make a comment. There was some discussion about the Forest Service working with the local communities about clearing around the homes and being proactive about clearing out potential fire areas. I want to bring up a couple of fires in the past and some of the difficulties we have had in California.

One was the Winchester fire in the early 1990s, where the homeowners were not allowed to clear around their homes because of conflict with the Endangered Species Act for the Stevens Kangaroo rat. This was a somewhat famous case. The people were not able to clear, wanted to clear, could not get permission from the Fish and Wildlife Service—I mean, Cal Fire and other agencies wanted to clear. Fish and Wildlife would not allow it happen at that time. Of course, the fire eventually happened, the houses got burned down, and of course, the rats did not do very well either.

And then there was the Laguna Fire or the Emerald, I think they call it the Emerald Fire at Emerald Bay, California, where Emerald Canyon, which was habitat for the California gnat catcher, they were not allowed to do controlled burns to bring down the fuel load within Emerald Canyon. Of course, the fuel load continued to build, and eventually there was a catastrophic fire. It burned the entire Emerald Canyon to a crisp, along with 450 homes along the California coast. And all the gnat catchers were killed in the process.

So, you know, at some point common sense has got to get involved, because sometimes you have a conflict within federal agencies. You will have the Forest Department or the Forest Service and other agencies understanding what they need to do to control or to manage the situation, and you will have another agency who at that point trumps safety and prevention.

So I just bring that point to get on the record because I think all of us have seen this conflict in the West. So we need to make sure that when we put together a management plan that other agencies are brought in to this and understand that there has to be reasonable compromises made to protect lives and property and wildlife that they are ultimately trying to protect. Thank you, Mr. Chairman.

Mr. OLVER. Thank you. Mr. Cole.

AERIAL RESOURCES: EXTENDING SERVICE LIFE

Mr. COLE. Thank you, Mr. Chairman. I wanted to focus just a moment on the aerial firefighting issue that Mr. Simpson raised and that is a lot of your report, and by way of preface we had an outbreak of wildfires, we have very little federal land in Oklahoma, but the assets were available, and they were incredibly valuable in saving property. And, you know, we obviously use these well beyond federal land. We use them any place you have got a problem.

And so one, can you tell us, well, I will offer a second observation. The United States Air Force is actually awfully good at keeping old airplanes in the air. You know, the entire tanker fleet for

the United States, almost all of it is, you know, KC–135. The last one was built in 1962. We have over 500 of them in service, and they are periodically totally redone at Tinker Air Force Base. I mean, so there is a technology to keep old planes flying for a very long time and people that know how to do it. So I am just curious, is there any discussion between the Forest Service, I mean, I would rather them have new equipment, I will just be honest with you, because I think you do go through it, but, again, we are talking about tanker planes that are 50 years old and older that are in combat conditions, you know, in Iraq and Afghanistan, places like that. So they are getting as much wear and tear as any plane flying inside the United States, if not more.

Ms. FONG. We are focusing on the air tanker fleet, and as you mentioned, when planes are flown in circumstances for which they were designed, they can operate 40, 50, 60 years and do just fine if they are well maintained and certified and all of that happens.

What we are seeing in the Forest Service is that the Forest Service has purchased a number of old military planes as you know, which were not really designed to do firefighting kinds of activities. And so the Forest Service has focused on this. They had a number of blue ribbon panels came and make some recommendations on how to address this issue, and some of the findings that have come out have been that when you put a military air tanker into a situation where they are flying up and down, the air currents are very dense, they are making more flight hours than they probably should be making, and the Forest Service maintenance program is not what it should be, that, in effect, these planes are aging at a rate of seven years to one. They are aging much more rapidly than they should be.

And so the best estimate that these blue ribbon panels are coming up with is that these air tankers by 2012, or so will start, stop being effective, and there needs to be some reasonable approach to replacing them. Otherwise we are going to see some safety issues, we are going to see, you know, potential crashes, and certainly we do not want to have that happen.

Mr. COLE. Is there any discussion literally about working directly with the military, both in terms of designing maintenance routines and periodic overhauls, typically since these are military aircraft in some cases?

Ms. FONG. We are not aware of any of those discussions.

Mr. COLE. I do suggest maybe they ought to, but again, I do not disagree at all if you do not have the airplanes when you need them, it is just terrible. So this is a national investment, and we ought to be willing to make it at the end of the day. And what I do worry about if that flight, fleet ends up largely grounded and you have massive outbreaks, it is not like you can go get one. There are not a lot of these things around.

So you really do have to have the inventory available and ready to go at a moment's notice. So, anyway, well, thank you for focusing on that. It is a huge problem.

Ms. FONG. Thank you.

Mr. OLVER. Thank you. I am going to make one short comment in a question and then close the hearing, and I just want to let the staff know and members know that they have three days to submit

questions for the record to the staff or the other committee members who are here.

I am very curious about your comment about incentivizing local communities and state governments to take on some of these costs which otherwise now are being taken on by the Federal Government. My guess is that the effort would probably cost the Federal Government more to incentivize them, and I am curious. This is a question for the record. Is there an analysis of what sort of mechanisms you might use for incentivization of the local communities to do that? We would like to see it.

Ms. FONG. Okay.

Mr. OLVER. Thank you.

Ms. FONG. Thank you.

Mr. OLVER. Thank you very much. And with that the hearing is adjourned.

Chairman Dicks' Questions -- Oversight of Forest Service

Questions for the USDA Inspector General Phyllis Fong

Wildfire program

1. **Ms. Fong, I am pleased to hear about your work with the Forest Service to implement some of the recommendations from your large fire suppression cost audit. Can you please explain how fire management can be improved by allowing concurrent management of fires for wildland fire use and suppression. Does this mean that more wildfires can be allowed to burn, under controlled conditions?**

ANSWER:

Modifying current policies that unduly restrict wildland fire use (WFU) and increasing the number of staff qualified to manage WFU events will give FS the tools it needs to fight fires in the most cost effective manner possible while at the same time allowing it to use the fires, when appropriate, to achieve the resource objective of hazardous fuels reduction. Even though FS should be taking every opportunity to reduce hazardous fuels, we determined that the agency's existing policies reduced its ability to do so by unduly restricting WFU and by prohibiting deliberate fuel reduction during wildfire suppression events. Increasing fuel reduction activities is critical. Over the last 100 hundred years, resource management practices, though well-intentioned at the time, have enabled unnatural levels of hazardous fuels to accumulate in our Nation's forests. This accumulation has contributed to wildfires that burn hotter, are more destructive, and more unpredictable than past wildfires. This has contributed to the steadily escalating costs of wildfire suppression. Given these circumstances, it is important to use every opportunity to safely reduce hazardous fuels.

The Wildland Fire Leadership Council, a group comprised of the heads of Federal land management agencies, approved the use of the Appropriate Management Response (AMR) on all wildfires in March 2008. The new integrated approach will minimize the adverse impacts and maximize the beneficial effects of any wildland fire. Under AMR, both fire suppression and wildland fire use objectives, strategies, and tactics can be combined on a single wildfire incident. Under these new policies more wildfires may be allowed to burn under controlled conditions and active management.

2. You mention that the Forest Service is re-evaluating how it allocates fire-fighting resources to areas and incidents. Do you think that it is possible to save money with a more strategic use of firefighting assets? What are the risks of providing inadequate fire resources, or of second-guessing incident commanders who are reacting to emergency situations?

ANSWER:

The FS proposal to change when and how it fights wildfires to include consideration of allocation of resources has the possibility of saving money. As we understand it, the purpose of allocating these resources is to use them where they will have the greatest probability of providing maximum benefit. There is a risk that providing insufficient fire-fighting resources could result in wildfire expanding to unplanned proportions, thereby requiring even more resources. FS has said it does not intend to question decisions an Incident Commander makes in emergency situations.

3. Your work on the healthy forests initiative showed that the Forest Service had not developed national guidance to weigh the risks and benefits of hazardous fuels treatments, but that recently the Service has implemented a new prioritization process. Do you think that the Service is able to pick out the highest priority hazardous fuels projects and coordinate those with other neighboring land owners?

ANSWER:

We are aware that FS has implemented a new prioritization process. To date, we have not analyzed or audited the new process, and as a result we cannot comment on its effectiveness. As part of our oversight of FS Recovery Act funds, we plan to follow up on our past work on Healthy Forest Initiatives. Once this work is completed we should be in a better position to respond.

4. Ms. Fong, can you please remind us about the airtanker fleet that the Forest Service relies on for initial attack of wildfires? Does the Forest Service really need these planes, and how do they compare with the use of helicopters?

ANSWER:

Over the next decade, FS plans to modernize its firefighting aircraft, particularly its airtanker fleet, which has an average age of 50 years. Airtankers (planes that carry flame retardant to fires) are key resources because they can fly to remote areas and

quickly contain small fires before they become larger, costlier, and more dangerous. In 2002, FS had 44 airtankers, but lost more than half in 2004 after they were grounded due to safety concerns. FS estimates that by 2012 the remaining 19 airtankers will begin to be either too expensive to maintain or no longer airworthy.

It is well documented that FS needs to replace its aging aerial assets. FS has taken steps to address this need. FS has completed a number of studies to determine the appropriate mix and type of aircraft needed for an effective firefighting program and also to address modernizing its fleet. The most recent study concluded that airtankers are more efficient on initial attacks than helicopters, and that one or two airtankers are as effective as eight large helitankers (helicopters that carry flame retardant to fires). The study also concluded that the optimal number of airtankers is between 34 and 41.

Congress tasked FS to develop a comprehensive, long-term (15-20 year) interagency strategic plan for their wildfire suppression aviation programs. Although finalized by agency officials in April 2008, it still must be reviewed and approved by OMB. OIG is in the process of reviewing this plan.

5. **The airtanker fleet includes so many airplanes that are so old that they may be dangerous. Has the Forest Service done any work on a strategic plan to determine how to equip itself in the future with regard to airtankers? Why is this plan not being publicized and vetted in public?**

ANSWER:

As noted above, Congress tasked FS and its firefighting partner agencies in the Department of Interior to develop a comprehensive, long-term interagency strategic plan for their wildfire suppression aviation programs. The plan was to identify the quantity and type of aircraft the agencies needed, funding options for the aircraft, and where the aircraft would be located among the agencies. In 2007, the National Interagency Aviation Council (which includes FS) completed a strategic plan for the aviation programs of both FS and its firefighting partners in the Department of Interior. As mentioned above, it is awaiting approval from OMB. At the time of our audit fieldwork on FS' Aerial Succession Plans during the fall of 2008, the plan had not been publicized. We do not have information on when the plan will be publicized or the rationale for FS' vetting process.

6. **I can remember a time when the Forest Service financial statements were such a high risk item that some here on the Hill talked about putting the**

Service into receivership as was done for the District of Columbia. Now you indicate that a lot of progress has been made. Can you please summarize some of the trends you have seen on financial management at the Forest Service?

ANSWER:

FS financial management has improved since this function was consolidated at the Albuquerque Service Center. In the past, FS' recordkeeping was so poor that it made it extremely difficult to perform the financial statement audit in a timely fashion. Also, the decentralization of this function resulted in inconsistent application of accounting policy by FS field offices. FS now has a better understanding of accounting policy and procedures and the support needed to adequately document transactions. The agency continues to develop accounting policies and understands the need for accurate and timely financial information.

7. **What additional financial management activities need to occur for the Forest Service to continue to get clean audits? Is information security adequate?**

ANSWER:

FS needs to continue to monitor and track individual transactions and ensure that there is adequate documentation. As noted above, awareness of the importance of accurate and timely financial information needs to continue. Also, FS needs to continue focusing on information security and indentifying and correcting security weaknesses as they are identified.

8. **You mention that a previous OIG audit of the renewable energy program found that Forest Service controls over the woody biomass grant program were inadequate. Can you explain?**

ANSWER:

FS did not have adequate controls to ensure that reimbursements to grant recipients match the actual expenses incurred by them. FS did not require the recipients to submit receipts to support the amount reimbursed, but instead relied on vendor quotes submitted with the grant application. FS lacked the assurance that the reimbursements were justified. The agency agreed with our audit recommendations. FS took

responsive action by hiring a contractor to visit the vendors and validate that reimbursements were justified and properly supported.

9. What are the implications for the use of the economic recovery funds if the Forest Service has had inadequate grant controls on similar programs in the past? What are you doing to work with the Service to see that controls are in place before the grants are made.

ANSWER:

A lack of controls could expose Recovery Act funds to greater risk of misuse. We are currently adjusting the scope of work for ongoing audits to include oversight of Recovery Act funds. We have already started a review of FS' internal controls over its stimulus funds. Validating the agency's internal controls process will be our first step, and we will include selecting specific stimulus projects to review prior to grant awards being made.

OIG Investigations

10. Ms. Fong, are there any OIG investigations that are of particular interest to the Committee? Can you talk about some of your work on the fatal wildfires?

We currently have one open wildland fire fatality investigation stemming from the Esperanza Fire. On October 26, 2006, the Esperanza Fire occurred in Southern California, near the town of Cabazon. Shortly after the fire began, five FS firefighters were trapped. Three FS firefighters lost their lives attempting to contain and suppress the blaze. Two other firefighters were critically injured and died at the hospital as a result of their injuries. The cause of the fire was determined to be arson. We expect to issue our report on this investigation by the end of April 2009.

11. Do you have a sense that the Forest Service is any more lax than other Federal agencies, and that that leads to opportunities for employee fraud?

ANSWER:

We reviewed investigations conducted in the last two fiscal years (FY07- FY08) involving allegations of USDA employees embezzling or misusing USDA funds. Investigations opened 24 cases during that two-year period. Based on our analysis of the last two years of work in this area, we do not have a sense that FS is more lax than other Federal agencies. We typically find that the larger the agency, the greater the number of investigations involving employee misconduct. It should be noted that, considering the large volume of funds flowing through USDA programs and agencies, the amount of fraud perpetrated by USDA employees appears to be relatively small in comparison.

Future Trends

12. Ms. Fong, I am pleased to see that you have 14 audits underway of various Forest Service programs and activities. It is entirely appropriate for you to devote a sizable amount of your time on the Forest Service as it has so many employees and such large responsibilities in a myriad of programs. Can you tell us about some of these efforts that are underway and which are most promising and important?

ANSWER:

We have several audits nearing completion that address significant management issues within the Forest Service. The fieldwork on the audit of Forest Service Firefighting Succession Plans has been completed and we are in the report writing stage. The report will address FS' ability to fill critical jobs with individuals having the necessary firefighting skills, now and in the future. Maintaining sufficient staff with the right skills within FS will be critical in effectively suppressing wildland fires, protecting natural public and private resources, and ensuring the safety of firefighters and communities.

We are also nearing completion on an audit of FS' Replacement Plan for Aerial Resources. The report will address FS' ability to plan and justify the need to replace aging aircraft used to assist in wildland fire suppression. The ability to clearly show the contribution of various aircraft to suppression efforts and to justify the proposed mix of aircraft has become more important because of costs. The agency has estimated it will cost approximately $2.5 billion to replace the aging airtankers.

We have attached a listing of our ongoing and planned audits related to FS. However, the completion of these audits could be affected as we shift resources to provide oversight of USDA's Recovery Act funds.

Questions from Mr. Simpson:

13. The recently passed stimulus package provided $650 million for Capital Improvement and Maintenance and $500 million for Wildland Fire Management within the U.S. Forest Service. I recognize that the Department of Agriculture has set up a website to track the expenditure of stimulus funding but, as we all know, a website is not oversight. From a practical standpoint, how long will it take and how many new hires will you have to make to handle the stimulus money in a responsible, timely manner?

ANSWER:

Our Audit Office (Audit) has already started working with FS officials to obtain information about FS' plan of action and begin our review of the agency's internal controls relevant to stimulus activities. Validating the internal controls process will be the first step and will include selecting specific projects to review to determine if they fulfill the requirements of the Recovery Act. Monitoring these projects will require site visits to the projects prior to and during implementation. After completion, we will need to validate that the projects were completed as planned and determine the extent to which they accomplished their objectives. FS' Recovery Act funds must be spent within the next two years. This means that—allowing for post-project reviews—OIG's oversight will be continuous over this two year period. We estimate oversight of FS stimulus projects will require up to 20 Audit staff years annually. Currently we plan on conducting FS stimulus-related work with existing, experienced OIG Audit personnel, although the staff may be augmented with new hires as our oversight activities proceed. We are currently in the process of hiring approximately 20 auditors to provide oversight of all USDA Recovery Act funds.

On the Investigations side of OIG, our Office of Investigations (Investigations) has begun the process of hiring 10 additional staff that will conduct or support investigations regarding potential fraud affecting any USDA programs and operations utilizing Recovery Act funds. We anticipate it will take several months to have these new hires cleared for duty and appropriately trained. Additionally, we are exploring the potential of utilizing re-employed annuitants who already possess invaluable program expertise and would be able to begin immediately responding to Recovery Act- related investigations. By utilizing a combination of newly hired agents and our experienced agents, we believe Investigations will be able to respond in a timely fashion to Recovery Act-related allegations and conduct investigations as warranted.

14. All of us, regardless of our political views, want to see the stimulus package work. Our hope is that it will result in long-term, sustainable jobs. Based on your long experience, are there specific areas where you believe funds are more susceptible to being misdirected or misused? How are you proposing to deal with this possibility?

ANSWER:

I would like to address that question from both an audit and investigative perspective. First, regarding our audit oversight, activities indicate that FS has a backlog of capital improvements, maintenance, and fuels projects several times greater than the total amount of Recovery Act money the agency programs will receive. Most FS managers have been waiting years for funds to address long standing, serious problems they have identified. We believe this minimizes the risk that stimulus funds will be spent on unneeded projects. A larger risk, in our view, is that the most worthwhile and beneficial projects will not be funded first. FS' project selection decisions will need to balance how many jobs will be created and the priority status of the project in the agency's schedule of backlogged work.

The greatest risk will be to stimulus funds provided to outside parties such as State, local, and tribal governments and grant recipients and cooperators. State and local governments and private entities often have weaker internal controls which would subject FS' funds to greater risk. As discussed above, the audits we have planned to oversee stimulus funding will focus on internal controls and determining whether projects are effectively implemented.

From the Investigations side, our experience is that when significant monies are provided to the public through government benefit and loan programs, we typically find significant fraud. While much of our investigative work is reactive, our Investigations staff will work to proactively ensure the integrity of USDA Recovery Act funded programs by: (1) timely identification of fraud within those programs; (2) conducting investigations of the fraud when appropriate; (3) prosecutions where warranted; (4) agency administrative action where necessary; and (5) enhancing our whistleblower investigation program.

To increase agency and public awareness of OIG's mission and the avenues individuals have to report Recovery Act-related fraud, Investigations will increase the fraud awareness briefings we conduct, and publicize our hotline and other mechanisms for receiving complaints about waste, fraud, and abuse. OIG's National Computer Forensic Division (NCFD) will develop the means of using information

technology to assist in fraud identification related to stimulus funds. Investigations will continue active participation on task forces such as the National and regional Contract and Procurement Fraud Task Forces and regional Mortgage Fraud task forces to identify fraud and partner with other Federal and State investigators and prosecutors. Investigations will continue close liaison with USDA agencies to assist in identifying fraudulent activities and coordinate with agency enforcement units to jointly investigate cases as appropriate.

Additionally, a key component to ensuring that Investigations achieves our oversight objectives under the Recovery Act is the utilization of the OIG Hotline. Our Hotline system can serve as an important intake mechanism for Recovery Act-related complaints and referrals. The Hotline will allow OIG to separately identify, track, and report on complaints regarding stimulus funds as well as whistleblower reprisal complaints of non-Federal employees under the Recovery Act's new authorities.

15. Let me make a point based on your testimony today and ask a simple question. Your testimony includes nine critical areas of concern, most of which dates back at least three administrations. With so much work remaining, how is it possible for your office to conduct oversight on these and other issues while at the same time conducting responsible, timely oversight of the stimulus funds?

ANSWER:

At this time we are working to incorporate Recovery Act oversight into our existing annual audit plan. The scope of our current audits is being expanded to address stimulus funding. Because many of our planned audits can be adjusted to also address stimulus initiatives, we hope to timely review stimulus initiatives without sacrificing our highest priority program audit work. I do note, however, that other planned work of lesser priority will be postponed as we direct our most experienced staff to these issues.

16. If there's one area of responsibility of this subcommittee that needs to be addressed it has to be the wildland fire program. The combination of escalating costs and the manner in which we borrow funding from other non-fire related programs has to be dealt with in a comprehensive way. The GAO has recommended developing a cohesive national strategy but this issue has been unresolved for years.

a. **What is preventing the Department of Interior and Department of Agriculture (Forest Service) from addressing this critical challenge which continues to grow worse every year? When is the last time the IG's office focused on the wildland fire program and do you have any plans to do so in the near future?**

ANSWER:

Our audit work would indicate that FS has not yet fully addressed escalating costs for a combination of reasons: resources, lack of prioritization, lack of measurements of progress, and wildland firefighting strategies. OIG continues to focus much of our FS oversight efforts on the wildland fire program and the different programs that impact wildland fire suppression. We are currently conducting audit work on firefighter safety and FS' plans to replace its aging air tanker fleet. We plan to revisit our previous audit work on large fire suppression costs during the next year.

17. **Both of you mention in your testimony a new budgeting and planning tool known as "fire program analysis," or FPA, which provides better management of fire fighting assets and resources across multiple agencies. Can you describe how FPA works as well as its relative strengths and shortcomings?**

ANSWER:

The Fire Program Analysis (FPA) system is a common interagency application for wildland fire planning and budgeting. This tool enables the five federal fire management agencies [1] to jointly plan. FPA is also designed to encourage nonfederal wildland fire partners' participation.

The FPA System consists of several modules:

1. Investment Alternatives. Investment alternatives describe different strategies for achieving land and fire management goals in a Fire Planning Unit.

2. The Initial Response Simulator is a strategic model that mimics a Fire Planning Unit's initial response to wildland fires.

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[1] The Department of Agriculture's Forest Service and the following agencies of the Department of the Interior: the Bureau of Indian Affairs, Bureau of Land Management, National Park Service, and U.S. Fish and Wildlife Service.

3. The Large Fire Module analyzes the impact of fuel treatments and preparedness resources on large fire behavior.

4. The Performance Measure Calculator processes output from the Initial Response Simulator and Large Fire Module to quantify how well the different investment alternatives meet the FPA performance measures.

5. National Goal Programming is used by national fire budget planners and agency decision-makers to assess performance and trade-offs between investment alternatives.

FPA is not fully implemented; certain modules are in the development stage. OIG has not conducted an analysis of the strengths and shortcomings of the system. Once fully operational, OIG will consider FPA issues for future audit planning.

18. Let me ask you both a question similar to one I raised during last week's hearing with the GAO and the Department of Interior Inspector General. Most of these Forest Service issues we're discussing have been around for many, many years and have spanned several administrations. I would assume that one reason these critical Forest Service issues remain unresolved is attributable to the lack of continuity from one administration to another. It's obvious that issuing a report is not always enough to get the job done. What can this new administration and Congress do to address—and resolve—these problems?

ANSWER:

Wildland fire issues are longstanding and complex. Addressing them will take close communication and cooperation between FS, the other land management agencies, Congress, and the Administration. Congress will need to provide the resources and the land management agencies must have leadership that is committed to finding solutions. Even then, it will take time and ongoing focus to resolve these issues.

Questions from Mr. Calvert

19. Public Law 107-203 gave the OIG authority to investigate Forest Service firefighter deaths caused as a result of wildfire entrapment or burnover. Your testimony references the USDA OIG investigation of the fatal Esperanza Fire, which occurred near my district. However, since this fire occurred under a set of circumstances for which OIG does not typically have jurisdiction, you described the investigation as posing "unique challenges."

a. What were those "unique challenges?"
b. In your opinion, was it still possible for the OIG to conduct an adequate and effective investigation following this incident given these circumstances?
c. Were you given the opportunity to make recommendations for corrections to those in charge of managing the incident?
d. When a state of local entity is acting as incident commander and directing Forest Service personnel, do sufficient controls exist that allow the Forest Service to ensure the safety of their personnel when executing orders?

ANSWER:

Since the Esperanza fire did not occur on National Forest System land and was being fought by the State of California's Department of Forestry (CAL FIRE) when it occurred, CAL FIRE was in charge of the decisions made regarding the fire. This is the first instance in which OIG has conducted an investigation in which FS was not in control of the Incident Command at the time of the fatalities, making it difficult to obtain the necessary documents to proceed with our investigation. Further, due to criminal convictions and disciplinary action involving firefighting and supervisory personnel that resulted from previous OIG wildland fire investigations, most FS and CAL FIRE employees did not want to provide statements to OIG, the Occupational Safety and Health Administration (OSHA) and the Serious Accident Investigation Team (led by CAL FIRE in this case). Obtaining statements from individuals with firsthand knowledge of the events leading up to the fatalities is critical when conducting these investigations.

Another issue was the competing investigative interests which took place immediately after the fatalities. As mentioned earlier, not only were we responsible for conducting an investigation, OSHA and the Serious Accident Investigation Team were also responsible for conducting separate investigations. Each participating investigative agency needed to interview the same witnesses but for different information respective to their particular investigative requirements. This was a frustrating process for all, and by the time we were able to conduct our interviews, information about what transpired was no longer fresh in the minds of the witnesses. Once our report is issued, we will meet with FS to discuss the

issues and concerns we have related to our findings in the investigation. We will also work with the FS to develop an internal protocol for conducting future investigations. Once that protocol is established, we will then broaden it to include the other external agencies as appropriate. When we issue the Esperanza report, we would welcome the opportunity to discuss these issues in greater detail with you and the Subcommittee.

Regarding the question on a local entity serving as the incident commander, we have not conducted audit work to make a determination of the sufficiency of controls to ensure the safety of FS personnel. We will consider this topic for future audit planning.

20. Ms Fong, it is my understanding that new airworthiness standards designed to reduce the risk of catastrophic structural failures in firefight tanker aircraft will render many planes in the Forest Service fleet grounded in the near future. And further, these new standards will require that, due to lifetime flight hour restrictions, less costly military surplus planes that meet these safety requirements may not be readily available to replace the aging Forest Service aircraft.

e. Assuming that due to cost differences new air tanker aircraft cannot be purchased at the same rate as surplus aircraft, are available smaller fixed wing and rotary wing aircraft in the current firefighting fleet able to adequately fill a potential gap left by a grounding of a significant portion of the large air tanker fleet?

ANSWER:

There are significant numbers of alternative aircraft which can replace the large multi-engine fixed wing air tankers. Due to safety issues, FS essentially had no large air tankers available in 2004. FS relied upon alternative aircraft for suppression duties. FS owns three alternative aircraft and the rest were leased. Based upon the information available to OIG, FS did not report a significant change in their ability to suppress wildfires when using these alternative aircraft.

f. What measures are being implemented to prepare for an event where the Forest Service is unable to purchase new aircraft at the same rate it is required to ground aged ones?

ANSWER:

OIG is not aware of any written FS contingency plans in the event of the unavailability of large air tankers. FS does have an established process in place to solicit other aircraft for contract. However, the ability to obtain these aircraft when needed may be influenced by a number of outside factors. For example, aircraft vendors may have previously committed their aircraft to other customers. This would be more prevalent for multipurpose aircraft such as large helicopters versus single engine air tankers. Also, the timing and type of contract used to procure the aircraft could affect the costs. If used for a significant percentage of FS' air resources, short term "Call When Needed" contracts can be much more expensive than longer term exclusive use contracts.

ATTACHMENT (Question No. 12)

Forest Service Fiscal Year 2009 Financial Statements
The objective is to conduct the financial statement audit of FS in accordance with Federal requirements. This engagement is contracted to an independent public accountant with required oversight by the OIG.

Status: Fieldwork ongoing.

Forest Service Contracted Labor Crews
The objective is to evaluate the effectiveness and efficiency of FS' use of contract labor in firefighting, hazardous fuel removal, and reforestation. Specifically, we will (1) determine the actual cost of contract labor and evaluate its efficiency and effectiveness; (2) determine if contractors are complying with basic contract requirements (i.e., hiring and compensation practices); and (3) evaluate whether FS has achieved the most effective balance between contract and in-house labor.

Status: Initial discussion draft under review by OIG Headquarters.

Forest Service Watershed Management

The objective will be to determine the effectiveness of FS watershed management. Specifically, we will evaluate how FS identifies watersheds, determines their current condition, and develops plans to restore, enhance or maintain watershed conditions. In addition, we will determine how FS determines priority for which watersheds will be handled first.

Status: Planning stage.

Forest Service Invasive Species Program
The objectives are to (1) assess FS' controls over the administration and reporting of the invasive species program and (2) evaluate the efficiency and effectiveness of FS' actions to reduce, minimize, or eliminate the potential for introduction, establishment, spread, and impact of invasive species across forest landscapes.

Status: Field work ongoing.

Evaluating FS Processes to Obtain and Grant Rights of Way and Easements
The audit will determine if FS is both (1) properly obtaining Rights-of-Way and easements (ROE&E) necessary to manage Federal lands, and (2) properly granting and modifying ROW&E in accordance with laws, regulations and the best interests of the FS. The audit will also determine if the FS has adequately planned for how changing land use patterns and the use of ROW&E will affect FS mission areas.

Status: Fieldwork ongoing.

Forest Service Contract Review for Fire Effect Modeling Programs
The objectives of this audit are to determine if the Forest Service awarded and managed the 2003 System Environmental Management contract in accordance with Federal Acquisition Regulations. We will determine if the:

- contracting method used was valid;
- use of contracting funds violates any appropriation laws;
- contractor's industry classification status allows FS to contract with them sole source;
- task orders and services rendered met contract's statement of work;
- contractor met task and invoicing requirements;
- contracting staff violated any of governmental ethics requirements, specifically those related to conflict of interest;
- OMB policies related to ownership of federal public websites were violated;
- FS has ownership of deliverables

In addition, we will determine if software acquisition was conducted in the most cost effective and efficient manner.

Status: Planning stage.

Management of Oil and Gas Resources on National Forest System Lands
The audit will follow-up on previous audit work (Audit No. 08601-4-HY). It will specifically include a review of FS' controls over Surface Use Operations (SOP) for approved permits.

Status: Planning stage.

FS Replacement Plan for Firefighting Aerial Resources
The audit will determine if FS adequately secures a cost effective mix of aerial resources to replace the aging fleet of wildland suppression support aircraft.

Status: Audit nearing completion.

Forest Service Firefighting Succession Plans.
The audit will determine whether FS has adequately planned for the timely replacement of its critical wildfire suppression personnel as retirements increase and fewer of its personnel volunteer for fire suppression duties due to concerns over safety, liability, and other factors.

Status: Audit report being drafted.

FS Administration of Special Use Permits

The objective of the audit is to determine if FS has adequate controls over its special use program especially in the areas of agricultural use, communications sites, troubled youth camps, and water use. We will determine whether adequate controls are in place to ensure that authorizations are properly issued and adequately monitored.

Status: Fieldwork ongoing.

Forest Legacy Program – Appraisal Process

Our objective is to evaluate the adequacy of FS' controls over the FLP. Specifically, we will review the FLP to determine whether the projects selected under the FLP met eligibility requirements, project costs were adequately matched by outside entities, and the projects were properly appraised and monitored.

Status: Fieldwork ongoing.

FS Administration of Grants

Our audit will evaluate FS' controls over its administration of grants to Non-Federal Entities. A previous OIG audit (Audit No. 08601-52-SF) found FS controls over its grant program were inadequate to ensure reimbursements under the program were proper. This audit will specifically address grants made under the economic stimulus plan.

Status: Planning stage.

Follow-Up on Prior OIG Firefighter Safety Audits

We will follow-up on our two previous audits that addressed the safety of firefighting personnel: FS' Firefighting Safety Program (Audit No. 08601-38-SF, issued September 2004) and FS' Firefighting Contract Crews (Audit No. 08601-42-SF, issued March 2006). The audit will determine whether FS has timely and adequately implemented the corrective actions agreed to during the audits.

Status: Fieldwork ongoing.

FS Acquisition of IT Software/Hardware

The audit objectives are to determine if FS acquires IT software and hardware cost efficiently, development of systems will timely meet the agency's needs, and the agency has complied with the applicable Federal Acquisition Regulations.

Status: Fieldwork ongoing.

Response to Post-Hearing Questions for the Record
"Forest Service Oversight"
Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Hearing held March 11, 2009

Questions for Robin M. Nazzaro, Director
Natural Resources and Environment
U.S. Government Accountability Office

Questions for the Record Submitted by Chairman Dicks

General

1. **Ms. Nazzaro, you indicate that the Forest Service has made some progress, but never-the-less it has a number of major management challenges that have persisted over many years. What do you think are the most important problems that have persisted, which this subcommittee should address through the appropriations process?**

GAO Response:

Our testimony focuses on three primary challenges for the Forest Service: the lack of short- and long-term strategies for addressing the growing wildland fire problem; the lack of accurate data on agency activities and their costs; and insufficient internal controls (to reduce the agency's vulnerability to improper or wasteful purchases) and performance accountability systems (to provide a clear measure of what it accomplishes with the funds it receives every year). Each of these areas might be addressed through the appropriations process. Funds could specifically be provided, for example, for the Forest Service to undertake actions to improve one or more of these areas; similarly, the subcommittee could provide additional direction to the agency to take action in certain areas, such as improving its processes for allocating specific wildland fire-related funding. The persistent nature of these challenges, however, suggests that any funds provided would benefit from additional congressional oversight.

2. **Do you think there is any particular reason that these persistent problems do not get addressed? Do the agency leaders and managers change too often, or are the problems too large? Are there particular problems in the USDA departmental management or at the OMB?**

GAO Response:

As we conclude in our testimony, the challenges facing the Forest Service are indeed difficult ones. The Forest Service has taken steps to address some of the issues we have reported on over

the past decade, but has been slow to take critical steps such as developing a long-term cohesive strategy to address the growing wildland fire problem, improving data regarding the actions it takes and its costs, and improving its performance accountability. If the Forest Service is to address these difficult problems, it will need a sustained commitment by its highest leadership to make difficult decisions, invest resources to develop and maintain needed data, and hold officials throughout the agency accountable for achieving management goals. We have not examined the effect, if any, that changes in Forest Service leadership, Department of Agriculture management, or Office of Management and Budget policies or practices may have had on the agency's ability to effectively respond to the issues we and others have identified.

3. Of the problems you highlighted, which do you believe is the highest priority for the agency to tackle?

GAO Response:

It is difficult to separate the three problem areas we identified, because they are interrelated and we believe that improvements in all three areas are needed. Nevertheless, as noted in our testimony, fire is probably the most pressing issue. Our fire problem continues to worsen, and while this is in part due to forces beyond the Forest Service's control—climate change, continued development in the wildland-urban interface, and the collective results of suppressing fires over the past century—we believe the Forest Service, along with the Department of the Interior (Interior), could take steps to develop an overall assessment of the challenge our nation faces and some long-term options for addressing it, as well as putting into place some short-term improvements to allow for more effective and efficient spending. Having said that, we caution that, no matter what actions the agencies take, the fire problem is likely to be with us for years or decades to come.

The data reliability issue is disconcerting because it affects many of the Forest Service's programs. Improvements in this area could not only help the agency in its efforts to carry out its land management responsibilities (by, for example, setting program priorities and monitoring activities and accomplishments) but could also help it improve its performance accountability—that is, to account for what it does with the money it receives.

Finally, we feel that the strides the Forest Service has made to improve its financial accountability over the past several years indicate that it understands the problems it faces and is taking positive steps to resolve them. Nonetheless, the shortcomings the Department of Agriculture's Inspector General reported in 2007 and 2008 indicate that the Forest Service needs to take continued action to improve this fundamental component of sound management.

Wildland fire

4. **Ms. Nazzaro, your testimony today, and again last week when you reviewed the Interior Department, indicated that a cohesive strategy is really important to help guide the Federal wildland fire programs. Please explain how a cohesive strategy would help the Congress assess various fire funding options. Explain the importance that the strategy involve both Federal departments as well as State cooperators.**

GAO Response:

GAO has called for a cohesive wildland fire strategy in numerous reports dating back to 1999. The strategy we have described would lay out broad long-term options for reducing accumulated vegetation that could exacerbate wildland fires and for responding to wildland fires when they occur, and would describe each option's estimated funding needs and potential long-term benefits and drawbacks. Information on potential options and costs for addressing the wildland fire problem over the long term would help the agencies and Congress understand what can be accomplished with different levels of investment, and help them make informed decisions about how best to invest limited resources. Such information could inform decisions, for example, about whether investing more funds in managing hazardous fuels in the short run would help reduce expected suppression costs in the future. We are pleased that the proposed Federal Land Assistance, Management, and Enhancement Act includes a provision requiring the development of a cohesive strategy.[1]

Because wildland fires can burn across federal, state, and local jurisdictions, developing a cohesive strategy that examines options on both federal and nonfederal lands would be beneficial. Looking across jurisdictional boundaries in analyzing options for where best to locate firefighting resources and reduce hazardous fuels, however, also poses certain difficulties for the federal agencies. In particular, a cross-jurisdictional approach to developing a cohesive strategy raises questions about the appropriate level of federal funding to help reduce the risk to nonfederal resources.

5. **You discussed the harmful impacts that have occurred to the Forest Service when ordinary program funds have been taken away and transferred for emergency wildfire suppression. Can you please explain what those negative impacts are? What are some specific examples of programs or projects that are harmed and how does this affect various non-Federal cooperators? Does this happen even if the borrowed funds are later paid back?**

GAO Response:

We examined the effect of funding transfers in 2004 and found that the Forest Service and Interior had transferred more than $2.7 billion from nonfire programs from 1999 through 2003, and that the agencies received additional appropriations to cover, on average, about 80 percent of the funds transferred. We have not examined the issue in detail since, but the agencies have reported they transferred funds in 2006 through 2008.

[1] S. 561, 111th Cong. (1st sess., 2009); H.R. 1404, 111th Cong. (1st sess., 2009).

Although the agencies received additional appropriations to cover most of the transferred funds, we found that the transfers nonetheless had caused the agencies to cancel or delay some projects and fail to fulfill certain commitments to their nonfederal partners. We reported, for example, that funding transfers delayed planned construction and land acquisition projects, which in some cases led to higher project costs due to revised budget and construction plans or higher supply and land acquisition costs. Transferring funds to help pay for fire suppression also affected the agencies' abilities to fulfill commitments they had made to their nonfederal partners, including states, communities, and nonprofit organizations. For example, federal land acquisition projects are often facilitated by nonprofit organizations, which purchase land from private owners and then sell it to federal agencies. Delays caused by transferring funds can, therefore, lead to higher costs for those organizations. We reported a case in South Carolina, for example, where the Forest Service delayed purchasing a property for 1 year, which led a nonprofit organization to incur about $300,000 in interest costs. Such delays may lead some nonprofits to reconsider working with the agencies. We reported that one organization had 22 projects delayed in 2002 and 21 projects delayed in 2003 because of funding transfers; a representative from that organization told us that if funds continued to be transferred, it would likely invest its funds elsewhere rather than work with the Forest Service and Interior.

6. A large and increasing portion of the Forest Service budget is devoted to fire. What effect does this have on other programs?

GAO Response:

Appropriations to the Forest Service and Interior for fire management have more than doubled since the late 1990s. We have not evaluated the impact of rising fire costs on funding for the agencies' nonfire programs, but federal and state officials have expressed concern that rising fire costs are reducing the total funds the agencies receive for their other programs. More certain is the impact of fire transfers, in which the agency moves money from nonfire accounts to pay for fire suppression when the suppression budget is depleted. As we have reported, this creates substantial disruptions for the nonfire programs, even if the funds are eventually paid back.

7. At our wildfire hearing last year we heard compelling testimony about climate change and the longer and more intense fire seasons that have occurred in recent years. Do you think that the Forest Service has adjusted its fire program to fit the new reality of changed climates and increased suburbanization of the wildlands?

GAO Response:

In the 2009 update to the *Quadrennial Fire Review*, the Forest Service and Interior recognize that climate change and continued development in the wildland-urban interface are major challenges confronting the wildland fire program. The *Review*, for example, states that climate change is expected to lead to substantial increases in acres burned, while demographic and economic dynamics are expected to lead to continued development that will make it more difficult to protect communities. The *Review* identifies several steps the agencies could take to respond to these challenges. To address the increased fire behavior expected due to climate change, the

Review recognizes the agencies could use firefighting personnel and equipment more efficiently and that they could allocate firefighting resources to the most important locations. To these ends, the *Review* proposes several actions, including making strategic decisions about how to manage individual wildland fire incidents by considering factors such as the suppression costs and values at risk, and redesigning incident management teams to provide more flexibility, allowing them to more quickly increase and decrease the amount of firefighting personnel and equipment. To address the increased risk to communities expected due to continued development in the wildland-urban interface, the *Review* proposes establishing a new intergovernmental governance framework that would seek to clarify and realign federal and nonfederal roles for protecting communities. Among the goals of the new governance framework would be (1) ensuring that structures in the wildland-urban interface are designed and built with recognition of the risk from wildland fire and (2) focusing federal funds for fuel reduction treatments on communities that are taking steps to reduce their risk to wildland fire.

If implemented, these steps appear to have the potential to help the agencies better respond to the challenges of climate change and development, although more detail is needed to determine the extent to which the proposed steps would address these challenges. The *Quadrennial Fire Review*, however, is not a formal policy or decision document, but is rather intended to inform future decisions about wildland fire management.[2] The value of the *Review's* insights, therefore, will depend on the extent to which the agencies are able to implement or (in the case of state and local governments overseeing development in the wildland-urban interface) facilitate needed changes.

8. You also mention that a clear strategy to restrain wildfire suppression costs is lacking. What would such a strategy look like? Is it reasonable to expect that a strategy on cost containment will be effective, given the large increases in the fire seasons?

GAO Response:

Although the agencies have been taking steps to contain costs, we believe the effectiveness of those steps will be limited if the agencies do not develop a cost-containment strategy that clearly defines the relative importance of containing costs to the other goals of the wildland fire program. As we reported in 2007,[3] unless the agencies clearly define the importance of containing costs compared to protecting lives, houses, and resources, officials in the field will not have a clear idea of the relative importance the agencies' leadership places on each, and will likely err on the side of protecting communities and resources regardless of cost. Agency leadership also will lack the tools to effectively evaluate the firefighting strategy decisions made in the field.

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[2]Other key agency documents—such as the *Review and Update of the 1995 Federal Wildland Fire Management Policy* and the *10-Year Comprehensive Strategy*—do not make it clear how the agencies plan to respond to the predicted increase in fire activity due to climate change or to the impact of continued development in the wildland-urban interface on wildland fire management.

[3]GAO, *Wildland Fire Management: Lack of Clear Goals or a Strategy Hinders Federal Agencies' Efforts to Contain the Costs of Fighting Fires*, GAO-07-655 (Washington, D.C.: June 1, 2007).

We recognize that the factors contributing to rising fire costs may be challenging enough that costs may continue to rise even if the agencies do develop the cost containment strategy we have recommended. We believe, however, that costs will be even higher if the agencies do not develop a strategy to contain costs. Moreover, we believe that the ability of the agencies to contain long term costs is dependent upon their developing the broader cohesive strategy that considers both fire suppression costs and fuel reduction approaches—a strategy we have been recommending since 1999.

9. It is very important to reduce hazardous fuels if we want to get ahead of the wildfire problem. Last week you indicated that the Interior Department did not have a good method of allocating funds among the 4 fire-fighting bureaus. How does the Forest Service system of choosing wildfire projects compare with that of Interior? Wouldn't it be better if there was a common system for both departments to allocate funding and choose projects that also took State and private lands into account?

GAO Response:

It is important that the agencies are able to identify the fuel reduction projects that are the highest priority without regard to jurisdictional boundaries. Over the past several years, the Forest Service and Interior have been developing processes for allocating fuel reduction funds that are more similar, and have also developed a common, interagency budget tool (known as fire program analysis, or FPA) that they are beginning to use to help allocate funds among the agencies and their field units. Although the use of common tools is a significant step forward for the agencies, we reported in 2008 that FPA needs improvement to fully meet its objectives.[4]

This subcommittee directed the agencies to report by March 2008 on how the agencies have allocated their fuel reduction funds among the agencies and field units. Agency officials told us in January 2009 that they are still preparing these reports. As a result, we lack critical information on which to evaluate the similarities or differences of the agencies' approaches.

10. You mention three primary drivers behind the increases in acres burned and dollars expended: accumulated fuels, climate change, and increased development in the wildland-urban interface. Which of these is the most important, do you believe? What can be done to address these problems?

GAO Response:

All three are important. Accumulated fuels, along with drought and other stresses related to climate change, have fueled increasingly large wildland fires, while development in the wildland-urban interface has increased the number and value of structures at risk. If the agencies are to contain costs and protect resources effectively, they should develop strategies to mitigate the effects of each of these factors—which is why we believe a cohesive strategy is essential. Such a strategy would identify broad options for reducing fuels over the long term, to ensure that

[4]GAO, *Wildland Fire Management: Interagency Budget Tool Needs Further Development to Fully Meet Key Objectives,* GAO-09-68 (Washington, D.C.: Nov. 24, 2008).

funds are spent strategically to best protect the wildland-urban interface. And while the agencies have increased their fuel reduction efforts since 2001, development in the interface is largely outside the agencies' control. Given the importance of this development on fire costs, the federal government may wish to consider options to encourage or require nonfederal governments—who have primary responsibility for adopting building codes and zoning ordinances that affect development—to take steps designed to protect homes from wildland fire, as a way to reduce future federal firefighting costs. For example, municipalities might require that homes in fire-prone areas be equipped with fire-resistant roofs, or that homeowners in these areas reduce flammable vegetation from around their homes. Finally, regarding climate change, there has been considerable research on the relationship between wildland fire and climate change, although GAO has not studied the issue. GAO has looked at climate change from other perspectives, however, including a 2007 report that looked at the impact of climate change on federal land and water resources.[5]

11. You note that one factor contributing to increasing fire suppression costs is development in the wildland-urban interface. Much of this land is non-federal, in many cases belonging to counties or States. Shouldn't counties and States bear the costs of suppression in these areas?

GAO Response:

Federal and nonfederal entities have not clearly defined their financial responsibilities for wildland fire suppression, particularly those for protecting the wildland-urban interface. These entities have developed a framework for sharing costs and have recently taken steps to clarify how these costs should be shared. Nonetheless, we believe that the agencies should take additional steps to clarify the financial responsibilities and to craft a cost-sharing framework that reflects those responsibilities. Federal agencies will likely continue to have a role in helping protect these areas. Nonfederal entities, however, have primary responsibility for adopting building codes and zoning ordinances, and the decisions they make will therefore have a large effect on the cost of protecting the wildland-urban interface in the future. Because the federal government provides assistance to state and local governments, it may wish to consider mechanisms, including placing conditions on the receipt of federal funds, to encourage or require those governments to take steps designed to protect homes and reduce future federal—and nonfederal—firefighting costs.

[5]GAO, *Climate Change: Agencies Should Develop Guidance for Addressing the Effects on Federal Land and Water Resources*, GAO-07-863 (Washington, D.C.: Aug. 7, 2007).

Lack of program management data

12. The long-standing problems regarding the lack of program data are alarming. You mentioned a couple of examples concerning reforestation and rehabilitating burned over lands where the Forest Service lacks data to know program needs. Can you explain your findings and suggest remedies for the agency?

GAO Response:

Regarding reforestation and timber stand improvement, we noted in 2005 that the acreage of Forest Service land needing reforestation and timber stand improvement had been generally increasing since 2000.[6] However, while Forest Service data were sufficiently reliable for identifying these relative trends, we had concerns about the data's use in accurately quantifying the acreage of agency land needing reforestation and timber stand improvement treatments. These concerns arose because, while much of the responsibility for establishing standards and procedures for collecting and reporting on reforestation and timber stand improvement needs had been delegated to the agency's field offices, these field offices defined their needs differently and did not systematically update data to reflect current forest conditions or review the accuracy of the data.

Regarding rehabilitation and restoration, we reported in 2006 that the Forest Service could not determine what portion of the agency's nationwide rehabilitation and restoration needs had been addressed because it did not track such information on a national level.[7] Field staff were required to report accomplishment information only for those rehabilitation and restoration projects funded specifically with rehabilitation and restoration moneys, even though much of this work is funded through other agency programs. They were not required to report information about how much rehabilitation and restoration work was needed, nor were they required to report information about rehabilitation and restoration work completed using other funds. Consequently, there was no centralized source of information about all rehabilitation and restoration needs and accomplishments nationwide.

In both cases, the Forest Service's inability to accurately track its needs and accomplishments stemmed in part from its decentralized structure, under which the agency gave field staff responsibility for collecting and maintaining data but did not establish comprehensive nationwide reporting standards. Addressing these shortcomings may require not only technological improvements—such as enhancements to the Forest Service's data management systems—but also a cultural shift toward greater emphasis on national program oversight.

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[6]GAO, *Forest Service: Better Data Are Needed to Identify and Prioritize Reforestation and Timber Stand Improvement Needs*, GAO-05-374 (Washington, D.C.: Apr. 15, 2005).

[7]GAO, *Wildland Fire Rehabilitation and Restoration: Forest Service and BLM Could Benefit from Improved Information on Status of Needed Work*, GAO-06-670 (Washington, D.C.: June 30, 2006).

13. Do you think that the Forest Service is able to monitor its activities and validate which projects are effective and which are not? Does the Forest Service do adequate monitoring of its various forestry and habitat enhancement projects?

GAO Response:

We have not evaluated the Forest Service's monitoring activities. Although the agency has noted that its land and resource management plans require environmental monitoring of management activities, we have not systematically assessed the extent or quality of such monitoring. Regarding wildland fire management, we reported in 2007 that the agency needed to improve its methods for assessing the effectiveness of fuel reduction treatments.[8] And while the agency has reported that it is taking steps in this area, we have not evaluated their impact.

14. You also mentioned that the Forest Service timber accounting system has problems. Please explain. Does the Forest Service allocate its timber sales and its timber stand improvement funds for the most important projects?

GAO Response:

In our 2007 report on timber sale accounting,[9] we reported that the Forest Service tracks the funds it spends to conduct timber sales—such as funds for personnel and equipment—in a way that does not provide the detailed data many field managers, such as district rangers and forest supervisors, told us they need in order to properly manage these sales. The Service's accounting system aggregates obligation and expenditure data by the programs that fund the sales—such as the Forest Products Program and the Salvage Sale Program—and by national forest, rather than by individual timber sale or by ranger district. Forest Service headquarters officials told us that field managers do not need sale-by-sale or district-level data. However, many field managers told us that such data are crucial to their management of timber sales. For example, without such data to monitor the progress and cost of individual sales, field managers have difficulty both knowing when to redirect resources among sales and assessing the cost-effectiveness of individual sales. Without detailed data in the Service's accounting system, many field managers have developed manual "cuff records," such as spreadsheets, to maintain obligation and expenditure data at the individual sale or ranger district level. However, maintaining these cuff records can be time consuming, according to field managers, and can thus take time away from conducting "on the ground" activities such as overseeing timber harvests. Although headquarters officials said that aggregating data has reduced the cost of managing the accounting system data, the resources field managers are expending to compensate for the lack of detailed system data may partially offset those savings. However, the Service does not know the cost of maintaining cuff records, and it has not systematically identified field managers' information needs. We have not evaluated the extent to which the agency's prioritization process for allocating its timber

[8]GAO, *Wildland Fire Management: Better Information and a Systematic Process Could Improve Agencies' Approach to Allocating Fuel Reduction Funds and Selecting Projects*, GAO-07-1168 (Washington, D.C.: Sept. 28, 2007).

[9]GAO, *Federal Timber Sales: Forest Service Could Improve Efficiency of Field-Level Timber Sales Management by Maintaining More Detailed Data*, GAO-07-764 (Washington, D.C.: June 27, 2007).

sales or timber stand improvement funds results in funds being allocated to the highest priority projects.

15. The stewardship contracting program allows the Forest Service to trade goods, like timber, for services to improve the condition of the public lands. You mentioned that the Service accounting system does not include data on stewardship contracts, such as the value of timber sold and the value of the services procured. How bad is this? Can we be assured that the various field units are getting a fair return for the timber they are trading for services?

GAO Response:

In 2008 we reported on the Forest Service's and the Bureau of Land Management's use of stewardship contracting,[10] noting that neither agency maintained a database that allows a complete and comprehensive picture of its stewardship contracting projects. The agencies did not begin maintaining nationwide data until recently, but even these data were incomplete and inconsistent—some data were not tracked at all, while other data were available only for recent years or only on a cumulative basis rather than by fiscal year.

Regarding the value of timber sold and service procured, we reported on two shortcomings in the agency's data. First, we reported that the agency did not maintain national data on stewardship activities conducted through agreements rather than contracts. The Forest Service had not yet determined how to modify its systems to incorporate data from agreements under which, as with contracts, forest products may be exchanged for services. This is made more complicated by the fact that partnership agreements are no longer the simple instruments they have traditionally been. Now, for example, timber might be harvested under stewardship agreements, whereas it was traditionally harvested under contracts. In fact, lacking data on agreements, Forest Service officials were not certain whether timber had yet been sold under an agreement or by what means it would be tracked in agency databases if it were. The agency reported entering into only 12 agreements at the time of our report, however, so this shortcoming affects relatively few stewardship projects.

The other shortcoming we reported on was related to data on the value of contractor services received under stewardship contracts generally. We noted that information on the value of services over $3,000 purchased as part of certain stewardship projects is maintained in the Federal Procurement Data System—Next Generation. However, the system contains information on only some stewardship contracts—those in which the value of services exceeds the value of the timber. Further, these contracts are not consistently distinguished from other types of contracts (i.e., standard procurement contracts rather than stewardship contracts) in this system, so complete information specific to stewardship projects cannot be extracted.

Although these data shortcomings raise questions about the extent to which the Forest Service knows the value of timber sold and services procured as part of its stewardship contracting activities nationwide, we reported that the agency used established methods to estimate the value

[10]GAO, *Federal Land Management: Use of Stewardship Contracting Is Increasing, but Agencies Could Benefit from Better Data and Contracting Strategies,* GAO-09-23 (Washington, D.C.: Nov. 13, 2008).

of the timber and the value of the services associated with individual projects, so we have no reason to believe that the use of stewardship contracting results in the agency receiving less than fair market value for its resources. However, we have not analyzed the effectiveness or accuracy of these estimation methods.

16. Managerial cost-accounting seems to be a basic need for an agency which is conducting so many commercial activities. You indicate that the Forest Service is not able to track costs associated with timber sales. In the past, the Congress dealt with below-cost timber sales as a major issue. Do you think that the Service is able to explain the merits of various timber sales, and what the costs are, so the public can understand the value of the program?

GAO Response:

While the Forest Service may be able to provide information on the merits of individual timber sales, we have reported that it cannot provide information on these sales' costs. As a result, it is not clear how the public can weigh the benefits of a particular timber sale against its costs to determine whether the sale is justified.

17. You mentioned that the Forest Service has been getting clean opinions on its financial statements, but your testimony talks about ongoing financial accountability challenges. How do you reconcile those viewpoints?

GAO Response:

Clean audit opinions are just one element of financial accountability, and while clean audit opinions are essential to providing an annual public scorecard, they do not guarantee that the agency has the financial systems needed to dependably produce reliable financial information. As we and the Department of Agriculture's Inspector General have noted, the Forest Service has struggled to provide accurate financial information and exercise appropriate internal controls. And while we commend the agency for its clean audit opinions, we have also pointed out that in some years these have come only after heroic year-end efforts to make adjustments and overcome weaknesses in the agency's financial information systems.

18. Given the Forest Service's managerial problems, do you believe the agency is well positioned to spend the stimulus funds it is receiving? What should the Congress watch for as the Service implements the economic recovery bill?

GAO Response:

The Forest Service is receiving $500 million for wildland fire management, half of which is to go to the states, and $650 million for capital improvement and maintenance. We expect that all of the fire money will be spent in ways that mitigate the fire problem to some degree; what we have concerns about based on our work is whether the money will go to projects that result in the greatest reduction in fire danger.

Moreover, the agency would likely be better positioned to use the stimulus funds effectively if it were farther along in developing the cohesive strategy we have long recommended. We recommended such a strategy be developed precisely because it would analyze the likely effects of differing levels of investment in fuel reduction treatments on long-range outcomes, including the estimated effect on future suppression costs. To the extent that the agency is able to assess where additional investments in the short term can reduce long-term costs, it would be better positioned to make the case that investing those funds is worthwhile.

We have not conducted any work recently on Forest Service construction or maintenance, and so are not prepared to comment on the funds the agency will be receiving for those activities. Overall, as we recently testified,[11] experience tells us that the risk for fraud and abuse grows when billions of dollars are going out quickly, eligibility requirements are being established or changed, or new programs are being created. This suggests the need for a risk-based approach to target for attention specific programs and funding structures based on known strengths, vulnerabilities, and weaknesses.

[11]GAO, *American Reinvestment and Recovery Act: GAO's Role in Helping Ensure Accountability and Transparency*, GAO-09-453T (Washington, D.C.: March 5, 2009).

Questions for the Record Submitted by Rep. Simpson

1. **Your testimony describes wildland fire as the most daunting challenge facing the Forest Service over the last decade. The GAO has issued a number of reports since 1999 calling on the Forest Service to develop a cohesive wildland fire strategy to contain costs and reduce the amount of excess fuels (which cause fires to be more serious and more expensive). While the Forest Service believes a fire strategy is necessary, ten years have passed and it has yet to develop one. Can each of you provide your perspective on why the Forest Service, after all this time and expenditure of billions of dollars, has yet to develop a comprehensive fire strategy? What more should Congress do to convey the need for a fire plan?**

GAO Response:

Some of the time is due to the inherently difficult nature of the task: fire is unpredictable, severity of fire seasons vary, and, given the risk to communities and resources, the agencies are rightly reluctant to make significant changes without careful analysis. To help improve this analysis, the Forest Service and Interior have been developing several decision support tools that have promise in helping them develop a cohesive strategy. In particular, the agencies have nearly completed development of two tools, FPA and LANDFIRE, that are critical components of a cohesive strategy, although our recent review of FPA identified key shortcomings the agencies will need to continue to work to improve if that tool is to fulfill its promise and found concerns about the accuracy of LANDFIRE data and the frequency with which it will be updated.

Beyond the complexity of the task, however, the agencies appear not to have been fully committed in recent years to developing a cohesive wildland fire strategy. We testified before this subcommittee in February 2008 that, although the agencies had consistently concurred with our recommendation to develop a cohesive strategy, in 2007 they had retreated from their commitment to do so. At the same hearing, the Department of Agriculture's Under Secretary for Natural Resources and Environment—in a joint statement with Interior—stated that the agencies would work on developing a tactical plan outlining the steps and time frames needed for completing a cohesive strategy. In January 2009, agency officials told us they were working on a cohesive strategy but had no estimate of when it would be completed. This history helps illustrate why, in our statement at the March 11 hearing, we concluded that the Forest Service will need sustained commitment by agency leadership to address the challenges it faces.

The need for, and status of the agencies' development of, a cohesive wildland fire strategy has been the focus of several congressional hearings over the past 10 years. In recent years, some in Congress have tried a more direct approach: the Federal Land Assistance, Management, and Enhancement Act, introduced in 2008 and in 2009, would require the Forest Service and Interior to develop a cohesive fire management strategy consistent with the recommendations in our reports.

2. **The GAO testimony highlights the need for the Forest Service to establish clear goals for containing wildland fire costs. What specific recommendations have you made to the Forest Service and how specifically would they help better manage fire costs?**

GAO Response:

In our 2007 report, we recommended, among other actions, that the Forest Service and Interior establish (a) clear goals and measurable objectives and (b) a framework to ensure that officials are held accountable for achieving these goals and objectives.[12] In that report, we found that although the agencies had issued many documents that stated the importance of containing costs, none of the documents clearly stated the agencies' cost-containment goals and objectives. For example, several key documents stated that wildland fires are to be suppressed at minimum cost, considering firefighter and public safety and resources to be protected. We found, however, that the agencies had established neither clear criteria by which to weigh the relative importance of this broad goal, nor measurable objectives by which to determine if they are meeting this goal. Without such criteria and objectives, the importance of containing costs, relative to the other elements, is not clear. As a result, we found that managers in the field lack a clear understanding of the relative importance that the agencies' leadership places on containing costs and are therefore likely to continue to select firefighting strategies without due consideration of the costs of suppression. Further, without clear goals and objectives, agency leadership also lacks the tools to effectively evaluate the firefighting strategy decisions made in the field, an essential step if the agencies are to establish an effective performance accountability framework.

3. **As I look through the GAO list of recent major management challenges facing the Forest Service, I notice that many of the same issues have been addressed in multiple reports. For instance, program management, and financial and performance accountability issues, have been cited by the GAO since the 1990s. Similarly, the lack of a wildland fire strategy has been cited for at least a decade. What are the greatest obstacles to making needed improvements in these and other areas? Can you identify specific issue areas where the Department has made solid improvements over the last 5-10 years?**

The obstacles appear to be twofold: in some cases, the Forest Service may need improvements in the systems it uses to collect, maintain, and evaluate financial and program data, while in other cases it appears that the primary obstacle is the need for greater management commitment to addressing the agency's challenges.

The Forest Service has made significant strides in several areas over the past 5 to 10 years. For example, regarding financial accountability, the agency's ability to obtain unqualified audit opinions beginning in 2002 is without question a major milestone, and evidence of the agency's ability to overcome obstacles when sustained management commitment is evident. In regard to wildland fire management, in recent years we have reported that the Forest Service and Interior have made several important improvements. In particular, the agencies have clarified their policies on selecting appropriate firefighting strategies and have improved the analytical tools

[12]GAO-07-655.

that help fire managers assess fire conditions and determine appropriate firefighting strategies. Although these steps show real promise in helping the agencies respond to the increasing wildland fire problem, we believe that the agencies' ability to effectively respond to the challenges they face is critically limited if they fail to develop the key long- and short-term strategies that we have recommended. We recognize that developing these strategies is a complex and difficult task, one which will require the agencies to make difficult decisions about what they can and cannot do; we therefore believe that sustained commitment by the agencies' leadership is critical if this undertaking is to be successful.

4. Both of you mention in your testimony a new budgeting and planning tool known as "fire program analysis," or FPA, which provides better management of fire fighting assets and resources across multiple agencies. Can you describe how FPA works as well as its relative strengths and shortcomings?

GAO Response:

FPA is an interagency budget and planning tool that the Forest Service and Interior have been developing since 2002. The agencies have begun using FPA and expect to use initial results in spring 2009 to help develop their fiscal year 2011 budgets.

We reported in November 2008 on the extent to which FPA would likely meet the key objectives originally established for it.[13] In that report, we concluded that FPA showed promise in achieving some of the key objectives originally established for it, but that the approach the agencies had taken hampered FPA from meeting other key objectives. Among the most important objectives, FPA will (1) provide a common framework for the five federal agencies to analyze firefighting assets and develop budget requests across agency jurisdictions, (2) analyze the most important fire management activities, and (3) recognize the presence of certain nonfederal firefighting assets that may be available to respond to fires on federal land.

FPA falls short, however, with respect to other key objectives. First, FPA has limited ability to project the effects of different levels of vegetation reduction treatments and firefighting strategies over time, meaning that agency officials lack information that could help them analyze the long-term impact of changes in their approach to wildland fire management. Second, the modeling approach the agencies are taking cannot identify the most cost-effective mix and location of federal firefighting assets for a given budget but, rather, analyzes a limited number of combinations of assets and strategies to identify the most cost-effective among them. Agency officials recognized that FPA would not meet all key objectives in 2008 and told us they were considering making several changes that may improve its ability to meet certain of the objectives. More broadly, we also reported that the approach the agencies took in developing FPA involves considerable discretion on the part of agency officials, increasing the importance of making decisions in a transparent manner so that Congress, the public, and officials throughout the agencies understand FPA's role in budget development and allocation.

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[13]GAO, *Wildland Fire Management: Interagency Budget Tool Needs Further Development to Fully Meet Key Objectives*, GAO-09-68 (Washington, D.C.: Nov. 24, 2008).

5. **Let me ask you both a question similar to one I raised during last week's hearing with the GAO and the Department of Interior Inspector General. Most of these Forest Service issues we're discussing have been around for many, many years and have spanned several administrations. I would assume that one reason these critical Forest Service issues remain unresolved is attributable to the lack of continuity from one administration to another. It's obvious that issuing a report is not always enough to get the job done. What can this new administration and Congress do to address—and resolve—these problems?**

GAO Response:

The challenges facing the Forest Service appear to stem from the agency's lack of accountability. Clear signals from the administration and the Congress that agency officials will be held accountable for the agency's performance—through specific expectations and performance measures—may stimulate the management commitment that we believe is necessary for the agency to resolve its problems.

The Forest Service's decentralized structure may contribute to these problems as well. Given the agency's considerable geographic coverage, it is important—as the agency has done—to grant decision making authority to field managers who are familiar with local land management needs, community interests, and other factors influencing agency activities. We do not question the motives or abilities of these managers, many of whom have substantial knowledge and experience based on years of service with the agency. Yet if the Forest Service is to operate as a single national agency, rather than a collection of dozens of individual, relatively autonomous entities, it is essential that it collect and analyze information on a nationwide level to understand agency needs, establish national priorities, and offer accountability at an agency level for the activities it undertakes.

Questions for the Record Submitted by Rep. Calvert

1. **In your written testimony you noted that increased development in and near wildlands has posed significant new challenges for wildland fire management.**

   a. **Will you please elaborate on these new challenges?**

GAO Response:

Continued development in or near wildlands, an area known as the wildland-urban interface, has increased the number of communities and structures at risk of wildland fire. Experts estimate that almost 60 percent of all new housing units built in the 1990s were located in the wildland-urban interface and that this growth trend continues. They also estimate that more than 30 percent of housing units overall are located in the wildland-urban interface and that the interface covers about 9 percent of the nation's land. In addition to housing units, other types of infrastructure are located in the wildland-urban interface, including power lines, campgrounds and other recreation facilities, oil and gas wells, communications towers, and roads.

The presence of homes and other development in the wildland-urban interface can substantially alter fire suppression strategies and raise costs. For example, fire managers typically use existing roads and geographic features, such as rivers and ridgelines, as firebreaks to help contain wildland fires. If, however, homes and other structures are located between a fire and such natural firebreaks, firefighters may have to construct other firebreaks and rely more than they otherwise would on aircraft to drop fire retardant to protect the structures, thereby increasing suppression costs.

Although development in the interface is one of the primary causes of the increase in firefighting costs, managing such development is largely outside the Forest Service and Interior's control. Given its importance on fire costs, the federal government may wish to consider options to encourage or require nonfederal governments—who have primary responsibility for adopting building codes and zoning ordinances that affect development—to take steps designed to protect homes from wildland fire, as a way to reduce future federal firefighting costs. For example, municipalities might require that homes in fire-prone areas be equipped with fire-resistant roofs, or that homeowners in these areas reduce flammable vegetation from around their homes.

   b. **What planning, training, and other changes are being made by the Forest Service to ensure that its wildland firefighters can efficiently work with state and local firefighters to provide property protection in a fire area as they work to contain the blaze?**

GAO Response:

We have not examined Forest Service activities in this area. Some reports we reviewed in conducting our earlier work identified differences in training and communication equipment as

impediments to interagency cooperation.[14] Many federal and nonfederal officials we have talked with over the course of our reviews, however, told us that the various agencies work well together in responding to fires, but that there are differences of opinion in how the costs of that response should be apportioned. Because of the importance—and cost—of protecting the wildland-urban interface, discussed above, we have recommended that the Forest Service and Interior, in conjunction with relevant state agencies, clarify the financial responsibilities for suppressing fires that burn, or threaten to burn, across multiple jurisdictions.

2. In your written testimony, you give several examples of inadequate and incomplete data reporting measures that are allowed to exist within the Forest Service.

a. How do these incomplete records hinder the GAO's and Congress' ability to conduct effective oversight over the Forest Service?

GAO Response:

When the agency is unable to provide complete national data for a particular program or activity, GAO or Congress must either request that the agency collect and provide the data, or must undertake a dedicated effort to collect the data independently. The agency is not always timely in providing requested data, as evidenced by the fact that, at the time of our testimony, this subcommittee was still waiting for information on the allocation of fiscal year 2008 fuel reduction funds. Independent data collection efforts are resource-intensive, often requiring nationwide efforts that consume time on the part of both GAO and agency staff. Further, such efforts are not always successful. For example, to collect data for our 2006 report on rehabilitation and restoration, we administered a survey of agency field units to collect data on rehabilitation and restoration needs and accomplishments. However, after collecting and analyzing the survey responses and comparing them to supporting documents such as project plans and accomplishment reports, we found that a significant portion of the survey responses were not supported by documents we reviewed. As a result, we concluded that the survey data we collected were not sufficiently reliable to report.

b. What institutional factors exist that allow these incomplete reporting measures to exist?

GAO Response:

We have not undertaken a systematic analysis of the institutional factors that underlie the data shortcomings we have reported on. It seems likely, however, that this issue stems in part from the lack of accountability we have described—that is, until agency managers are held more accountable for their performance, there may be little incentive to devote limited agency

[14]Note that, to facilitate an effective response to wildland fires, federal, tribal, state, and local firefighting entities use an interagency incident management system. This system provides an organizational structure that expands to meet a fire's complexity and allows entities to share firefighting personnel, aircraft, and equipment. When a fire is first detected, firefighting entities normally follow a principle of "closest available resource," whereby, regardless of jurisdiction, the closest available firefighting personnel and equipment respond to the fire.

resources to improved data collection, especially given the multitude of other pressing needs facing the agency.

3. Can adequate reporting practices be put into place at an institutional level or is additional Congressional direction and oversight necessary to effect this change?

GAO Response:

It certainly seems likely that the Forest Service could design and implement adequate reporting practices. As we have noted, however, such actions would require sustained commitment on the part of Forest Service management. And given the persistent nature of the challenges we have described, it is not clear that such a commitment is to be expected from the agency without additional direction and oversight from Congress.

TUESDAY, MARCH 31, 2009.

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

NATIONAL ENDOWMENT FOR THE ARTS

WITNESS

THE HON. LOUISE McINTOSH SLAUGHTER, A MEMBER OF CONGRESS FROM THE STATE OF NEW YORK

OPENING STATEMENT OF MR. DICKS

Mr. DICKS. We are here today to celebrate both the role of art in our daily lives and its impact on who we are as Americans. This subcommittee has a long history of supporting the arts. We provide the funding for many of the Nation's most treasured cultural institutions, including the Smithsonian Institution, National Gallery of Art, and the Kennedy Center. We also fund the National Endowment of the Arts, and the National Endowment for Humanities.

I am pleased to note for fiscal year 2009 we were able to increase both endowments by 14 percent over the previous year. In fact, during the last Congress we added 63 million dollars to the request received from the prior administration. As you can see on the charts displayed here, through this subcommittee, Congress has provided 155 million dollars for NEA in regular 2009 appropriations. That was a 21 percent increase above the budget we received from President Bush. We hope to be able to continue to provide increases in the coming year.

As you can see on the other chart, this industry supports 5.7 million jobs and has annual expenditures of $166 billion. That is why this committee insisted on including an additional $50 million for the NEA grants through the American Recovery and Reinvestment Act. That $50 million plus the $155 million I mentioned earlier gives the NEA a total of $205 million in fiscal year 2009. That is the most money ever provided to the NEA in one year. We did this because we simply could not and cannot ignore such a vibrant portion of our economy.

Leonardo DaVinci once wrote that to develop a complete mind one must "study the science of art, study the art of science, develop senses to learn how to see and only then realize that everything connects to everything else." I cannot question the logic of such a great artist and wise man. We know that the study of art and music connects us with our world. We also have learned since his time that the study of art and music makes us better students by improving our understanding of logic, math, and many other subjects.

Just as important, the Federal investment in the arts creates jobs and contributes to the economic base of many of our communities.

We have before us today an impressive panel of artists and art advocates, all of whom are uniquely qualified to explain why the arts and arts education are important. I want to thank Americans for the Arts for helping to organize today's panel. At the appropriate point I will ask their President, Robert Lynch, to introduce the panel and we will call them up individually to testify. I want each witness to know that we appreciate the time they have taken to appear before us.

Our panelists all have different roles in the arts community and bring their different perspectives to our hearing today. Some of you finance art programs, others of you manage art programs, and still others perform. Many more of us here today simply listen to, watch, and enjoy the arts. And I think we can all agree, and I know we will hear this today, the arts make our lives better. We know that arts teach us and, just like DaVinci wrote so many years ago, we understand that art makes us more intelligent and complete human beings.

Our challenge today is to make the case for increased arts funding, which will in turn fund programs that will reach more communities, more students and more budding artists.

For our first panel today, we have two Members of Congress devoted to the arts and who support Federal funding for the arts. Congresswoman Louise Slaughter and Congressman Todd Platts are the cochairs of the Congressional Arts Caucus. We are pleased to have them here today.

Chairwoman Slaughter, before I turn this over to you, I want to call on Mike Simpson, our new ranking Republican member, who is a strong advocate for the arts as well from Idaho for his opening remarks.

OPENING STATEMENT OF MR. SIMPSON

Mr. SIMPSON. Thank you, Mr. Chairman. As you can imagine, there is a great deal of excitement about the extraordinary talent represented in our fine panel of witnesses for today's hearing, and I am not just talking about Congresswoman Slaughter and Congressman Platts.

Ms. SLAUGHTER. We are pretty sure of that.

Mr. PLATTS. We know that.

Mr. SIMPSON. You have talent in your own ways.

Wynton Marsalis, Josh Groban and Linda Ronstadt are among the finest and most accomplished musicians of our time. Their body of work spans not only decades, but many different genre of music.

As a long time supporter of the arts and sometimes called a struggling artist myself, I look forward to each of you sharing your views on the Federal role in supporting culture in the arts.

My own State of Idaho has a distinguished record of service with the National Council on the Arts. It may surprise you that our small state has produced two National Council members, Mark Hofland, who recently stepped down from a 3-year term of service, and Louise McClure, the wife of a great statesman, Senator Jim McClure, who served on the council from 1991 to 1997.

I have to admit when I heard that Linda Ronstadt would be appearing before our subcommittee today I was tempted to make my opening statement a compilation of all my favorite Linda Ronstadt lyrics. I was going to open my remarks by saying, people say I am the life of the party because I tell a joke or two. And I was going to complain to, Chairman Dicks that while this is the first time in my career I guess for the last 3 years, that I have been in the minority, that I have been cheated, I have been mistreated, and ask when will I be loved. But this wouldn't be true because Mr. Dicks and I have a great working relationship.

Mr. COLE. Why don't you to go back to Blue Bayou?

Mr. SIMPSON. Linda, your music is so prolific that there is no way I could possibly work all of your lyrics into my statement in the short time allowed this morning. However, let me assure my friends that as a member of the minority party I know a thing or two about crying like a rainstorm and howling like the wind.

In all seriousness, it is wonderful to have each of these witnesses here today to share your insights and, I hope, their music.

In closing, let me say this: I don't know much, but I know I love the arts and that may be all I need to know. Thank you, Mr. Chairman.

Mr. DICKS. Thank you, Mike. I am going to call first on Louise Slaughter.

Ms. SLAUGHTER. Mr. Cole.

Mr. DICKS. We hear first from the Chair and Ranking Member and then the witness. Louise Slaughter is Chair of the Rules Committee, one of the outstanding Members of Congress, and she has been a long time advocate for the arts. When we were in the minority, Congressman Simpson, she and I would go to the floor and offer these amendments much to the chagrin of others. But it always sparked a genuine debate on the House floor about the importance of art all over the country. Witness after witness would come up and talk about their community and what the arts meant to them. And Louise, I have always enjoyed working with you on this, and we are honored to have you here today. You may proceed, Chair Slaughter, as you wish.

TUESDAY, MARCH 31, 2009.

TESTIMONY OF MEMBERS OF CONGRESS AND INTERESTED INDIVIDUALS AND ORGANIZATIONS

WITNESS

HON. TODD RUSSELL PLATTS, A MEMBER OF CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. DICKS. Congressman Platts. We are very pleased to have you, I think this is the first time you are testifying here.

STATEMENT OF MR. PLATTS

Mr. PLATTS. Yes, thank you, Mr. Chairman, Ranking Member Simpson, committee members, delighted to have the opportunity to testify before the subcommittee. I am delighted that my cochair

had to follow Mike's opening statement, and I am delighted to share the table here with my distinguished colleague who has been long-time champion of the arts, Representative Slaughter.

I want to add two thanks before getting into my testimony, that is one to my predecessor as cochair, Chris Shays, who was a great advocate for the arts many years, cochaired with Representative Slaughter the Arts Caucus, and know that I have big shoes to fill in succeeding him in this role.

Also to the true artists and talented individuals who will be on the second panel to their testimony and their willingness to be here and give of their time and advocate before your subcommittee is much appreciated.

The arts enrich and improve the lives of all who encounter them by providing educational value, therapeutic services, and positive economic impacts to local communities. It is for these reasons that I believe the Federal Government should continue to provide investments to the Federal arts programs, the National Endowment for the Arts and the Arts in Education Program.

For over 40 years the NEA has provided steady investment to the arts infrastructure across this great Nation of ours. Funding arts programs that emphasize a wide variety of art activities such as dance, literature, music and theater, the NEA is able to engage Americans with varied interests. The NEA partners with State arts agencies to serve all corners of the United States and funds grant programs, as my cochair said, in every one of our congressional districts.

The arts play a critical role in educational and cultural well-being of all American citizens. A study published by the National Assembly of State Art Agencies and the Arts Education Partnership found that students with an education rich in the arts have better grade point averages in core academic subjects, score better on standardized tests and have lower dropout rates than students without arts education.

The NEA not only provides educational programs for adults but also creates partnerships between arts institutions and kindergarten through twelfth grade educators to ensure that children and young adults are engaged in participatory learning programs.

In addition to the thousands of grant programs administered by the NEA, it also operates a number of Nation initiatives aimed at engaging art scholars of all ages. One example is The Big Read. The Big Read gives communities the opportunity to come together, to read, discuss and celebrate selections from American and world literature. The NEA equips schools, libraries and other community organizations with reading materials, discussion guides, DVDs and additional resources to hold panel discussions, exhibits and theatrical readings related to the stories.

Another example of an NEA national initiative is Operation Homecoming. The NEA created Operation Homecoming in 2004 to help U.S. troops and their families write about their wartime experiences. Through this program some of America's most distinguished writers have conducted workshops at military installations and contributed to educational resources to help the troops and their families tell their stories. Operation Homecoming hosted 59 writing workshops at Department of Veterans Affairs medical cen-

ters, military hospitals, and affiliated centers and communities around the country. In tandem with the workshops, the NEA offered an open call for writing submissions to active military personnel and their families.

This ongoing call has resulted in more than 1,200 submissions and 12,000 pages of writings. Almost 100 of the submissions to the NEA were featured in the anthology Operation Homecoming: Iraq, Afghanistan and the Home Front in the Words of United States Troops and Their Families.

I commend the subcommittee for its past support for the NEA. The last 2 fiscal years included an increased investment in the arts through the NEA. This funding was critical in maintaining the NEA's ability to help local arts agencies maximize their economic and social contribution to our communities. The nonprofit arts industry generates, as was stated, over $166 billion annually in economic activity and returns over $12 billion in tax revenues to the Federal Government. In fact, for every one Federal dollar invested in the arts, almost $9 are returned.

Through their thousands of grant programs and national initiatives, the NEA has exposed a countless number of Americans to the arts in a cost effective way. I urge the subcommittee to continue its important work and support for this investment, and provide additional funding as available for the NEA in the fiscal year 2010 Interior appropriations bill.

And although I would be honored to submit this for the record, I more proudly want to display it to my office, my latest addition to what I call the T.J. And Tom Art Gallery. T.J. is my 12-year-old and Tom is my 10-year-old. And unplanned this was given to me last night by my just turned 10-year-old son Tom, his latest artistic addition, creation, that will be proudly displayed in my D.C. Office. As I said this morning at arts breakfast, the T.J. And Tom Art Gallery is always open for view by any and all. So I welcome your visits to the office, and again thank this committee and your leadership, Chairman Dicks, Ranking Member Simpson, for your support for the arts, and I yield back.

Thank you, Mr. Chairman.

LINKING ARTS AND EDUCATION

Mr. DICKS. Thank you both for outstanding statements. Again I think the link here to education is what needs to be talked about. As we are trying to educate our children, if they are exposed to music or engaged in playing an instrument or involved in dance or opera maybe, you know, all of this contributes to their academic development. I think the evidence for that is very strong, and so making sure that art programs are linked with the educational programs I think is crucial.

Mr. Simpson.

Mr. SIMPSON. Thanks, Mr. Chairman. I don't have any questions, but there is one name that we haven't mentioned today, and that is the Chairman of the NEA, Dana Gioia, and the tremendous job he has done over the last several years——

Ms. SLAUGHTER. A wonderful job.

Mr. SIMPSON [continuing]. In leading the NEA and really I guess establishing credibility among Members of Congress, and I don't

think we should let him go without thanking him for the tremendous work he has done.

Ms. SLAUGHTER. Oh, absolutely.

Mr. SIMPSON. He really has done a tremendous job. I think last year they did a project in each 435 Members of Congress's districts, which is both smart politically but the right thing to do to try to get the arts out to the rest of America. There was a time when a lot of people thought that the NEA was interested in doing the arts in New York and San Francisco and other places. But he gets it out to Salmon, Idaho, which is very, very important. And I think we should thank him for the job he has done over the last several years. Thank you.

Ms. SLAUGHTER. I agree with you. And one of the things he was a renaissance man, he wrote incredibly beautiful poetry. As a businessman every place I went with him I was astonished. He had ideas on how everybody could improve their business. But what he was dedicated to was to try to get Americans to read again, and I think he made a big difference in that. And his Shakespeare program that he did in high school was very, very remarkable.

Mr. PLATTS. I have seen that in the Big Read Program in my district. As you said, that reach-out participated in the kite runner book back in the district. And throughout my district the libraries are all coordinating the Big Read and getting people to not just read but come out and participate and it would lead to discussions and dialogue with all corners. And your accolades to him and the NEA are well earned.

Mr. DICKS. Mr. LaTourette.

Mr. LATOURETTE. I don't have any questions.

Mr. DICKS. Mr. Cole.

Mr. COLE. No questions.

Mr. DICKS. Well, thank you very much for being our lead-off panel, and we appreciate your being here and your leadership in the House on these issues.

STATEMENT OF MS. SLAUGHTER

Ms. SLAUGHTER. Thank you very much.

Delighted to be here this morning again Chairman Dicks. I said this morning that the Dicks and Slaughter combination has been working pretty well, I think. And delighted to see you, Mr. Simpson. I think you and I could have done a mean duet here, I wouldn't be surprised. Mr. Cole, how nice just to be here with you as well this morning.

I couldn't make it as a blues singer, so now I am a Member of Congress and see if I can make that stretch out here a little. We are happy to be here with you, because it has always been such a pleasure, Mr. Dicks, for your great strength and courage and what we have worked through together to support the National Endowment for the Arts. Thank you for that. It is a pleasure to work with you every single year. And I appreciate all your efforts. But I especially want to thank my cochair this morning, Congressman Platts, for joining me. Congressman Platts is from Nebraska, he has been really quite a leader. We are planning some great things to do together and I am delighted to have him as cochair.

Thank you all for your help in getting the $50 million for arts this year. I think a lot of people learned a lot about what arts means to the United States during that debate.

As you recognize, our creative industries have not been immune to the ongoing economic crisis. In fact, they have been particularly hard hit. As corporate donations decrease, consumer spending on arts and cultural activities dwindle, as organizations struggle to maintain their budgets in the arts and humanities funding declines, estates struggle to manage their fiscal challenges.

The NEA funding is being used to directly support employee positions that are critical to an organization's artistic mission and that are in jeopardy or have been eliminated as a result of the current economic climate.

This funding is being distributed in a timely and targeted manner to our most deserving organizations. And again, Mr. Dicks, I deeply appreciate all of your efforts to ensure that they get the proper recognition they deserve.

As our Nation continues to shift from an industrial manufacturing economy to one based on ideas and information, the cities and States increasingly recognize that the arts and culture are important economic assets. They create a hub of economic activity that helps an area become an appealing place to live, to visit, and to conduct business. Industries also create jobs, attract investments, generate tax revenue, and stimulate local economies through tourism and urban renewal. And that is why both the National Governors' Association and U.S. Conference of Mayors agree that investing in arts and culture-related industries provides important economic benefits to both local and regional economies.

It is also no surprise that America's overall nonprofit arts and culture generates $166.2 billion of economic activity every year. The national impact is significant, it supports 5.7 million jobs, and generates $29.6 billion in government revenue. Think about that for a moment. The small amount of money that we put in we get back $29.6 billion. Art more than pays its way, we are not giving gifts to anybody. We are helping to support something that means so much to the economy of our country.

Increasing funding is a proven mechanism to help facilitate the regional economic growth. The NEA is the largest national source of arts funding in the United States. Forty percent of all NEA program funds, approximately $47.8 million in fiscal 2008, are distributed directly to State art agencies, ensuring that Federal funding reaches every State in the country.

Moreover, in fiscal year 2008 the NEA awarded nearly $122 million through more than 2,200 grants reaching all 435 congressional districts. And while the budget represents less than 1 percent of total arts philanthropy in the United States, the NEA grants have a powerful multiplying effect, with each grant dollar typically generating 7 to 8 times more money in matching grants. No other Federal agency or private organization facilitates nationwide access to exceptional art to this extent.

In the late 1980s and early 1990s Congress funded the NEA at $170 million to carry out its mission to support excellence in the arts and to ensure that all Americans have access. But the NEA's

funding was slashed in 1995 and 1996 and has never really recovered from the 40 percent budget cut that it sustained.

2008 was a breakthrough year for the arts as the NEA received nearly $20 million increase in funding, thanks to your hard work, Mr. Chairman. We all appreciate the $10 million increase for the NEA in fiscal 2009. Nevertheless, its invaluable programs remain seriously underfunded and the agency continues to struggle to meet the growing demand for its popular programs.

From the work of nonprofit arts agencies to the impact of cultural tourism, the creative sector is important to State economies all across the country. Federal support for America's nonprofit cultural organizations must go on if we hope to continue enjoying the substantial benefits that they bring. In addition, we must continue to cultivate arts to expose our children to the arts. It is essential if we ever hope for them to reach their fullest potential.

Exposure to the arts fosters learning, discovery and achievement in our country. Research has proven that participation in arts education programs stimulates the creative, the holistic, the subjective, and intuitive portions of the human brain, and we need all of that we can get.

Employers today in America and abroad are looking for creative and dynamic young men and women to fill their rosters. Learning through the arts reinforces crucial academic skills in reading, language, arts, and math. Just as important, learning through the arts gives young people the skills they need to analyze and synthesize the information and to solve complex problems.

Educating children early and continuously in the arts will prepare them for work in today's innovative and creative post-industrial society. But these instrumental benefits are not what ultimately draw people to the arts. People seek experience with the arts for emotional and cognitive stimulation. We know the transformative power of a great book, a painting, or a song.

A work of art can invoke extraordinary feelings of captivation, deep involvement, amazement and even wonder. The evocative power is so rare in a world where we tend to grasp things almost exclusively in terms of their relationship to practical needs and purposes. Stimulating this mental and intellectual activity only enhances our creativity and imagination. Only strengthens our ability to empathize with others, deepens our understanding of the human spirit. In today's globalized world these factors cannot be ignored. We cannot assign a price tag to the intrinsic benefits that the arts bestow on individuals and across communities and society at large.

I know that there are many important requests before your subcommittee today and there are many Federal agencies struggling to overcome funding shortages, but I am compelled to ask that you take into consideration the returns we get on our investment in the arts. American artists share with us a piece of their spirit and their soul with every creation. It is a labor of love for artists and it brightens the life for each one of us. Bringing us joy, and comfort, enlightenment and understanding in ways impossible to find otherwise. The arts and the artists of America are our national treasure, what this great Nation needs, deserves, and must support as do other nations around the globe.

Let me add one thing that is fascinating to me as a scientist. I have learned that the only doctors who really understand and know what they are hearing in a stethoscope are doctors who studied music. So the next time you have to have a physical, ask the doctor if they could play a little piano or sing a little song first.

We would do it, wouldn't we, Mike?

Thank you very much for the opportunity to testify before all of you today, and thank you for your support.

Mr. DICKS. Thank you, Louise.

WITNESSES

ROBERT L. LYNCH, PRESIDENT AND CEO, AMERICANS FOR THE ARTS
WYNTON MARSALIS, ARTISTIC DIRECTOR OF JAZZ, LINCOLN CENTER, AND MUSIC DIRECTOR OF THE JAZZ, LINCOLN CENTER ORCHESTRA
JEREMY NOWAK, PRESIDENT OF THE REINVESTMENT FUND
JOSH GROBAN, GRAMMY AWARD-NOMINATED SINGER, SONGWRITER, AND PIANIST
LINDA RONSTADT, ACCLAIMED SINGER, PRODUCER, AND ACTRESS

Mr. DICKS. Our next witness is Mr. Robert Lynch, President and CEO of Americans for the Arts. Mr. Lynch, I would like to ask you to come up and give your testimony and then introduce each witness before their testimony. And we appreciate especially your help in organizing this hearing. We are all glad to work with you and appreciate your leadership on this important issue.

Mr. LYNCH. Good morning and thank you.

STATEMENT OF MR. LYNCH

So now good morning and thank you all very much, and particular thanks to Chairman Norm Dicks and Ranking Member Mike Simpson for giving Americans for the Arts this opportunity to assemble today's witnesses. And I bring greetings from last year's witnesses. Robert Redford, John Legend, Kerry Washington all said to say hello. They were a little disappointed that we hadn't invited them back this year, and they referred to—and I hope this is okay—they referred to this as that fun group. I am not sure how often that happens for the Appropriations Subcommittee on Interior, but there it is for the record.

I have submitted written testimony for the record.

Mr. DICKS. Without objection, that will be included in the record.

Mr. LYNCH. Thank you, sir. In that written testimony we call for an investment of $200 million in the National Endowment for the Arts in 2010. But what I am here to do today is to talk about the arts in general, all the arts, literature, which has been eloquently spoken about already today, folk, visual, performing arts, the creative industries in general and the local and State arts agencies that also fund with the local government and Federal Government money passing through.

I actually have only four points to make, but I will take a long time to do it, not that long, Congressman. The four points are this, thank you for what you have done for 100,000 nonprofit arts organizations in America.

Secondly, the arts today are more important and necessary than ever in our Nation.

Third, support for the arts is at risk in our Nation.

And finally, fourth, you, this committee and Congress, can make all the difference with modest action. Those are the 4 points that I would like to make.

So starting off with a thank you, Chairman Dicks, with you and with Appropriations Chairman David Obey, Louise Slaughter, who was here before and others, $50 million in the American Recovery and Reinvestment plan is a lifeline that has been thrown to thousands of arts organizations and many, many more people working in the industry. In this time I just want to tell you how grateful the creative industry and community is actually to you. It is often overlooked as we know. And the fact that it was recognized by you and by Congress and by this administration is a very large boon to what they have to do as they raise that State money and that local government money through the local arts agencies out there.

I also want to compliment the National Endowment for the Arts in what they have done with the recovery money that you have given them. They have actually moved faster than I think almost any other government agency to put into place a distribution mechanism that could be a model for the rest of government.

I also want to thank you for the $10 million that came in the 2009 appropriations, 10 million for the NEA, 10 million for the NEH. Mr. Chairman, your leadership has put the National Endowment for the Arts on a pathway back to that $176 million high mark that was talked about before and perhaps beyond at some point.

THE IMPORTANCE OF ARTS IN AMERICA

My second point, the arts are important. Last night, and I am not sure how many of you were there, but our 22nd annual Nancy Hanks Lecture on Art and Public Policy, Wynton Marsalis gave one of the most moving, most beautiful, most insightful, most valuable demonstrations of the true value of art to every American that I have ever witnessed.

He is going to try to do that hour and a half speech today in 5 minutes apparently. But it was the value of art to every American from an inherent point of view, but we have to understand in addition to how we can understand ourselves as humans, how we understand ourselves as Americans. The arts also have a very practical side, too. And today's hearing's title is actually something that addresses that, arts equal jobs, 5.7 million jobs in just the 100,000 nonprofit organizations that I mentioned. There are actually 686,000 creative art centered businesses, for profit and nonprofit out there, 4 percent of the American workforce. This is a big asset. Real jobs, local jobs in congressional district, jobs that can't be outsourced, green jobs. And yes, I think besides the artists themselves, there is an entire apparatus of support and ancillary positions that get funded.

So that is why groups like the United States Conference of Mayors talked about to the administration this year that they wanted 10 things to create a better America, and one of them was the arts and arts education. That is unprecedented, but they see the value at the local level of the transformational value of the arts. So we see the arts as not part of the problem, but part of the solution to America's problems and hope to be a good partner in there.

ARTS IN DECLINE

My third point, support for the arts is at risk. The nonprofit arts are a fragile ecosystem of support. If you add all the budgets of the 100,000 nonprofits up, it is $63 billion, that is a lot. Half of that comes from earned income. A lot of people don't know that. These are small businesses earning their way with ticket sales. Forty percent from private donation with the biggest piece being the individual. And government is in there at 10 percent with the biggest piece being local, and then State and finally Federal. But the Federal investment in the last 50 years is what has leveraged all the rest of that industry. It is a model of industrial development, if you want to think about it, the Federal investment in the arts.

Today we see some rough news. In the Seattle area in the Pacific Northwest a study just finished, funded by the Paul Allen Foundation and the Mayor's Office of Cultural Affairs, and it showed ticket sales declining 5 to 30 percent, contributed dollars in trouble, 7 to 20 percent down, and corporate donations down 20 percent to 50 percent because of the troubles that those industries are facing. Programs canceled, projects delayed and some organizations going under. In Boise, for example, corporate funding is down, affecting arts grants there. In Phoenix, staff reductions, layoffs at the art museum, the symphony, at the Free Arts of Arizona. At Theatre West Virginia in Beckley, they had to sell off assets because of the loss of its $100,000 State grant. In Greensboro, North Carolina, the United Art Council, 5 percent cut in grants of all of their organizations. And in Riverside, California, we have seen a new cut of 12 percent at the Office of Cultural Affairs. So there is trouble out there.

Finally fourth, you can make a difference. I have a couple of charts here. This first chart shows that some 30 years ago the NEA received $0.12 per $100 of nonmilitary discretionary spending, 30 years ago. Today it receives $0.03 per $100 of nonmilitary discretionary spending. If we had maintained that same 1979 percentage, the NEA's budget would be $613 million today.

Mr. Chairman, we are not asking for $613 million today, you will be pleased, but I would want to point that out for context.

And one other chart, the second chart. In 1992, the NEA budget was 176 million. That is the high mark from which it was cut. If that had simply kept pace with inflation today that budget would be $265 million instead of $155 million. Again, we are not asking today for $265 million, but I think it is interesting for context. This great investment that did so much and still continues to do so much can be funded at a higher level. So with that, we hope for $200 million eventual goal for the National Endowment for the Arts. We hope that there will be the creation of a formal regranting partnership program with local art agencies to keep that Federal Government money better serving all the congressional districts and all the communities out there.

The arts must not be taken for granted. They are not only integral to our lives but to our economy. Most citizens appreciate the arts for their intrinsic value. They open new horizons and sharpen and challenge our thinking. But everyone must understand the essential contribution of the arts to the growth of our economy. They

provide cultural, economic benefits, real jobs for real people. They are the heart of countless U.S. industries other than the arts that rely on talents fueled by design and creative content. Art centric jobs are core to building a new kind of workforce in the 21st century global economy according to the Conference Board, and the arts are fundamental to putting Americans back to work.

I thank you for your attention, and thank you for having me here.

[The statement of Mr. Lynch follows:]

Written Testimony in Support of FY10 Appropriations for
The National Endowment for the Arts
Submitted by Robert L. Lynch, President and CEO of Americans for the Arts
House Appropriations Subcommittee on Interior, Environment and Related Agencies
"Arts=Jobs"
March 31, 2009

Americans for the Arts is pleased to submit written testimony to the House Appropriations Subcommittee on the Interior supporting FY2010 funding for the National Endowment for the Arts at a level of $200 million.

So much has transpired since the last time I had the honor to come before this panel and make the case for investing in the cultural, civic and economic well-being of the nonprofit arts community has across our country. I am grateful to Chairman Norm Dicks and new Ranking Member Mike Simpson for again providing Americans for the Arts the opportunity to assemble today's panel of witnesses from acclaimed artists to leaders in the business world, each of them who in their own way provide the compelling arguments for further support of the arts in these trying economic times.

Today is Arts Advocacy Day on Capitol Hill, an annual grassroots gathering hosted by Americans for the Arts and cosponsored by 82 national organizations representing dance, theatre, music literature, visual and media arts-the full landscape of American culture. Collectively these groups represent tens of thousands of nonprofit and governmental cultural organizations at the state and local levels across the country. The united request that we present today is the result of the collaborative work of these passionate groups. My gratitude goes to all my colleagues who have worked on bringing this important summit together.

The title of today's hearing says it all; "Arts = Jobs." Last year on Arts Advocacy Day, a large portion of my testimony was devoted to the argument that the arts are a driver of industry whose jobs and collateral expenditures are proven economic catalysts that are the rival of any other segment of our economy. Now I am here to ask you to continue to help save those jobs which are still integral parts of the solution in solving this severe downturn.

Trying economic times; a phrase I use intentionally not only for dramatic effect, but for the unavoidable truth of knowing that I come before a committee that deals with our country's purse strings. There will be no unseen elephant in the room about the severe economic downturn that is gripping our country -- we know the elephant is in the room. The nation's financial crisis is indeed having a devastating effect on our families, jobs,

and communities and is appropriately at the forefront of all of our minds. And this committee has shown incredible leadership in advancing increased federal resources for the arts and arts jobs during these most trying of economic times as we saw recently with the $10 million increase in this year's FY09 Omnibus bill and with the $50 million appropriation in the Economic Recovery bill.

The tireless work of Chairman Norm Dicks, Appropriations Chairman David Obey, Congressional Arts Caucus Co-Chair Louise Slaughter and many others that sit on this committee and line the halls of Congress shepherded a heroic effort to preserve jobs in the cultural sector with the $50 million in the American Recovery and Reinvestment Plan for the National Endowment for the Arts. These funds will throw a much needed lifeline to the thousands of cultural institutions, artists, and community businesses that rely on a robust arts sector. It is hard for me to put into the proper context how grateful the creative community is that our sometimes overlooked contribution to the nation's workforce was recognized by the new Administration and Congress.

This sentiment also extends, of course, to the $10 million boost to the annual NEA appropriation as well. Mr. Chairman, your leadership has set a direct course towards restoring the NEA to the $176 million level it once had, and I hope that we will soon be looking beyond that marker in the years to come.

The NEA, more so than many federal agencies, has the infrastructure and dexterity to expedite relief to workers immediately, in accordance with the Obama Administration's wishes that that these expenditures are of a quick and stimulative nature. And these are real jobs -- jobs that cannot be outsourced. Creating the ability to extend production seasons means the employment of not just performers but of the entire apparatus that it takes to execute high quality performances. These jobs are created in the United States and stay in the United States. I spoke earlier of the collateral benefits of cultural centers, but they are not the only beneficiaries of the recovery effort. By keeping those artists, artisans, production crews, educational programs, and local businesses working, you are relieving the burden on local governments as tax revenue keeps coming to the public coffers and eases pressure on the social safety net. This, of course, is like any other industry. NEA funding can be directly related to that effort.

At the core of our membership are 4,000 local arts agencies. A local arts agency (LAA) is a community organization, or an agency of local government that supports cultural organizations, provides services to artists and/or arts organizations, and presents arts programming to the public. One of the most valuable aspects of an LAA to the community it serves is its ability to take public funds and responsibly re-grant the funding to grant applicants, often building in a requirement for those funds to be matched by corporate or private contributions. The NEA's economic recovery funding strategy recognized this and provided a grant category specifically for LAA's as a method of providing $100,000 or $250,000 grants at the local level. . These grants awarded to LAAs will a) speedily disburse local funding to all the arts disciplines; b) help preserve and in some cases restore jobs for artists and administrators in the cultural workforce; and c) serve to increase access to the arts by continuing their high quality programs for

audiences in towns across the country. I want to encourage this Subcommittee to create a formal re-granting partnership program for local arts agencies to help the NEA better serve arts organization of all sizes in communities across the country.

Local arts agencies also have their ear closest to the ground to provide federal and state agencies with programmatic trends and a snapshot of the health of the arts field in every discipline. For example last month in Seattle, Mayor's office of Arts and Cultural Affairs, the Seattle Foundation, 4Culture, and the Paul G. Allen Foundation commissioned Helicon Collaborative to provide a quick scan of the key impacts that the economic recession has had on the cultural communities in the Pacific Northwest. Measuring the effects on revenue, programming, personnel, venues, and audiences revealed a multi-layer dilemma that is in direct consequence to the economic downturn. Decline in ticket sales to events ranges from 5% to 30%; contributed income is down 7% to 20%; and corporate donations and sponsorships a whopping 20%-50%. Arts organizations in previously immune cultural hub communities like Seattle have been cancelling or curtailing programming, and delaying openings of new installations and concert series. [1]

Here are some recent examples of the downturn's effects on specific institutions in communities across the country and of particular concern to panel members:

- Some of the largest Tacoma-area businesses have eliminated or curtailed performing arts sponsorships for this year, and possibly longer, including **Russell Investments** and **Boeing**.
- Corporate funding for arts and culture groups dwindled in **Boise** from totals in the tens of thousands to just $5,000 in 2008. With businesses leaving the city or merging with other groups (**Ore-Ida, Albertsons, etc.**), charitable contributions decisions have been moved to new corporate headquarters cities.
- Staff reductions and layoffs have taken place at the **Phoenix Art Museum**, **Phoenix Symphony** and **Free Arts of Arizona**.
- **Theatre West Virginia** in Beckley was forced to sell off its assets due to the loss of a $100,000 state grant. The 38-year-old company's shows benefit the entire economy of the region – from hotels to gas stations and restaurants.
- The collapse of **Washington Mutual Bank** has meant a large loss of contributions to Washington State's arts organizations. Seattle's Repertory Theatre, the largest nonprofit resident theater in the Northwest, is struggling to replace WaMu's $50,000 annual contribution. WaMu contributed liberally to Seattle's symphony, ballet, theatres, and art museum, and gave more than $100,000 a year to ArtsFund, the united arts fund that raises money for local arts.
- The United Arts Council of **Greensboro, NC** was forced to cut 5 percent from the grants it planned to give to 13 local arts groups. The council was forced to cut its budget by 12 percent for the year.
- The city of **Riverside, CA** funded the arts and cultural affairs division at a limited level of $3 million last year. This year's budget is expected to drop 7%.

[1] The Economic Recession's Impact on Cultural Organizations in the Puget Sound, February, 2009

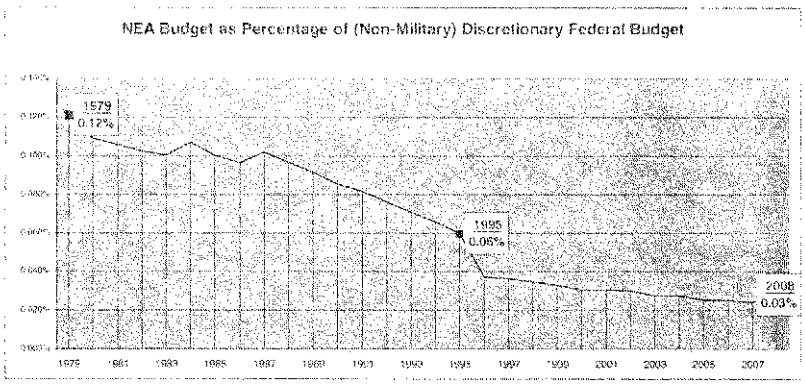
But we do not believe that government is the only answer in addressing the gaps in funding. Arts organizations are tightening their belts and using their creative talents to try and keep delivering the same high quality productions, services and programming our communities have been used to. But government is a necessary and vital partnership that is the catalyst for the large majority of the art community's support, the private sector and individual giving.

Earlier this year, the National Governor's Association issued a report titled, "Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development" which provides excellent strategies to assist state governments in their efforts to develop new cultural assets and increase revenue streams. The report states, "Governors increasingly recognize the importance of the creative sector to their states' economy and ability to compete in the global marketplace."

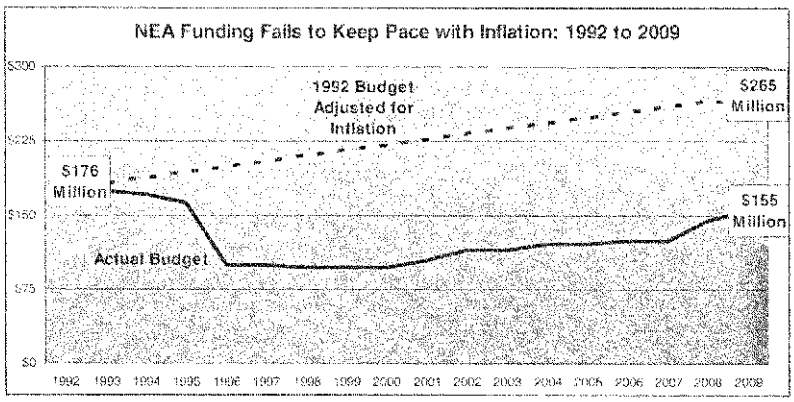
Just last week I had the opportunity to testify before the Education and Labor Committee and Chairman George Miller on the impact of the arts in the economy and workforce. The committee is charged with the authorization of the National Endowment for the Arts and in my testimony it was incumbent on me to demonstrate how the vast diversity of support that enables the cultural sector to flourish is actually sparked by the infusion of federal, state, and local government dollars.

As much benefit as the arts provide to their communities, federal funding has failed to keep pace to capture these upsides of the arts—neither in terms of tracking with inflation nor with as a steady share of the non-military discretionary spending.

[Chart 1] Thirty years ago, the NEA received a modest 12 cents per $100 of non-military discretionary spending. Today that is just 3 cents per $100. If the NEA simply maintained its 1979 percentage of discretionary funding (0.12%), its 2008 budget would have been $613 million.



[Chart 2] If the NEA's 1992 budget had merely kept pace with inflation, its 2009 budget would be $265 million instead of $155 million.



Conclusion

The arts must not be taken for granted. They are not only integral to our lives but also to our economy. Most citizens throughout America appreciate the arts for their intrinsic values—their beauty, vision, and inspiration; their ability to open new horizons and sharpen and challenge our thinking.

But everyone should understand the essential contribution of the arts to the growth of our economy. The arts are not a frill. Rather, they provide cultural and economic benefits, and real jobs for real people. They are at the heart of countless U.S. industries that rely on talents fueled by design and creative content. Arts-centric jobs are core to building a new kind of workforce to compete in the 21st century global economy. The arts are fundamental to putting Americans back to work.

Mr. DICKS. Thank you very much for your statement. Are there any questions? Mr. LaTourette.

Mr. LATOURETTE. Thank you very much for your testimony. I apologize for being a couple of minutes late, but I was here in 1995, as was the chairman, and I think that is it for the moment. And the former Chair of this subcommittee, Ralph Regula of Ohio, stood pretty tall when there was a move by members of my party to eliminate the NEH and NEA. And I would be as bold to suggest that his standing up and fighting in 1995 and in years subsequent cost him the ability to be the Chairman of the Full Appropriations Committee. I don't want this hearing to pass, and we all know what the history is, but the history could have been a lot worse if it had not been for Congressman Regula.

CHANGES TO CHARITABLE GIVING

My question is we had an experience with the Cleveland Art Museum, which is renowned around the world. They just did a $220 million renovation and expansion. The Federal investment was $7 million and the rest was raised through donations. We are going to be discussing a budget for the country for the next fiscal year this week. Included in some of the drafts that I have seen is a change in the way that charitable contributions are treated. I have seen figures that if that provision becomes successful, it will potentially eliminate up to 46 percent of the donations to not only arts organizations, but every philanthropic organization.

I am just wondering if you have taken a look at that and what your position is on that.

Mr. LYNCH. We have taken a look at that, and what I would say is that if you take a look at the three funding sources that I talked about, the earned income piece and the foundation piece and the government piece, the number one thing that we are hoping for is a bigger, ongoing improvement of the economy because that leads to more discretionary spending individual, and so on. So anything that is done from an investment point of view like what you have been doing here with the committee is at the top of our list.

At the same time we want all the breaks we can get in the arts. And although most charitable giving to the arts is at a lower level and we certainly welcome the highest levels as well. And we want to look at the whole package, be fair, be a team player, the arts always are a team player, but within the context of wanting to get all the breaks, the top priority is simply getting the economy going. We thank you for what you have done on that.

Mr. LATOURETTE. And lastly I know what the schedule is here, but I am a big believer in the arts and job creation, but I was somewhat amused when you called arts jobs green jobs. Is that because the artists doesn't emit CO_2 when they sing? What is a green art job?

Mr. LYNCH. Actually what is interesting is that arts organizations all around the country and around the world are interestingly taking a big interest in how to make their operations more fuel efficient, getting people to take public transportation versus always driving, and so on. In fact Americans for the Arts is in partnership with Wolf Trap to actually do national discussion on this. What we have found is that yes, they are doing it because they are good peo-

ple, but also doing it because they save money. They are able to cut costs for fuel or lighting or other things like that. So while they are not entirely green, they tend to be trying to be a little more that way, a little more efficient.

Mr. LATOURETTE. Got it. Thank you, Mr. Chairman.

Mr. SIMPSON. It is a mixture of yellow and blue.

Mr. DICKS. Why don't we go ahead and proceed? Why don't you introduce your witnesses?

Mr. LYNCH. Great. Well, I am going to introduce each one as I ask that witness to come up. I would like to start with Wynton Marsalis. And as Wynton is coming up here, let me say Wynton Marsalis is, as you know, a world renowned trumpeter and composer. He is the Artistic Director of Jazz at Lincoln Center Orchestra. Mr. Marsalis made his recording debut in 1982, and has since recorded more than 30 jazz and classical recordings which have won him nine Grammy awards.

An internationally respected advocate and spokesman for arts education, Wynton Marsalis has received honorary doctorates from dozens of universities throughout the United States. He delivered the Americans for the Arts' 22nd annual Nancy Hanks Lecture on the Arts and Public Policy this year last night.

I am very honored to ask Wynton Marsalis to join us.

Mr. DICKS. Wynton, welcome and congratulations on your speech last night. I heard many people this morning talking about it and it was certainly extremely well received.

STATEMENT OF MR. MARSALIS

Mr. MARSALIS. Thank you very much. Chairman Dicks, it is a pleasure to be here.

It is a great honor and pleasure to be here again to speak to you all about the arts. I notice Mr. LaTourette was talking about the Cleveland Art Museum. And the Director that brought that museum to such promise was a man named Bob Bergman. I met Mr. Bergman, and we both received honorary doctorates about 15 years ago. We were in the line and we were talking and I asked him if he could give me an education. I told him I was not familiar with some of the more modern art that he liked. I said, could you give me a tutorial? He said, well, when you come to Cleveland, call me and I will take you through the museum. We had a gig in Cleveland and I called Mr. Bergman and we got together and he convinced me to do an educational film and talk about the art work. So he sent me pictures of all the art before and said study these art works and when you get to the museum you come an hour and a half early, I will take you through the museum and we will discuss all of these works, and then I want you to talk about them on film and act like you know what you are talking about. I said, okay.

So we went through the museum, and one piece that he was very proud of was the earliest piece in the museum, which was called the Star Gazer. It was a small figure, kind of milky white color with a flat head pointing up to the heavens. I looked at it. I said, okay, you love this, okay. He said, do you notice the optimism in this piece? I said, not necessarily. He said, that is because you don't know anything about art. He said, look at it. So I looked at

it, I kept looking at it. He said, think about this, that somebody that long ago was looking at the heavens with that type of awe, that type of reverence and that feeling. And just look at the piece and allow the feeling of the person that created that piece to come into you.

He told me those things. I looked at it and I began to see the piece another way. And as we continued our tour he took me through the history of the arts and American arts. We talked about Stuart Davis, Romare Bearden, a lot of artists that I knew about, French artists, Matisse. And he said, this is all our heritage. It is important for all of us to know this. And I told Mr. Bergman, I reflected on my own education. I had a very good education, I went to a good school, had good teachers, had the opportunity to meet many, many great artists. But many times when I was in their presence because of the nature of my education, I didn't really understand what made them important. I didn't understand what the value was of the arts.

Mr. Bergman has passed on, but one thing that I will tell you that was very significant also in that day is he had a group of students come, he had me speak to students. We did a benefit at the same time and we talked to kids about music and how it comes together with art, and the fact that all of us in the arts are part of one big family and we train the senses and we train memory. And it gives us confidence to face the world that we are a part of something that is great and something that is important and something that is very significant.

ARTS BRINGING PEOPLE TOGETHER

We always talk about our kids and our children. The question always is what do we want to pass on to them. But what about our senior citizens, too? The thing that the arts does is it integrates all of us. At our organization, Jazz at Lincoln Center, we always say we don't believe in any gaps of any kind. There is no such thing as a generation gap.

I will tell you a story of how our band got together. In the story of that band there is also something important about education and important about the arts. Because the thing that always hurts you is what you don't understand, that you don't know. So I had played music for many years. And we had a band that got together and all the surviving members of Duke Ellington's great band from 1955 to 1974 were going to play with members of my septet, and we were all in our late twenties, early thirties. So we sit down in this rehearsal with all these old men, they were like our grandfathers. We start to play and of course we are used to playing loud. We don't know that it is loud, because we have only played loud our entire lives. We have no idea we are playing loud. That is how we play, loud. So we start playing and the great Frank West, who actually was not a Duke Ellington band member but a Basie member stopped the band and asked the question, why do you young—play so loud? That was the first time any one had ever told us we were playing too loud. We started thinking why are we playing so loud? Why are we playing so loudly? He said, when you play that loudly, you cannot hear anything that is going on. And if you can't

hear, you can't play music. So from that moment we started to concentrate on playing at a much softer volume.

In that experience we began to understand that there is no such thing as a generation gap. We learned so much from those members of the Ellington orchestra and the Basie orchestra about how to project our own personalities, how to play in balance, the significance of living history, the fact that we are part of a continuum and that continuum has produced some of the greatest art on the face of the planet earth.

The question for us is why don't we feel it is important for our kids to know this? Why is it there is always a struggle for us in the arts to say that the American identity is something significant to bring to the world. Why is it always the feeling that the arts is the last thing to think of?

ARTS AS COMMUNICATION

I am going to conclude by saying that many times we justify training in the arts to say it helps people with math or it helps them with sciences. Music is super math, math helps people with music. We don't play music to learn how to add, we know how to do that, calculus. Music is a way to converse and to face the world with confidence. Our country has produced some of the greatest musicians, some of the greatest thinkers in the arts, some of the greatest poets. It is incumbent upon us to take a leadership role and say these things are important to us.

In this time, at our time of need, it is important for us to return to our real identity and to integrate our country in fact because it already is. We are talking about John Philip Sousa, John Philip Sousa's music and the marches, how they related to ragtime, and how ragtime is related to two-beat music.

As we go around the country, around the country and meet with people all the time, I often wonder why would 60 or 70 parents in Brighton, Illinois wait for an hour and a half to 2 hours after a concert so that their kids could meet with some musician from somewhere to talk about music. Why do people wait in Sacramento, California? Why do people wait in all kind of towns, small, large, hours after concerts with kids, 2, 3, 30?

Why do band directors and other teachers drive 200 miles to a gig, go to a 2-hour concert and sit and wait when they have kids to get home so that you can address them for 30 or 40 minutes after a concert, to talk to their kids about how we are all together and the significance of our music? Why do people have such emotion around this issue? It is because we know they know that it is the life we have lived and the most significant thing for us to pass on to our kids the best of who we are.

So I am deeply honored to be here and to speak about the arts. There is no greater task that confronts our Nation in this time than coming to grips with who we are in an artistic standpoint. Bless you, bless you, two times. The arts are laid out for us, the artists have done their work, Thoreau did his work, Whitman did his work, Duke Ellington did his work, John Philip Sousa did his work, Gershwin did his work. It is up to us to capitalize on the riches that they have bequeathed us and to see that this stuff is

so important and so valuable and it is. And I know that we are going to continue to do a beautiful job and do the right thing.

Thank you for allowing me to address you.

[The statement of Mr. Marsalis follows:]

Congressional Testimony, Subcommittee on Interior, Environment, and Related Agencies
March 31, 2009, Wynton Marsalis, Artistic Director

Summary Points

The global economic and social crises with which policy makers are grappling, far from distracting us from issues of culture and quality of life, is forcing us all to reflect on how we got here. And how we, as a society, now move forward with the confidence, optimism and moral authority that for long stretches of our history, wisely or unwisely, we rarely feel the need to question.

Active, honest reflection on the relationship between public culture and the ultimate objects of public policy - the good life – is higher than at any time I can remember. This is, for America, a period of frank, necessary and sincere reflection about priorities and purpose. And it is an opportunity to engage with all that is good about our culture, and reemerge wiser, stronger, and kinder.

My perspective is as an educator, a musician and a composer who has seen the transformational power of music from multiple perspectives – from the great concert halls around the world and from modest class rooms around the country. And that experience tells me that jazz has something useful to bring to this task of regeneration.

Jazz is often characterized as among America's most significant and original contribution to world culture. There is a profound and simple truth to this: jazz encapsulates in so any ways the evolution of many values that are core to and define American identity.

As an advocate of the music, in this context I simply want to suggest that these attributes *are* important ones for the fabric of our society *at this time* and that as we parse the arguments for the place of culture on the national agenda, we need to think carefully about the about the ways in which we transmit these values in our formal and informal music education, in our cultural diplomacy and in the ways in which we re-imagine and regenerate our civic agendas.

But an essential role of artistic endeavor is to create models that teach and mold through their rhetorical power – through the stories they tell and the things we learn about ourselves and teach ourselves in their telling. That is the task of the artist in society – to tell truths that are otherwise neglected and in ways that compel their audiences to understand.

Mr. DICKS. We appreciate very much your statement. And the lecture of last night, it will be long remembered.

Mr. Simpson.

Mr. SIMPSON. Mr. Chairman, I don't have any questions, but very interesting statement, and I appreciate listening to it. It is interesting that if you want to know the importance of the arts, just look back at past civilizations and at what we remember of those civilizations and what we celebrate about them. It is not their businesses and their politics or anything else, but it is the arts that they created. Whether it is the music or the dance or the pictures or paintings or whatever, sculptures, it is the arts that we remember.

I have always said, and I am a big supporter of education and math and science and all that, I know it is important, but when we do that at the expense of the arts then I think we lose something.

Mr. MARSALIS. Yes.

Mr. SIMPSON. I am concerned in this day and age we are concentrating so much on math and science, which I admit are important, that in the school curriculum arts get left out, and that is a concern to me. But I appreciate your statement very much, thank you.

Mr. MARSALIS. Yes, sir, thank you.

Mr. DICKS. Mr. Moran.

THE NEXT GENERATION OF ARTS

Mr. MORAN. Thanks, Mr. Chairman. That is a very evocative statement. We appreciate it very much, as well as your statement last night. You have been a real leader because you can enable so many other people to empathize with the point that you are making.

I do wonder how you would appraise the state of arts among young people, the next generation. We have been struggling to keep alive many of the theaters and other venues that are primarily of course directed at adults. I wonder in terms of the evolution of the next generation to appreciate what we see as art or is there a coarseness perhaps that is in a way obviously less refined, but perhaps somewhat less artistic. I am not sure. I struggle with it, you know. And I know that I am of a different generation, so sometimes I have trouble bridging appreciation for some of the songs and videos that we see now that young people seem to be just fixed to. There always have something in their ear or they are always watching the television or now You Tube or whatever.

Can you kind of address that, where you think we are going in terms of the arts? Do we need to provide more intervention perhaps at a younger age or is there nothing to worry about?

Mr. MARSALIS. Well, I think that intervention is an interesting word. And I am just going to give an observation, because I am always in schools and always around kids and people of all ages. If you go to Brazil, they have the same problems, we all have the same problems all over the world, but the Samba music is their national music. You can see a person 80 years old dancing with a person 8. It is a dance that has sexuality, it is not a dance that is devoid of touching. If you go to Argentina you see the older people dance—I had a young lady explain to me that the dancers today

want to dance with older men because they really know how to do the dance. The older and the younger people dance together, dances that have sexual but not pornographic content.

For some reason in our country at a certain point we decided that we were going to allow the young to be separated from the older people in rituals of courtship and matters of sexuality, and it has had catastrophic results. We can't figure out how to get past that. Let's think to ourselves, when do we see older and younger people dancing together? When do we ever see older people in our country and younger people not in a lecture relationship, in a natural, human relationship, about human subjects that are very important to our continuation in a natural easy manner. We don't see that. So we have left our kids exposed to business interests. What is the easiest thing to exploit? The sexuality of a 12 or 13 years old. Then after 30 or 40 years of that we are shocked. What happened, why are these kids doing that. We left them out to dry. We hung them out to dry.

It is important for us to take those difficult steps now to bring our younger people back with us through love and through an understanding of rituals of courtship. I think the best vehicle for us to do that in this time is through the art of swing dancing. It is painless, but it teaches kids how to couple dance and there is a natural respect in that form and it will have results much greater than we might think. That is the symbolic value of the arts, and that is how arts can be used for practical purposes, and then you don't have to lecture them. They can just dance and we can dance with them, and it will be clear what it is.

Mr. MORAN. That was an eloquent response.

Mr. MARSALIS. It was quite long, I am sorry.

Mr. MORAN. No, it was perfect. It told me something I hadn't considered. Thank you.

Mr. MARSALIS. Yes, sir.

Mr. DICKS. Are there any other questions?

Mr. LATOURETTE. I will be brief. Just on your next visit to Cleveland on the issue of young and old people dancing together, I will take you to a wedding and we can do the Chicken Dance. You will see everybody moving.

Thank you for the kind words on the Cleveland Art Museum. I have had the same tour you have had and I would say the great value that Louise Slaughter and Todd Platts and others talked about, the multiplier effect of Federal assistance to the NEA, I think is seen at the Cleveland Art Museum, because when you are done with that Etruscan figure you know what brings kids into the museum, right?

Mr. MARSALIS. Right.

Mr. LATOURETTE. It is the armor court. Everybody, every kid wants to see the knights dressed up and the swords from the collection. Once you get them in, you hook them, and that to me is what the NEA does. It is the seed money that hooks people and then lets the genius of the community take over. So thank you for your testimony.

Mr. MARSALIS. Yes, sir.

Mr. DICKS. Mr. Cole.

Mr. COLE. Thank you, Mr. Chairman. I just want to thank you for remarkable testimony. One of the things that always impresses me when we are at these hearings is when you have people who frankly know what they do obviously better than any of us up here know and understand and how eloquently and directly you can communicate that and its importance. It is quite moving.

I think we will have an obviously interesting discussion about this. I think there is probably a bipartisan desire to do whatever we can to be supportive. I think the longer term problem is one that really probably is not even inappropriate for this panel directly to deal with, but it is appropriate for all of us as members. Every time I look at what I consider very worthy discretionary spending programs I always wonder why are they all being squeezed? Because the problem that you have is not unique to the arts. There is no special hostility towards it, it is just simply until you deal with the entitlement problem, which every Member up here knows, we have a larger and larger proportion of our national spending moving in the direction that really is beyond immediate congressional appropriations control.

So I have no doubt we will try to do everything we can to be helpful in the long run. We also have to refocus outside this committee back to our job and deal with that. I just commend anybody in the audience who hasn't had the opportunity to look at the bill that Mr. Wolf and Mr. Cooper on a bipartisan basis have commanded to try and force Congress to confront that so that frankly we can be more responsive on the discretionary side to do that. It would basically set up a bipartisan commission and confront us with a lot of the tough choices that as politicians we are pretty adept at putting off for as long as we possibly can.

Again, that is a problem and discussion for another day. I want to thank you for your testimony. I thought it was quite moving and quite remarkable.

Mr. MARSALIS. Thank you.

Mr. DICKS. Thank you.

Mr. LYNCH. I would next like to call Jeremy Nowak, President of the Reinvestment Fund and a nationally recognized leader in urban development. As he comes up, we are talking about more practical things here, I would like to simply point out a creative industry study that the Americans for the Arts did with Dun & Bradstreet that took a look at jobs and organizations that are part of the arts industries in every single congressional district. We can say, for example, in Mr. Cole's district there are 879 art centric businesses with 3,103 employees, 3,000 people working there. And in Mr. LaTourette's district 5,599 jobs. In Mr. Simpson's district 6,200 jobs. And the winner in Mr. Moran's district, 11,790——

Mr. LATOURETTE. There are more art jobs in Idaho?

Mr. LYNCH. I am not sure, we can have a contest.

In addition to Jeremy's work at TRF, he is a board member of the Federal Reserve Bank of Philadelphia. He is the author of numerous articles which have examined the role of art and culture in neighborhood regeneration, currently a Fellow at the Aspen Institute in a program for entrepreneurial leaders in education and a

member of the Harvard University Kennedy School Executive Session on Transforming Cities Through Civic Entrepreneurship.

STATEMENT OF MR. NOWAK

Mr. NOWAK. Thank you. Thank you, Mr. Chairman and distinguished members of the subcommittee.

When I told my daughter that I was going to be on a panel with such an illustrious group of performers, she suggested that this would be a future SAT question of, "Who does not belong in this room?" What can you do? But I will do my best.

And I am here as president and CEO of the Reinvestment Fund to support the $200 million appropriation for NEA. It is my pleasure to be here on behalf of Americans for the Arts, on this Arts Advocacy Day. And as someone who has invested now more than a billion dollars in some of America's poorest communities, my interest in a well-funded NEA is not only a matter of my appreciation for the intrinsic value of art but it is also rooted in what I have encountered over two decades of investing and developing.

THE CONNECTION BETWEEN DEVELOPMENT AND ARTS

The theme of my testimony is really pretty simple: Arts and culture are important to the development prospects of older American cities and communities, and the work of the NEA ought to be viewed as one aspect of a more integrated approach to renewal and development that focuses on maximizing knowledge and creativity throughout our society.

I am pleased that the NEA was included in the Recovery and Reinvestment Act passed by the Congress and signed by President Obama. Its inclusion ought to be viewed as a recognition of the importance of art and culture to our economic infrastructure and not as a mere side event to the economy. In fact, as we have heard today, arts and culture are a vibrant part of the real economy.

Two decades of research have demonstrated the economic role of arts and culture in urban and metropolitan economies. It is a sector that can be quantified in jobs, sales, and real estate value. And Americans for the Arts has taken a leadership role in doing this kind of quantification. By doing so, they have given arts and culture a voice in the public realm. Our meeting here today is really a testament to this recognition.

We live in a nation that has sometimes overvalued things like complex financial instruments, while undervaluing the creativity of ordinary Americans. We do so at our own peril. For the past 15 months, I have been a board member of the Federal Reserve Bank of Philadelphia. And, of course, I have to say here now these are my words and not the words of the Federal Reserve Bank of Philadelphia. It has been a remarkable experience. Interestingly, it has given me a new appreciation for the creative sector.

A financial crisis, such as the one we are undergoing, forces us to ask very basic questions about what is important. What have we overvalued for short-term returns, and what have we undervalued that could result in longer-term gain if we pay more attention? Today we have an opportunity and, I think, an obligation to rethink this. You know, we spend a lot of time thinking about sys-

temic risk as it relates to the bailout of individual companies, and yet we all know that various parts of civil society, and therefore our democracy, have a systemic risk that have accrued to them.

My belief that arts and culture are critical to the regeneration of urban places comes from decades of economic experience. My organization has financed more than 18,000 housing units, seven-and-a-half million square feet of commercial space, hundreds of businesses, as well as real estate for urban charter schools and child care centers. We are rebuilding communities in Philadelphia and Baltimore, as well as very poor small towns like Chester, Pennsylvania, and Camden, New Jersey. In many of those communities, arts and cultural institutions serve as the key incubators for development.

THE CRANE ARTS BUILDING

Let me cite a good example. We financed, not long ago, the Crane Arts Building partially through the use of Federal New Market Tax Credits. A former plumbing supply building, it now has 120,000 square feet of artist work and performance space in a very poor and partially depopulated section of north Philadelphia. It is occupied by artists and designers of every imaginable kind.

It symbolizes how a once obsolete manufacturing building can be a site for new product development. My hunch is that important product development in the 21st century is more apt to come from the industrial arts design and techno-media businesses emerging in renovated mills than from the fast money trails of global finance.

Just as importantly, Crane is a hub of social engagement. Performances are held that draw people from throughout the region. NEA support, for example for events such as the Philadelphia Fringe Festival with performances that are held at Crane, help integrate that community back into the regional economy; it becomes a regional asset once again. Audiences that would have never ventured into that area now attend events there, and, as a consequence, they rethink the boundaries of their personal social geography.

Today new buildings nearby are under renovation, as the vision of the Crane entrepreneurs has become an economic success and a community anchor.

I could give dozens of other examples. The key point here is that NEA support for new production and installations is a business complement to the rebuilding of commercial and residential real estate in many communities. This is certainly true of many new projects that we are involved in right now. I can think of a new movie studio that we are building near Chester, Pennsylvania; an artist workspace complex not far from the train station in Baltimore that we just got financed for; a music center in downtown Wilmington, Delaware.

I am particularly fond of the Wilmington project, as it is a replication of the successful World Cafe Live, a wonderful performance space in Philadelphia that provides art and music classes, among other things it does, for public school kids not able to use school-based facilities due to funding cuts. This is very common in American cities and in rural areas.

The art centers are connecting to a broader audience, not only globally but locally. The famous Clay Studio, for example, in Philadelphia, a famous worldwide renowned ceramics center, runs a Claymobile that travels to homeless centers throughout the city, providing educational support for children of homeless families.

ARTS OPPORTUNITIES AND COMMUNITIES

Artist work and performance spaces become community centers where a cross-section of Americans socialize, recreate, learn, and produce. The social network value of these spaces is critical to urban change and development. They create what economists refer to as positive externalities—value that cannot be captured immediately through a price but have benefits that accrue to the community and to the public at large.

A well-funded NEA is important to the economy of the nation, both directly and indirectly. The direct impact is counted in familiar economic terms, and the indirect impact can be valued through longer-term leverage. The longer-term leverage turns out, in my experience as an investor and developer, to be critical to the placemaking process that reenergizes older towns and cities. Said differently, the rebuilding of our great cities is linked to how we creatively repurpose the built environment and transform old liabilities into future assets. This is what the creative sector does so well.

Governments organize streams of funding across a spectrum of organizational and content silos: housing, commerce, transportation, health, and so on. An unfortunate consequence of this division is the way it structures our sense of reality and our notion of possibilities. This gets reinforced, of course, by the constituencies of each silo, who support the reproduction of the current system as, in most instances, it is their only choice.

Art and cultural funding has been on the defensive for many years, as that chart demonstrates to my left. And it is natural that we would be here today to advocate on behalf of what is a very small part of the Federal budget dedicated to arts and culture. But I would like to suggest that we expand Federal support for creativity by infusing it within other parts of the budget.

PUBLIC WORKS AND ART

Take the opportunities that are afforded by transportation, parks, and housing investment. They offer immense possibilities for integrating art and public life. Many cities have a 1 percent or a 2 percent rule, where every development project that uses public subsidy dedicates a percentage, 1 percent or 2 percent, of the development budget to public art. What if we thought about budgets in these terms and saw to it that the next generation of American infrastructure could transcend the false dichotomy between function and aesthetic possibility?

I will leave you with a brief anecdote. Today, in Philadelphia, the largest employer of artists is the mural arts program, which at last count had produced 2,800 murals on the vacant walls of the city. When the Prince of Wales visited Philadelphia recently, after stopping by the usual historical sites—the Liberty Bell, Independence Hall, Constitution Center—he went to visit an inner-city commu-

nity with dozens of wall murals. He saw what we all see: the ability of people to take ordinary brick and stone on tattered blocks and give it the kind of meaning that fuses physical beauty, individual achievement, and social organization.

Behind each of those murals there lies an invisible social contract constructed by neighbors organized to get assistance from the program, making decisions regarding the content of the mural, forming partnerships between professional artists and local aspiring artists and neighbors, and taking responsibility for the maintenance of the wall after the mural is completed. The mural is simultaneously a piece of art, a community investment, an educational opportunity, and a platform for social connections.

If we think of public budgets in as creative a way as we in Philadelphia have begun to think of murals, we will stop marginalizing art and culture as a peripheral component of the public good. It will become more central to all that we do.

I thank you for your time, and I wish you the best.

[The information follows:]

Written Testimony in Support of FY10 Appropriations for the National Endowment for the Arts

Submitted by Jeremy Nowak
President and CEO, The Reinvestment Fund

House Appropriations Subcommittee on Interior, Environment & Related Agencies
"Arts, Culture, and Community Renewal"
March 31, 2009

Mr. Chairman and Distinguished Members of the Subcommittee, thank you for inviting me to be here. My name is Jeremy Nowak. I am the President and CEO of The Reinvestment Fund (TRF), and I am here to support a $200 million appropriation for the National Endowment for the Arts (NEA) in FY 2010.

It is my pleasure to come to Washington on behalf of Americans for the Arts on this Arts Advocacy Day. As someone that has invested more than a billion dollars into some of America's poorest communities, my interest in a well-funded National Endowment for the Arts is not only a matter of my appreciation for the intrinsic value of art, but is also rooted in what I have encountered over two decades of investing.

The theme of my testimony is simple: arts and culture are important to the development prospects of older American cities and communities and the work of the NEA ought to be viewed as one aspect of a more integrated approach to renewal and development that focuses on maximizing knowledge and creativity throughout our society.

The NEA's Economic Value

As you know, funding for the NEA since its founding more than forty years ago has been uneven. After moving steadily upward until the early 1990's when it reached $176 million (1992), appropriations moved steadily downward until 2000, when it again began to move on an upward slope. The 2009 appropriation of $155 million does not yet get us to the 1992 level in absolute numbers, let alone in inflation adjusted terms which would require an appropriation of more than $260 million.

I am pleased that the NEA was included in the Recovery and Reinvestment Act passed by the Congress of the United States and signed by President Obama. Its inclusion ought to be viewed as recognition of its importance to our economic infrastructure and not as a side event to the real economy.

In fact, arts and culture is a vibrant part of the real economy, contributing billions of dollars of economic activity per year; $166 billion based on the nonprofit sector alone. In many cities the hospitality and tourism industry is rooted in cultural consumerism. And the marketplace recognizes the importance of creativity in the design, production, and circulation of global goods.

Two decades of research document the enormous economic role of arts and culture in urban and metropolitan economies. It is a sector that can be quantified in jobs, sales, and real estate value. American's for the Arts has taken the lead nationally in documenting

arts and culture in these terms. By doing so, they have given the arts a voice in the public realm. Our meeting here today is a testament to this recognition.

We live in a nation that has sometimes overvalued complex financial instruments while undervaluing the creativity of ordinary Americans. We do so at our own peril. For the past fifteen months I have been a board member of the Federal Reserve Bank of Philadelphia. It has been a remarkable experience. Interestingly it has given me a new appreciation for the creative sector. A financial crisis such as the one we are undergoing forces us to ask very basic questions about what is important; what have we overvalued for short term returns and what have we undervalued that may result in longer term gain. We have an opportunity and an obligation to re-think this today.

Arts and Culture in Urban Economic Development

My belief that arts and culture are critical to the regeneration of urban places comes from decades of development experience. TRF has financed more than 18,000 housing units, more than 7.5 million square feet of commercial space, hundreds of businesses, as well as charter school buildings and childcare centers. We are rebuilding communities in Philadelphia and Baltimore, as well as those in towns such as Chester, Pennsylvania and Camden, New Jersey. In many of those communities arts and cultural institutions have served as key incubators of development. Let me cite a good example.

We financed the Crane Arts Building, partially through the use of Federal New Markets Tax Credits. A former plumbing supplies building, it is now 120,000 square feet of artist work and performance space in a very poor and partially de-populated section of North Philadelphia. Crane has artists and designers of every imaginable kind; it symbolizes how a once obsolete manufacturing building can be a site for new product development. My hunch is that important product development in the 21st century is more apt to come from the industrial arts, design, and techno-media businesses emerging in renovated mill buildings, than from the fast money trails of global finance.

Just as importantly, Crane is a hub of social engagement. Performances are held there that draw people from throughout the region. NEA support for events such as the Philadelphia Fringe Festival (with performances held at Crane) help to integrate the Crane community back into the regional economy. Audiences that would never have ventured to that area now attend events there and as a consequence re-think the boundaries of their personal *social geography*. Today, new buildings nearby are under renovation as the vision of the Crane entrepreneurs has become an economic success and now a community anchor.

I could give dozens of other examples in which we have financed community performance spaces in urban communities where NEA has provided grant funds for performances and installations. The key point here is that NEA support for new productions and installations is a business complement to the rebuilding of commercial and residential real estate in many communities.

This is certainly true of the new projects we are developing right now in the midst of the economic downturn: a movie studio near Chester Pennsylvania, an artist work space and housing complex in Baltimore, and a music center in Wilmington, Delaware.

I am particularly fond of the Wilmington project as it is a replication of Philadelphia's successful World Café Live, a wonderful performance space that provides arts and music classes for public school kids not able to use school-based facilities due to funding cuts. This is very common in many American cities. The arts centers are connecting to a broader audience – not only globally, but locally. The Clay Studio in Philadelphia, for example, runs a Claymobile that travels to homeless centers throughout the city providing educational support for the children of homeless families.

Artist work and performance spaces become community centers where a cross-section of Americans socialize, recreate, learn, and produce. The social network value of these spaces is critical to urban change and development. They create what economists refer to as positive externalities; value that cannot be captured through an immediate price but have benefits that accrue to the community and public at large.

A well funded NEA is important to the economy of the nation both directly and indirectly. Its direct impact can be counted in familiar economic terms and its indirect impact can be valued through longer term leverage. This longer term leverage turns out to be critical to the place-making process that energizes older towns and cities. Said differently, the rebuilding of our great cities is linked to how we creatively re-purpose the built environment and transform old liabilities into future assets. This is what the creative sector does so well.

Beyond Governmental Silos: The Potential of a Creative Public Sphere:
Governments organize streams of funding across a spectrum of organizational and content silos: housing, commerce, transportation, health, and so on. One of the unfortunate consequences of these divisions is the way they structure our sense of reality and our notion of possibilities. This is reinforced by the constituencies of each silo who support the reproduction of current systems; as in most instances it is their only choice. Art and culture funding has been on the defensive for some time and it is natural that we would be here today to advocate on behalf of what is a very small part of the federal budget dedicated to arts and culture.

I would like to suggest that we expand Federal support for creativity by infusing it within other parts of the budget. Take the opportunities that are afforded by transportation, parks, and housing investments. They offer immense possibilities for integrating art into public life. Many cities have a 1% or 2% rule where every development project that uses public subsidy must dedicate a percentage of the development budget to public art. What if we thought about budgets in these ways and saw to it that the next generation of American infrastructure could transcend the false dichotomy between function and aesthetic possibility.

And of course there is the matter of our educational priorities which increasingly are squeezing creativity out of the schoolroom, even though everything we know about childhood development tells us that this is a very short term view.

I will leave you with a brief anecdote. Today in Philadelphia the largest employer of artists is the mural arts programs which at last count had created 2800 murals on the vacant walls of buildings throughout the city. When the Prince of Wales visited Philadelphia a few years ago, after stopping by the usual historical sites – the Liberty Bell, Independence Hall – he wanted to visit an inner city community with dozens of wall murals. He saw what we all see – the ability of people to take ordinary brick and stone in tattered blocks and give it the kind of meaning that fuses physical beauty, individual achievement, and social organization.

Behind each of those murals is an invisible social contract constructed by neighbors who organized to get assistance from the mural arts program, made decisions regarding the content of the mural, formed partnerships between professional artists and local aspiring artists, and took responsibility for the maintenance of the wall after the mural was completed. The mural is simultaneously a piece of art, a community investment, an educational opportunity, and a platform for new social connections.

If we think of public budgets in as creative of a way, we will stop marginalizing art and culture as a peripheral component of the public good. It will become more central to all that we do.

I thank you for your time and wish you the best.

Mr. DICKS. Well, thank you very much. I think what you have just said builds upon what Wynton said earlier, about how the arts can stand on their own two feet and they are important in their own right, though they have all these other benefits that we have discussed.

And I can say, from my own district example, we started with the arts in Tacoma, Washington, which needed to be completely restored. The first thing we did was the Pantages Theater, a performing arts venue. And then we went to work on a Museum of Glass and the Tacoma Art Museum. And now we have a school for art students in high school. And then we took old historic buildings and used them for the branch campus of the University of Washington in Tacoma.

So all the things that you have discussed, I have seen that, over 30 years in my district, occur. Now we have livability again. I mean, there is a major difference.

Mr. Simpson.

ARTS PROJECTS IN A DOWN ECONOMY

Mr. SIMPSON. Thank you, Mr. Chairman.

And thank you for your testimony.

Let me give a little different perspective. I agree with your testimony, but I will tell a different story. You are talking to the choir here, essentially. I think everybody in this room probably supports the arts. I think everybody on this panel probably supports the arts.

Sometimes, you know, the—I am a big believer in historic preservation. I think that in this country we are still young compared to the rest of the world, and we can preserve our history.

And I will tell you this story. Last year there was a community in my district whose mayor and city council asked that I try to help them get some funding to restore an old theater that they wanted to use for the performing arts. We ended up in last year's budget getting them a $150,000 earmark, a small portion of one of those earmarks, bad things.

Mr. DICKS. It is very positive, in some eyes.

Mr. SIMPSON. Yeah, in some eyes. I am there with you.

But the community asked for this; I didn't go out and seek this out or anything. But I support what they are doing. It is an old theater that is on the National Historic Registry. Under the Historic Preservation Act, there are funds available. We got $150,000 for it.

Now the economy sort of turns down. And, in USA Today, there was a list of about four or five projects of these "pork-barrel, wasteful spending programs," and it listed this theater. And, of course, now there are people who don't believe that the Federal Government should be in the arts at all, should do any of this kind of stuff.

So, for the last month, there have been letters to the editor. Every time I make a local phone call or a radio call or anything, there are people that call in and say, "Why are you doing that wasteful spending," yada, yada, yada.

Do you know how many responses from the people that requested the funding have come out? Zero. And I have not called

them up, saying, you know, "Could you guys respond to this, why you wanted this," or anything. I was elected, I can take the heat, that is okay. You know, our job is to do what we think is right, and if we get dis-elected we get dis-elected, that is okay.

But how do we convince the American public that investment in things like historic preservation, that investment in art and those types of things are important? It is one thing to come to us—and, as I said, we are pretty much talking to the choir here. But we respond to our constituents. And when constituents start saying, you know what, we need these types of things, Congress will respond, I will guarantee it.

And what I have seen—and believe me, one of my staff people is the chairman of the Idaho Commission on the Arts. I encourage her to do that. So I am supportive of it. But it is the public that we respond to. And somehow we have to get the message out to the public. And that is when Congress will respond to the degree that I think you are asking us to do.

Mr. NOWAK. Can I answer, take a shot?

Mr. SIMPSON. Sure.

ARTICULATING THE VALUE OF ART

Mr. NOWAK. It is a terrific question. I think there are three kinds of answers, and I think we have often not had a narrative that organized the three kinds of answers together in the right way.

So one answer is a competitiveness answer. In some context, it is about economic competitiveness and value. Another answer is the kind of answer that I think we heard so eloquently last night from Wynton Marsalis, which is cultural identity, emergent cultural identity, and self-knowledge.

And then the third is—going to make a little distinction between—"competitiveness," I meant in a broad sense, in terms of workforce and creativity and new jobs, but just local economic value, right? Commercial real estate value and the like.

I think what we have done is not make the argument clearly, not organized all the complex constituencies around it. I mean, one of the things I have liked so much and admired about Americans for the Arts and many of the other arts groups I have seen that I have worked with is their willingness to go outside their circle and work with others to articulate the value in new ways. Because, otherwise, art and culture get marginalized, right? There has to be this other value. I mean, the real estate people who care about the revitalization of Tacoma have to be the people that call into the radio show, not just the person who is worried about the NEA grant. They have to understand the connections between the two.

At the same time, on preservation—and I thought you were going in a different place when you first started to talk. I was in Pittsburgh yesterday, in the Hill District, which is an historically African-American district, and there is an old theater there that we just helped preserve. It is the new Granada Theater. It was one of the great, great spots for jazz. Anybody that came through Pittsburgh, any of the great jazz people stopped at Granada.

And it is going to be a very, very difficult and very expensive theater to preserve. And we sat there with a large group from the

community and outside the community, and we posed three kinds of questions in trying to move this forward.

Number one, how do you preserve it and preserve it in such a way that honors its history, but at the same time not be captive by its history? Because we all know instances where people get so hung up on the edifice, so hung up on the building, that the ability to support it long-term falls apart. Right? And that may be part of what happened in your case.

Secondly, how do we understand what the market demand would be, in a very clear sense, for services within that building whose history we are going try to honor? What should it be? Maybe it wouldn't be a performance space, although it would still honor the history of performance.

And third, when we do it, how do we do it in a way that is sustainable, that will have the kind of revenue that is not only going to depend on the public or any particular sector? What is our, kind of, theory of how we are going to run this as a business, albeit as a nonprofit and civil society business?

And we had a great conversation, and hopefully we will have success.

THE FEDERAL ROLE IN SUPPORTING ART

I think, in all of that, we need to articulate some theory, if you will, of subsidy. What is the role of public money in this? Why public money, why Federal public money? What is the role of Federal money? There is a role, but let's try to be clear about it. Why would it go for this, why not for that? What is the role of the State? What is the role of the marketplace?

Because we haven't had a clarity, I believe, about that, I think we have been vulnerable to people saying no. Right? We haven't had a clear reason to say yes. I think it is incumbent on all of us to really construct that reason, both in terms of economic value and cultural identity, but, in doing so, saying there is a role for public money, there are things the marketplace can't do, there is an innovation role here for public money.

Mr. SIMPSON. I appreciate that. Thank you.

Mr. DICKS. Are there any further questions? Mr. LaTourette?

Mr. LATOURETTE. I just have a question for Mr. Simpson. What the heck is a "the-ater"?

Mr. SIMPSON. He has hit me with that before.

Mr. DICKS. Mr. Moran, do you have anything?

Mr. MORAN. Yeah, well, I want to wait until their deep conversation is concluded there.

I appreciate the point you are making. And we have seen evidence of that, multifold, in Virginia, particularly in my congressional district.

THE HIGH PRICE OF ART

The one thing I am concerned about, when we talk about bringing money into the economy and develop a lot of the artistic productions, is that they are out of the reach of many of the people that you are describing, particularly, if you will, the indigenous population within these communities. I mean, we are not talking

about the Kennedy Center, but even some of the regional theaters, they are very expensive.

And I don't know how to get around it. I mean, I guess it is generating more revenue for the community. People come in, they will spend money and the like. But you focus particularly on lower-income, African-American neighborhoods. And generally, if you put in a nice theater or whatever, it is the white suburbanites that are going to come into that community oftentimes, because it is just too expensive and out of reach for the local residents. And now, with the economic downturn, we are seeing some of those theaters, particularly, threatened economically with their survival.

If you have any thoughts about that? I mean, I don't have any solution. And the reality is the performing artists are grossly underpaid.

Mr. NOWAK. Yes, absolutely.

So, my experience is that we have learned a great deal in the last 20 years about how to have a more integrated approach to this. I can think of my own experience of so many theaters that—I will use the example of People's Light in Malvern, which is in Main Line of Philadelphia, which on the one hand is a high-quality repertoire, does just terrific work, and on the other hand, part of what it does is spend an enormous amount of time with 15 or 20 local high schools in some of the poorest communities in the region and has brought theater and has brought kids in through their system, into the theater, because of that.

So there are, I think, a lot of great examples of theaters trying to embed who they are and what they are into the local community. Sometimes that works through direct audience participation; sometimes it works through educational efforts. But I see more examples of that now than I ever have seen, despite the economy.

I also see another kind of movement, which is to—you know, there is a funny little place in eastern north Philadelphia. I am from Philadelphia, so I am sorry, I keep using these examples just from this one city. There is this funny little place called the Village of Arts and Humanities. And a wonderful artist by the name of Lily Yeh went there many years ago. And she decided—and I just can't—if you haven't been in eastern north Philadelphia, this is a former manufacturing site with an extraordinary amount of depopulation and disinvestment, thousands of vacant lots and abandoned buildings, all the issues that we read about and worry about.

And so she started working with a group of kids to reclaim vacant lots. And in the reclaiming of vacant lots, they decided to use the materials largely from those vacant lots to transform the vacant lots into a sculpture garden. And she has now done it through a string of gardens. It looks a bit like Gaudi came to north Philadelphia. I mean, really, by the design. It is just an extraordinary design. It just goes all over. Which then turned into a theater, which then began to train kids.

So there are two models. The one is the established theater that then becomes a networked enterprise that moves outward and begins to figure out new ways to bring people in. And the second one is the thing that moves from the ground up, self-organizes, uses the materials from the community, with people with artistic talent, as

a way to create art from the ground up. I think both of those are being played out all over America right now.

Mr. MORAN. I think so. And, actually, it is an opportunity to put in the plug for the NEA. Denyce Graves told us in very compelling testimony how she grew up in the shadow of the Kennedy Center, but it could have been the other side of the world, because she would never have access to be able to afford the tickets were it not for an NEA grant. With NEA she found a way to experience opera, and it led to one of the finest operatic performers in American history.

But I appreciate the examples that you gave us, and I appreciate particularly your work. Thank you, Mr. Nowak.

Mr. NOWAK. Thank you.

Mr. DICKS. All right. Thank you very much.

Mr. LYNCH. And we have two more wonderful witnesses, Josh Groban and then Linda Ronstadt. So I would like to ask Josh Groban to come up.

And I would like to introduce him as a Grammy Award-nominated singer, songwriter, and pianist. His debut self-titled album, "Josh Groban," went double platinum, making him the best-selling new male artist of 2002. Classically trained, able to sing in four different languages, he has performed all over the world and recently at the We Are One concert celebrating the inauguration of President Barack Obama.

He is also a philanthropist. In 2004, he established the Josh Groban Foundation and has contributed over $2 million to children around the world for arts, education, and health care.

Josh Groban.

STATEMENT OF MR. GROBAN

Mr. GROBAN. Thank you so much, Chairman Dicks, Ranking Member Simpson, and members of the subcommittee. This is such a great thrill for me, as an artist, to be here on this great day. And to be here on a political level is a very new thing for me and something that I am proud to say so many past artists have done, and I am proud to be in front of the fun group finally today. And hopefully many artists will follow in the future and continue this on.

I am here today, along with my fellow witnesses, to talk about how the arts have not only enriched my life and provided me a living but how the decisions made here in rooms like this to fund the National Endowment for the Arts have a direct impact on the lives of those who wish to not only pursue their passions but to contribute as public members of their communities.

I also believe the arts are a refuge, and not merely an escape, from the troubles of the day and can provide hope during these traumatic economic times, and I hope my story reinforces that belief.

I owe my livelihood to the arts and to music, not only because I have been able to sing and write for a living but because there is a market for those who appreciate my work and choose to buy my recordings and come to my concerts. The arts are a truly interactive experience that creates a portal that connects those who want to do and those who want to enjoy, to mutual benefit of both. Arts Advocacy Day is a perfect opportunity for me to share my

story about how the power of artistic expression and the forces that enabled me to do what I love can be the story for so many others.

First and foremost, when I refer to "forces," I am including the love and commitment of my parents, who are here today. Appreciation of the arts was just something that was very normal in our household. My mother was a high school art teacher in a Los Angeles City school. My dad plays a mean trumpet and played jazz trumpet all through college.

Mr. LYNCH. Wynton is taking notice.

Mr. GROBAN. Not to create a tense atmosphere in the room here.

So I didn't grow up in an environment where creative expression was pushed upon me; it was something that I very much discovered on my own. It was a fundamental building block that enriched my development. There is no doubt that I had an advantage in that regard, being surrounded by a nurturing family who viewed the arts as necessary for making a well-rounded individual. But my parents never—they were never stage parents. There was never any sense of feeling that there had to be that push. Like many artists, it felt like a gravitational pull.

You have to have the bug, I said it earlier today, but growing up in a city like Los Angeles, the choices that they made to introduce me to all that a big city like that had to offer were life-changing for me. I would sit in the audience, I would get chills at a classical concert or musical theater or Blue Man Group or whatever it was. And I would say to myself, you know, if I could ever make somebody feel the way I am feeling right now, that is my goal in life. And I had blinders on from that moment on.

ART FOCUSED EDUCATION

It is one thing to discover that is what you want in your life. It is quite another thing to find your direction in a school environment. So one of the main reasons I am here is to talk about the incredible educational system that I had, with the arts programs and as a product of that system.

While my first high school was a fine academic institution, there were not many opportunities for creative outlets. This inspired me to create my own theater club during a free period. It beat, you know, sitting around eating corndogs for an hour. And it drove me to realize that I needed a school system that gave me more of a creative outlet and let me have my theatrical fix.

I found the Los Angeles County High School for the Arts, and it is an incredible school. It specializes in training of music, theater, dance, visual arts, and film. It was the place that I realized was a home for me, for my voice, and for my soul. It is one of two public arts high schools in Los Angeles that allows students from any district in Los Angeles to attend. My acceptance finally deployed me on to familiar terrain: artists, musicians, actors, and more than a few other outsiders who now had a community to explore their talents and start imagining a way to translate their gifts into productive careers.

For many of the students from troubled or disadvantaged homes, it was a life-changing experience that I saw personally, to be placed in an environment where the arts provided such hope and positive

growth. In my opinion, their lives were saved by the arts and by that school.

During my high school years, I had the opportunity to experience the far-reaching influence of the federal agency that my fellow witnesses and I are here to support. I also attended the highly regarded Interlochen Arts Camp in northern Michigan, which is a phenomenal place. It is also much funded by the NEA. It is in northern Michigan. It is very rustic. You are on the water and, again, surrounded by many, many students that share your passion. There is music everywhere. I shared a cabin with a flutist who is now in the Boston Symphony and a number of different actors who are now doing great things. And it really changed my outlook on the possibilities in the arts.

WORK ETHICS AND ART

What is sometimes lost in any discussion of the arts, and in particular arts education, is that those lessons learned, through whatever medium one chooses to pursue, are more likely to teach you more about the world around you and how it works. Learning piano isn't just about being able to produce notes in a melodic and harmonic structure that becomes "Moonlight Sonata"; it is about the personal discipline that is hours of practice. Trust me on this one, there is no better place than a theatrical production to test the characteristics of humility, work ethic, patience, the value of team work, and a commitment to a common goal. We have only our current financial situation to turn to for an examination of what happens when those values are not learned.

Armed with the tools to pursue my dream and chosen profession—this is where I got a bit lucky, but I have always viewed luck as preparation meets opportunity—I met a wonderful man named David Foster, who is a great producer, and he kind of plucked me out of obscurity. I found my first situation performing for then Governor-elect Gray Davis in Sacramento. I found myself going from living room, family and friends, to wearing a really ill-fitting tuxedo for 25,000 people and a full orchestra, and I was terrified.

Two weeks later, he called me back, and he said, "I am at the Grammys. I am with Celine Dion. We have written a song. The great Andrea Bocelli can't show up. We need you to show up." I was 17 years old. "I am going to fax you the lyrics. Can you please be here at 3 o'clock?" I said no. With a pit in my stomach, I said no, and I hung up the phone. And I thought to myself, "I am not going to put myself in this embarrassing situation. I am not old enough to be doing this. I can't sing like that." I had a number of insecurities. He then called me back and he said, "I am not asking you, I am telling you. Get your butt over here. I need you here." That is politely, believe me.

And being thrown into the fire like that taught me so many lessons. And the reason I bring up that story is because it was the teachers that pushed me into those fires when I was younger that gave me the strength to be able to get up there and do it later on in life. And it pains me to think of how many thousands or millions of kids have the energy, have the talent, have the smarts, have the path that they don't yet know is in front of them, and don't ever

have that push. So I owe a lot to those teachers who gave me that strength.

My career also has given me a great opportunity to give back and meet some incredible people. The opportunity to sing for President Obama, to perform at the Vatican, to meet and befriend Nelson Mandela are not only incredible and humbling honors but prime examples of how the arts are a universal language that connects us each to each other's humanity.

As I mentioned, the philanthropic efforts, I have the Josh Groban Foundation, which helps children in need through education, health care, and the arts. And it has also galvanized my fans, to whom I owe another huge debt of gratitude to raising money benefitting a number of institutions dear to my heart, including NOAH, which stands for Nurturing Orphans of AIDS for Humanity, in South Africa, and also the South Central Scholars Fund in Los Angeles. The arts, in my opinion, just continues to keep on giving, as everybody has mentioned today.

So when asked, "Why do this," the answer is simply, it feels like my duty. The arts have crafted me into the person I am today. With so many of my colleagues being affected by the economic downturn, it is more important than ever that those of us who are still able to make a living inform others that creative expression means real jobs. As performances close down, the ripple effect is not only felt by the lead performer of the cast but also the orchestra members in the pit, to the incredible stage hands who are artists in their own right, and the restaurants across the street who rely heavily on audience flow every night.

That is why I wanted to share my story with you today. It is a great honor to be here in our Nation's capital and make a case why the arts are so vital to our communities in our bottom line. I applaud the already extraordinary efforts that this community has made in providing funding for the NEA in the stimulus bill and the incremental increases in the fiscal year budgets for the last 2 years, so thank you so much for that. But there is so much more that is needed to ensure that my story is a possibility for millions.

But, more importantly, that we continue to fund the arts so that we maintain our cultural soul. And I will reiterate what everybody has said: I highly recommend that anybody who has not seen it take a look at Mr. Marsalis's speech last night for a much more eloquent way of capturing our history and that soul.

So I join my colleagues here in respectfully requesting, again, the $200 million. And I thank you all so much for this opportunity to testify before you today.

[The information follows:]

Written Testimony in Support FY10 Appropriations for the National Endowment for the Arts

Submitted by Josh Groban, Singer, Songwriter

House Appropriations Subcommittee on Interior, Environment and Related Agencies

"Arts=Jobs"

March 31, 2009

Good morning Chairman Dicks, Ranking Member Simpson and members of the Subcommittee. Please let me first express what an incredible honor it is to testify before you today on behalf of an issue that has been nothing short of transformative for me personally. My name is Josh Groban. I am a vocalist, musician, composer and actor.

I am here today along with my esteemed fellow witnesses to talk about how the arts have not only enriched my life and provided me a living, but how the decisions made here, in rooms like this to fund the National Endowment for the Arts have a direct impact on the lives of those who wish to not only pursue their passions, but to contribute as productive members of their communities. Also, I believe the arts are a refuge – not an escape – from the troubles of the day and can provide hope during these traumatic economic times. I hope my story reinforces that belief.

Early Years in the Arts

I owe my livelihood to the arts and music. Not only because I've been able to sing, write and act for a living, but because there is a market of those who appreciate my work and choose to buy my recordings and attend my performances. The arts are a truly interactive experience that creates a portal that connects those who want to do and those who want to enjoy - to the mutual benefit of both. Arts Advocacy Day is the perfect opportunity for me to share my story about how the power of artistic expression and the forces that enabled me to do what I love, can be the story of many others with a little help from you, our leaders.

First and foremost, when I refer to forces, I am speaking primarily of the love and commitment of my parents who are here with me today. Appreciation of the arts was just a way of life in my household. My parents are very artistic; my father, with all apologies to my fellow witness Mr. Marsalis, is an accomplished jazz trumpeter, and my mother has spent her life teaching and exploring the world of visual art and design. So I did not grow up in environment where creative expression was pressed upon me, but instead was a fundamental building block that enriched my development.

There is no doubt I had an advantage in that regard, being surrounded by a nurturing family who viewed the arts as necessary for making a well-rounded individual. But my parents never pushed me to make that my passion. It became my passion by gravitational pull. Something in me clicked and I knew I wanted to pursue the arts in some form You have to have the "bug." I had been provided with an environment by my parents where my quest to find my passion was encouraged and I went with it.

As a somewhat reserved young adult, I had found my voice, metaphorically and well, as you can see you today, speaking in front of the committee, literally. The awkwardness that accompanies most of us in our formative years certainly did not miss me. Luckily, I found my language in creative expression and that opened up a way of communication that has allowed me to cultivate my talents. Still, high school was a challenge. My first foray into adolescence found me feeling like an outsider like so many kids. Along with the guidance and support of my parents and extraordinary teachers, the arts provided me with a motivation to keep up with my academics.

High School Arts Education

While my first high school was a fine academic institution, there were not many opportunities for creative outlets. This inspired me to create my own school theater club that became quite popular with other kids – and drove me to maybe look for another learning environment where I could fit in and get my theatrical fix. My artistic life took a profound turn for the better upon auditioning and then being accepted to the Los Angeles County High School for the Arts. The school specializes in the training of music, theatre, dance, visual arts, and film. It is one of two public arts high schools in Los Angeles that allows students from any district within Los Angeles County to attend. My acceptance finally deployed me onto familiar terrain: artists, musicians, actors and more than a few other "outsiders" who now had a community to explore their talents and start imagining a way to translate their gifts into productive careers. For many of the students who came from troubled and disadvantaged homes, it was a life-changing experience to be placed in an environment where the arts provided such hope and positive growth. In my opinion, their lives were saved by the arts.

During my high school years I had the opportunity to experience the far reaching influence of the federal agency that my fellow witnesses and I are here to support. I attended the highly-regarded Interlochen Arts Camp, a frequent National Endowment for the Arts grantee for providing excellence in arts education, majoring in musical theater. The camp itself is truly a national treasure, combining exceptional instruction for all the arts disciplines in a rustic and modest setting in northern Michigan. The ability to help hone my acting and vocal skills and to really start taking my talent seriously is something I will always be grateful for. Thanks to the NEA's ability to identify worthy programs of excellent artistic merit, campers like me are able to keep being inspired.

What is sometimes lost in any discussion of the arts and in particular arts education, is that those lessons learned through whatever medium one chooses to pursue are more likely to teach you more about the world around you and how it works. Learning piano isn't just about being able to produce notes in a melodic and harmonic structure that

becomes "Moonlight Sonata." It is about the personal discipline that is hours of practice. Trust me on this one; there is no better place than a theatrical production to test the characteristics of humility, work ethic, patience, the value of teamwork and a commitment to a common goal. We have only our current financial mess to turn to for an examination of what happens when those values are not learned.

Career Path

Armed with the tools to pursue my dream and chosen profession, this is the point in my story where I had a little bit or a lot of luck. But as the saying goes, "luck meets preparation meets opportunity." I've already gone over the preparation. Here is opportunity. A series of remarkable events started to unravel. My vocal coach had sent a tape to Grammy-winning producer and arranger David Foster who has written or produced hit songs for some lesser known artists like Celine Dion, Barbara Streisand, Chicago and Whitney Houston, and out of the blue some time later, I received a call. Sure, no pressure for a 17 year-old, but David had wanted me to sing for then governor-elect Gray Davis' inauguration. I went from singing in my living room for family and friends to wearing an ill-fitted tuxedo in the state capitol singing for the state's elected officials and invited dignitaries. I'm still here, so I guess it went okay, and it put me on the other end of another call from David.

This time, he invited me to come to the Grammys and possibly replace the wonderful, but intimidating voice of world-renowned and universally adored tenor Andrea Bocelli during his rehearsal with someone named Celine Dion; an equally intimidating and famous voice. My first answer was a resounding "no." I knew the piece; an incredibly moving song named "The Prayer" well but was not sure I would be prepared enough to enter that arena yet. David coaxed me into singing the number over the phone and he decided I was ready. To put it politely, he told me to get my butt over there. I went to the famous Grammys stage and sang the duet with Celine -- who couldn't have been more gracious and supportive.

The rehearsal was a thrill and at the time I thought I was just taking home a great memory. But around that time a string of events occurred that can only be explained as unbelievable. I was booked to appear on Rosie O'Donnell's show, she had been in the audience for the Grammy rehearsal. I was fortunate to get an exclusive recording contract with a major label with David's help. My appearances on the hit television show "Ally McBeal" gave me great visibility and it was my first foray into acting on national television. The episodes had created a buzz that led to a "20/20" segment that saw my debut album jump in sales from gold to double-platinum status over the next year.

Giving Back

My career has been nothing short of amazing and I never take for granted the hard-earned breaks that have given me the capacity to keep pursuing my passion. The opportunity to sing for President-Elect Obama, perform at the Vatican, and meet and befriend Nelson Mandela are not only incredible and humbling honors, but prime examples of how the arts are a universal language that connect us to each other's humanity. I have been able to use my music to fuel philanthropic endeavors such as the Josh Groban Foundation which

helps children in need through education, healthcare and the arts. It also has galvanized my fans, to whom I owe another debt of gratitude, to raising money benefitting a number of institutions, including Noah's Ark children's orphanage in Siyawela, South Africa. The arts just keep giving.

One of the highlights of my career was to perform at the Commander in Chief Ball this year during President Obama's inauguration and also the chance to provide some comfort to those young heroes who are recuperating at Walter Reed Hospital. I was deeply moved by their personal stories of how they felt, "they were the lucky ones" having just lost limbs, and not their lives, to improvised explosive devices. To be able to bring some comfort and a couple of moments of refuge from the harsh realities of war was so gratifying. No matter how one feels about the wars, no one doubts the courage and patriotism of our soldiers. My career has allowed me to serve my country in ways that may not normally spring to mind. The arts enable me to use my talents to express my passion for important causes and endeavors. To be able to do what I love and help make a difference is incredibly gratifying.

Conclusion

So again, when asked "why do this?" the answer is it is my duty. The arts have crafted me into the person I am today. With so many of my colleagues being affected by the economic downturn, it is more important than ever that those of us who are still able to make a living inform others that creative expression means real jobs. As performances close down, the ripple effect is not only felt by the lead performer and the cast, but also the backup performers in the pit, the stage hands who are artists in their own right in bringing the production values to the fore, and everyone else from the ushers to the restaurant across the street who relies on people stopping in before or after a show.

That is why I wanted to share my story with you today. It is a great honor to be here in our nation's capital and make a case for why the arts are so vital to our communities and our bottom line. I applaud the already extraordinary efforts of this committee in providing funding for the NEA in the stimulus bill and the incremental increases in its fiscal year budgets over the last 2 years.

So much more is needed to ensure that my story is a possibility for millions of our fellow Americans, but more importantly, that we continue to fund the arts so that we maintain our cultural soul. With your help, I know we can continue to keep the hopes and dreams of artists alive so that they can continue serving their communities and our great country. I join my other colleagues here today in respectfully requesting that this committee allocate $200 million to the National Endowment for the Arts.

Thank you again for the honor of testifying this morning. I would be happy to answer any questions you might have.

Mr. DICKS. Well, thank you, Josh, for your tremendous statement and for recognizing your parents and the role that they played.

My parents were not musical, but they arranged for me to have a clarinet teacher who was in the John Philip Sousa Band. This is how old I am. I played quite loud, of course, but also learned how to play the saxophone too. So, you know, you have to have instruction, you have to have somebody to inspire you to get involved in this. My teacher was Waldo Thompson, and he worked in the shipyard in Bremerton, but he had been one of the original members of the marching band. And everybody in Bremerton who played clarinet took lessons from this man. He was the guru. He taught me a lot about reeds.

I always told the story about how I got a clarinet, and, for 3 days, I took it home and tried to get a note out of it—nothing. My parents had no clue. And so I went down to the Brown's Music store in Bremerton, Washington, walked upstairs, and I said, "There is something wrong with this clarinet." And he said, "Yes, young man, you don't have a reed."

Mr. GROBAN. You see?

Mr. DICKS. So it was a humbling experience.

Mr. GROBAN. Yeah, yeah.

Mr. DICKS. I did better after I got the reed.

Mr. GROBAN. That is good to hear.

Mr. DICKS. Mike?

Mr. SIMPSON. I don't think I can follow that, Mr. Chairman.

I would just say that I needed a different kind of parent, one to push me. I have told my mother a number of times—great mother, still is a great mother—that the one fault I have with her is that when I was 8 years old she let me quit piano lessons. It was one of those things where, you know, you are 8 years old, you want to go outside and play baseball. And it was, "If you take them 1 more year, then if you want to quit, we will let you," and she let me quit. Big mistake. I wish I could have——

Mr. GROBAN. How is your baseball game, though?

Mr. SIMPSON. Baseball didn't work out either.

Mr. GROBAN. All right.

Mr. SIMPSON. But, anyway, thank you for being here today.

Mr. DICKS. But he is a wonderful politician. When all else fails.

Mr. SIMPSON. That is a statesman. Thank you for being here, and thank your parents for being here too.

Mr. GROBAN. Thank you, Mr. Simpson.

Mr. MORAN. How did you do subbing for Andrea Bocelli?

Mr. GROBAN. I am sorry?

Mr. MORAN. How did that go, when you subbed——

Mr. GROBAN. It actually went really, really well. I stood on the stage for half an hour, and they are going, "Where is this Groban kid? Oh, you? Oh. Stand on the X." It really was, it was one of those "a star is born" moments, except it didn't happen that way.

But, you know, everybody was so gracious. I did my best. I walked out of there feeling like it was one more little badge I could put on. And every little bit of that has built my confidence. I am 28. I have been doing this now about 9 or 10 years, and I still feel like every one of those moments continue to build the strength for me. And there is a lot more to continue.

Mr. MORAN. Good for you. Thank you.

NEA GRANTS TO INDIVIDUALS

Mr. DICKS. I think I have this right. The NEA does not give grants now to individual artists. You talked about going to Michigan, and you were in a camp kind of setting. What do you think of that? Do you think that ought to be revisited or rethought?

Mr. GROBAN. Absolutely. I think that it was nice to see many of the scholarships that occurred at that camp. You saw people coming in—seeing the gentleman play the violin this morning, who had a full scholarship to Juilliard. It is very important to me to see when and where there are artists that have a particular ability and a passion, who aren't able to financially get to where they need to go, get that help.

So, as far as the camping system goes, as far as whether it was specifically NEA granted is not something I specifically know. But whoever granted it, yes, it is exceedingly important, and it is something that I think should be revisited.

Mr. DICKS. Thank you.

Any other questions?

All right. Thank you very much.

Mr. GROBAN. Thank you, Mr. Chairman.

Mr. LYNCH. Thank you.

And now I would like to call Linda Ronstadt up to testify.

Linda Ronstadt is an acclaimed singer, producer, and actress. Her unique vocal blend of rock and country has won her numerous awards, including 11 Grammys, an Emmy Award, an ALMA Award, and one of the most commercially successful female singers of the last four decades. Ms. Ronstadt is the singer of such hits as "He's No Good" and "When Will I Be Loved" and many others that the subcommittee has referenced.

Ms. Ronstadt has since turned to traditional Mexican and Spanish material and is the artistic director of the annual Mariachi Festival hosted by the Mexican Heritage Corporation.

Linda Ronstadt.

Mr. DICKS. Welcome.

STATEMENT OF MS. RONSTADT

Ms. RONSTADT. Thank you.

Before I discuss the topic of my remarks, I would like to share a bit about my personal background, which informs my conversation with you today.

I grew up in the desert in Tucson, Arizona, on what was then a rural route. My grandfather's cattle ranch had been whittled down considerably in size as a result of the financial storms of the last depression, but we were pretty happily established there amid the cactus and the cottonwoods. My family had built a little compound with my grandparents in one house, my father and mother and the four of us kids in the other.

I don't remember when there wasn't music going on in some form: my father whistling while he was figuring out how to fix something; my older brother practicing the "Ave Maria" for his performance with the Tucson Boys Choir; my sister sobbing a Hank

Williams song with her hands in the dish water; my little brother struggling to play the huge double bass.

Sundays my father would sit at the piano and play almost anything in the key of C and sing in his beautiful baritone love songs in Spanish for my mother, maybe a few Sinatra songs while he remembered single life before children and responsibilities and before the awful war that we won that time. My mother would play ragtime or something from Gilbert and Sullivan.

When we got tired of listening to our own house, we would tramp across to my grandmother's, where we got a pretty regular diet of classical music. Evenings, if the weather wasn't too hot or freezing and the mosquitoes not threatening to carry us away to the land of Oz, we would haul our guitars outside and sing songs until it was time to go in, which was when we had run out of songs.

There was no TV. The radio couldn't wander around with you because it was tethered to the wall. And we didn't get enough allowance to buy concert tickets. In any case, there weren't many big acts playing in Tucson. So if we wanted music, we had to make our own.

The music I heard there in those two houses before I was 10 years old provided me with enough material to explore for my entire career, which has stretched from the late 1960s until now.

It gave me something else too, something even bigger than that: It gave me an enormous yardstick to measure my experiences against generations of other people. It placed me in a much larger cultural context and helped me to locate my humanity.

ARTS AS EMOTIONAL EDUCATION

Sometimes it shocked me when music revealed the intensity of an emotion I was feeling, something I hadn't even realized I felt so keenly or disturbingly until I had a musical lens to bring it into focus. Years later, I would have the same emotional experience paging through works of classic literature. It occurred to me: No school curriculum would be complete without the works of Shakespeare, Dostoevsky or Tolstoy, Henry James, Edith Wharton or F. Scott Fitzgerald. Why, then, would it be complete without a working knowledge of Mozart, Beethoven, or George Gershwin?

In the United States, we spend millions of dollars on sports because it promotes team work, discipline, and the experience of learning to make great progress in small increments. Learning to play music together does all this and more.

Jose Abreu, the founder of El Sistema, the children's music curriculum currently considered to be the best in the world, says this: "An orchestra is a community that comes together with a fundamental objective of agreeing with itself. Therefore, the person who plays in an orchestra begins to live the experience of agreement. To agree on what? To create beauty."

Music exists to help us identify our feelings. Through music, one can safely express strong emotions like anger, sorrow, or frustration that might otherwise find a release in violence or, just as bad, cause one to seek the numbing relief of drugs.

I am continually stunned and deeply concerned when I hear groups of school children trying to sing something as simple as "Happy Birthday" and they are unable to match pitch. Many recent

school children's performances that I have observed sounded like a gray wash of tone-deaf warbling. Not the children's fault.

ARTS AND MENTAL ACUITY

As I am now 62, I have become concerned about keeping my mental faculties intact and recently acquired—that is why I am reading—recently acquired from National Public Radio a program I can do at home called Brain Fitness. It was developed by Michael Merzenich, a leading researcher on neuroplasticity, which is how our brains can change and adapt to meet new challenges like stroke, head trauma, or old age.

When I opened up the program on my laptop, I was very surprised to discover that hours and hours and hours of the exercises were based on one's ability to distinguish pitch. It turns out that this ability has a great deal to do with how our brains process and store information. Do you know a way of putting in sequence 26 things and remembering them? Well, the alphabet has 26 letters, and we all learned it the same way: "A, B, C, D, E, F, G."

I can still remember a bit of a grammar lesson the nuns at Saints Peter and Paul School drilled into my head by using the tune of "Sweet Betsy from Pike": "First person refers to the speaker, you see. For personal pronouns, use I, mine, and me," which came in handy when I was trying to write this speech because I have never written anything longer than a thank-you note.

For thousands of years, human history was passed down the generations using music as a way to remember long sagas before they could be written down. In these modern times, we tend to think of music as entertainment or something that helps a troop of soldiers to step out smartly in a parade. Music is not just entertainment. Music has a profound biological resonance, and it is an essential component of nearly every human endeavor.

Oliver Sacks, a noted neurologist, wrote a book called "Awakenings," in which he describes his patients whose brains were severely damaged by Parkinson's disease. These patients were unable to walk, but when music was played they were able to get up and dance across the floor. Music has an alternate set of neurological pathways through our bodies and our brains.

Increasingly, people's experience with music is passive. We delegate our musical expression to professionals. Music cannot be learned without both listening and playing. We need to teach our children to sing their own songs and play their own instruments, not just listen to their iPods. Do we really want our children's musical experience to be limited to the mainstream, commercial music that is blared at them continually? They deserve and are fully capable of learning to express themselves in the more subtle and profound ways of traditional and classical music.

In the written testimony that I submitted, I cite examples proving the power of music education to raise test scores for all the other subjects: math, science, and reading. Currently, I am acting as the artistic director of the Mexican Heritage Foundation in San Jose, California. We have a mariachi program that has functioned successfully in the school since 1992 and an exciting math and music program in development.

So I urge you to increase funding for all the arts and especially for music education. Access to quality music education should not be only for those who can afford it. The benefits are too great. For underserved families, and indeed for all families, participation in music and the arts can help people reclaim and achieve the American dream.

Thank you.

[The information follows:]

Written Testimony in Support of FY10 Appropriations for the National Endowment for the Arts

Submitted by Linda Ronstadt
Singer

House Appropriations Subcommittee on Interior, Environment & Related Agencies

"Arts = Jobs"

March 31, 2009

Mr. Chairman and Distinguished Members of the Subcommittee, thank you for inviting me to be here. My name is Linda Ronstadt, I am a singer, and I am pleased to be a part of the Americans for the Arts delegation and to come to our nation's capitol for Arts Advocacy Day. I am also here to testify in favor of a Fiscal Year 2010 appropriation of $200 million for the National Endowment for the Arts (NEA).

Before I discuss the topic of my remarks, I would like to share a bit about my personal background, which informs my conversation with you today.

I grew up in the desert in Tucson, Arizona on what was then a rural route. My grandfather's cattle ranch had been whittled down considerably in size as a result of the financial storms of the last depression, but we were pretty happily established there amid the cactus and the cottonwoods. My family had built a little compound with my grandparents in one house, my father and mother and the four of us kids in the other.

I don't remember when there wasn't music going on in some form - my father whistling while he was figuring out how to fix something, my older brother practicing the "Ave Maria" for his performance with the Tucson Boys Choir, my sister sobbing a Hank Williams song with her hands in the dishwater, my little brother struggling to play the huge double bass.

Sundays, my father would sit at the piano and play most anything in the key of C and sing in his beautiful baritone: love songs in Spanish for my mother, maybe a few Sinatra songs while he remembered single life before children and responsibilities, and before the awful war that we won, that time. My mother would play Ragtime or something from Gilbert and Sullivan.

When we got tired of listening to our own house we would tramp across to my grandmother's where we got a pretty regular diet of classical music. They had what they called a Victrola and would listen to their favorite opera excerpts played on 78-RPM recordings. On Saturdays, they would tune in to the Metropolitan Opera radio broadcast or sit at the piano trying to unravel a simple Beethoven, Brahms or Liszt composition from a page of sheet music.

Evenings, if the weather wasn't too hot or freezing and the mosquitoes not threatening to carry us away to the land of Oz, we would haul our guitars outside and sing songs until it was time to go in, which was when we had run out of songs.

There was no TV, the radio couldn't wander around with you because it was tethered to the wall, and we didn't get enough allowance to buy concert tickets. In any case, there weren't many big acts playing in Tucson, so if we wanted music, we had to make our own. The music I heard there, in those two houses, before I was ten years old, provided me with enough material to explore for my entire career, which has stretched from the late sixties until now.

It gave me something else too, something even bigger than that. It gave me an enormous yardstick to measure my experiences against generations of other people. It placed me in a much larger cultural context, and helped me to locate my humanity.

Sometimes, it shocked me when music revealed the intensity of an emotion I was feeling, something I hadn't even realized I felt so keenly or disturbingly until I had a musical lens to bring it into focus. As renowned music educator Karl Paulnack, Music Director and conductor of the orchestra at the Boston Conservatory said about great music: "It has the ability to crack your heart open like a walnut; it can make you cry over sadness you didn't know you had. Music can slip beneath our conscious reality to get at what's really going on inside us the way a good therapist does." Years later, I would have the same emotional experience paging through works of classic literature. It occurred to me: no school curriculum would be complete without the works of Shakespeare, Dostoevsky or Tolstoy, Henry James, Edith Wharton or F. Scott Fitzgerald. Why then would it be complete without a working knowledge of Mozart, Beethoven or George Gershwin?

In the United States we spend millions of dollars on sports because it promotes teamwork, discipline, and the experience of learning to make great progress in small increments. Learning to play music together does all this and more.

José Abreu, the founder of El Sistema, the children's music curriculum currently considered to be the best in the world, says this: "An orchestra is a community that comes together with the fundamental objective of agreeing with itself. Therefore, the person who plays in an orchestra begins to live the experience of agreement. And what does the agreement of experience mean? Team practice, the practice of a group that recognizes itself as interdependent where one is responsible for others and the others are responsible for oneself. Agree on what? To create beauty."

Karl Paulnack has also described how the arts, including music, were able to survive even the nightmarish conditions of the Nazi concentration camps: "The camps were without money, without hope, without commerce, without recreation, without basic respect, but they were not without art. Art is part of survival; art is part of the human spirit, an unquenchable expression of who we are. Art is one of the ways in which we say, 'I am alive, and my life has meaning.'"

Music exists to help us identify our feelings. Through music one can safely express strong emotions like anger, sorrow, or frustration that might otherwise find a release in violence, or, just as bad, cause one to seek the numbing relief of drugs.

I'm continually stunned and deeply concerned when I hear groups of school children trying to sing something as simple as "Happy Birthday" and they are unable to match pitch. Many recent school

children's performances that I have observed sounded like a gray wash of tone-deaf warbling. Not the children's fault.

Increasingly, people's experience with music is passive. We delegate our musical expression to professionals. Music cannot be learned without both listening and playing. We need to teach our children to sing their own songs and play their own instruments, not just listen to their iPods. Do we really want our children's musical experience to be limited to the mainstream commercial music that is blared at them continually? They deserve and are fully capable of learning to express themselves in the more subtle and profound ways of traditional and classical music.

As I am now 62, I have become concerned about keeping my mental faculties intact and recently acquired, from National Public Radio, a program I can do at home called Brain Fitness. It was developed by Michael Merzenich, a leading researcher on neuroplasticity, which is how our brains can change and adapt to meet new challenges like stroke, head trauma, or old age. When I opened up the program on my laptop, I was very surprised to discover that hours and hours and hours of the exercises were based on one's ability to distinguish pitch. It turns out that this ability has a great deal to do with how our brains process and store information. Do you know a way of putting in sequence 26 things and remembering them? Well, the alphabet has 26 letters and we all learned it the same way: A-B-C-D-E-F-G… I can still remember a bit of a grammar lesson the nuns at Saints Peter and Paul School drilled into my head by using the tune of "Sweet Betsy From Pike." "First person refers to the speaker you see. For personal pronouns use I, mine, and me".

For thousands of years human history was passed down the generations using music as a way to remember long sagas before they could be written down. In these modern times, we tend to think of music as an entertainment or something that helps a troop of soldiers to step out smartly in a parade. Music is not just entertainment. Music has a profound biological resonance and it is an essential component of nearly every human endeavor. Oliver Sacks, the noted neurologist, wrote a book called "Awakenings" in which he describes his patients whose brains were severely damaged by Parkinson's disease. These patients were unable to walk, but when music was played they were able to get up and dance across the floor. Music has an alternate set of neurological pathways through our bodies and our brains.

Music programs have a very discernable positive effect on our children's education. A recent survey by Harris Interactive of 450 randomly selected high schools revealed that students who are enrolled in a music program have a 90.2% graduation rate, while those who take no music classes have a 72.9% graduation rate. Christopher Johnson, professor of music education and associate dean of the School of Fine Arts at Kansas University, conducted a landmark study comparing test scores of students in a music program with students who had no music. Professor Johnson later testified before Congress, presenting some eye-opening data: students of all regions and socio-economic backgrounds who studied music scored significantly higher on math and English tests than students who did not study music.

Recently I have been invited to sing at several schools. I agreed on the condition that I not sing from the stage to a large school assembly but rather in the classrooms of first and second graders so that they could hear un-amplified music in a more natural setting the way I experience it in my living room. I know that many of these children don't have families that play music at home. In fact, most of them have had no experience with anything but recorded music. They think music comes out of their television or computer screens, not out of people's hands and mouths. After they got over the shock of discovering that we didn't have volume knobs on our heads or on our acoustic guitars, they

settled down and listened to our selection of folk songs from the early part of the twentieth century. These were not children's songs. They were songs about building the railroad, exploring unknown territory and the loneliness of being a stranger in a new land. Afterward, we talked about the stories in the songs and how they might apply to their lives.

There are some excellent programs that promote live performances in the schools and they deserve to be supported. Yo-Yo Ma, the renowned cellist who performed recently at President Obama's inauguration, has volunteered his time to perform in schools with the help of an organization called Young Audiences.

In my hometown of Tucson, an organization called OMA (Opening Minds to the Arts) has made a tremendous impact in helping children of many different cultures and languages to assimilate into the Tucson Unified School District. Children of African refugees, Native Americans, and Mexican immigrants, all have benefited from learning music, the universal language, as they struggle to become proficient in English and excel in their other subjects. In only the first year the program was implemented, the dramatic rise in test scores in schools being served by OMA surprised teachers and researchers alike.

Currently, I am acting as the artistic director of the Mexican Heritage Foundation in San Jose, California. We have a mariachi program that has functioned successfully in the schools since 1992 and an exciting math and music program in development.

And finally, as you may know, there is a conductor of staggering talent who has been hailed as the next Leonard Bernstein. His name is Gustavo Dudamel and he has toured the United States and Europe with the Simon Bolivar Youth Orchestra to ecstatic reviews. He joins the Los Angeles Philharmonic as their Music Director in the fall. Perhaps you have seen him featured on 60 Minutes or in other national or international press. Here's what matters to us today: this young conductor has a passion for music education because he knows its true power to alter the course of young lives. He was brought up in Venezuela in the extraordinary music education system that I mentioned earlier called El Sistema. It has existed for 35 years, and now reaches over 250,000 students and their families. A driving force in Dudamel's life is to transform communities through participation in music. He is leading the Los Angeles Philharmonic's YOLA or Youth Orchestra L.A. project, which is designed to serve children who have the most need and the fewest resources.

ACCESS TO QUALITY MUSIC EDUCATION SHOULD NOT BE ONLY FOR THOSE WHO CAN AFFORD IT. THE BENEFITS ARE TOO GREAT. Today, children ages 7-16 in the urban core of Los Angeles receive free instruments, after-school music instruction and orchestra experience. The Los Angeles Philharmonic has already touched the lives of hundreds of children and their families and has plans to reach more. Imagine what can be accomplished if we support the arts, engage 'at risk' youth and help them succeed in school and in their lives. For 'underserved' families, indeed for <u>all</u> families, participation in music and the arts can help people reclaim and achieve the American Dream.

THE IMPORTANCE OF LIVE MUSIC

Mr. DICKS. Well, thank you very much. And I think it is another case where your family made a major difference in your appreciation and your involvement in music. And I think that is very helpful.

Ms. RONSTADT. Well, I was lucky enough to have a family that everyone—I mean, everyone in my family plays and sings. You won't find a Ronstadt in Tucson that can't play something and sing. But there are a lot of children that don't have any music at all in their houses. And they think music comes out of their laptops, they think music comes out of their television sets. I have been in schools singing to schoolchildren that don't believe that music comes out of your face and your fingers. And they are absolutely astonished.

Talk about loud, you know, little children often, when I go to sing for them in their classroom—because I always insist on singing in the classroom, not in an auditorium—and we don't have any volume knobs on our heads, so they will be like this, "Agh!," until they realize that it is not going to swallow them whole.

But they are always completely stunned and captivated, and they always want more. It is something that they need to have live. There need to be more programs where people go actually into classrooms and sing for children and inspire them, I think.

Mr. DICKS. Inspire them to either be a singer or a musician or whatever.

Ms. RONSTADT. And make them know what it is, what kind of an animal music is. It is just this thing—they have also gotten into the habit of thinking that music is something that goes on in the background. Because when you go into a store, you are shopping, or you go to the dentist's office, it is the first thing I always ask to turn off. It is like being tortured twice.

Mr. DICKS. He is a dentist.

Ms. RONSTADT. Sorry.

Mr. DICKS. Mr. Simpson is a dentist.

Mr. SIMPSON. That is okay. I agree.

Ms. RONSTADT. Anyway.

Mr. DICKS. Mr. Simpson.

Mr. SIMPSON. Yeah, let me respond to that—no. I was a dentist in the real world.

Ms. RONSTADT. Good.

PARTS OF SUCCESSFUL EDUCATION

Mr. SIMPSON. And that music of the drill just doesn't seem to quite cut it, does it?

You know, it is interesting, my grandfather, who was superintendent of public schools in Idaho, in one county, told me—and he was superintendent in the 1940s, 1950s, 1960s—he told me that, for any school system to be successful, you needed two things besides the academics: You needed an athletic program, and you needed a music program. I never saw how those two were related, but they are actually what keeps a lot of students in school.

Ms. RONSTADT. Well, they are completely related. When you are exercising, you can do it longer and better to music. When people

have a job of heavy work to do, of hard work, they start to chant and sing. You know, from the Irish walking songs, where they would pick up the heavy wool and beat it to, you know, pulling in their nets. It simply moves to an alternate set of neurological networks. It is completely different from just speaking. And so, it makes you stronger.

Mr. SIMPSON. Yeah. The other thing that you mentioned when you were talking about brain research, it is kind of interesting you brought that up. If you look at the research that has been done on the early development of the brain in childhood development, from birth through the third year, and the difference in a child's brain and how it develops based on how you interact with that child, music being one of those things, it is incredible the differences that occur.

And we lose a lot of children by not interacting with them appropriately in the first 3 years of their development. By the time they get to school and stuff, they are 6 years old. And we need to do a better job, I think, of informing parents of those types of interactions and how it will help in their brain development. And, again, music being one of the interactions is very important.

Ms. RONSTADT. And we need to play our own music. We need to play our own music.

Mr. SIMPSON. You don't want to hear my music.

Ms. RONSTADT. But maybe we do, you know?

Mr. SIMPSON. I have always said the great thing is that the Lord made it so that when you sing to yourself in the shower, I sound like Frank Sinatra, I swear I do. But my wife doesn't agree with me, so I don't do too much of it.

But, you know, music is obviously very important. One of the—you kind of criticized iPods a little bit, but one of the tough things about being in Congress from the West is the plane rides that we are on all the time. The good thing about the plane rides is that I get on, put on my headphones, and turn on my iPod, and it is like 4½ hours of just listening to music, and the rest of the world is tuned out.

MEMORIES AND MUSIC

But I have always said that music is like the bookmarks in our life story. Because when Josh mentioned how he wanted to be able to make people feel from what he had felt when he went to concerts and types of things like that, I can listen—with your example, with your song, "Different Drummer." When I hear that song, I am in a different place. When I first heard it, I used to work on a farm. I am driving down a certain road, and I am there. It is the same smells, the same feelings, and everything else.

Ms. RONSTADT. That is why I don't want to hear music in the dentist's office. I don't want to be transported back to that dentist's office.

Mr. SIMPSON. I agree with you.

Ms. RONSTADT. I want to go to that farm with you.

Mr. SIMPSON. Thank you for being here today. I appreciate it very much.

Mr. DICKS. Mr. Cole.

Mr. COLE. I have learned a lot today, Mr. Chairman.

I have heard athletics and music are related. And I have got to tell you, Mr. Simpson, we liked your band a whole lot better than your football team when you beat us in the Fiesta Bowl. One entertained us, one did beat us.

But I am struck by your testimony—first of all, thank you—thank all of you for being here. Because, frankly, we know, certainly, in some of your cases, how famous you are and how much in demand your time is. And the fact that you would give of your time to come down and do this when I know there is lots of options for your energy and your talents and your time in other directions tells us how important it is, and it really makes a very powerful statement and means a lot that you would be here.

I would just like your reaction. You know, we are not talking about what we normally talk about, enormous amounts of money. I mean, we have now gotten to the point that it is a substantial amount of money, but it is not what we deal with in almost any other area. And so, sometimes there is an argument that, well, how with this amount of money can you really affect an individual artist?

I always think of it as, actually, if we do anything at all with this, we probably create audiences for artists more than we actually help artists individually. I wish we could do more in that regard. But a lot of you are just so incredibly talented and driven, come from the right set of circumstances and background, however varied it may be, that you succeed on your own.

But how important is it for you as an artist to have an audience that can appreciate your artistry?

Ms. RONSTADT. Well, you know, that is kind of a complicated question. The talent doesn't ever leave the gene pool, generation after generation, but what the culture resonates to changes profoundly. And that has a lot to do with events in history.

So what we are resonating to now—when you go back and look at Mayan art and say, oh, this is a classic period when things are really hot, and this is when things were starting to fall apart, and then the thing was gone and nobody knew what happened to that civilization, sometimes I think we are seeing that.

You know, this fellow over here—he is gone—was second-guessing himself a little bit, saying, "I am not sure whether it is a generational thing, whether I just don't understand what is going on with music with these young kids today." A lot of it is really profound stuff, but the culture is falling apart a little bit, it is becoming a little unravelled, and so you see indications of that. So you can have somebody with a tremendous talent and if the culture doesn't resonate to that, they might fall by the wayside.

Things like opera, people often will come to a realization of how profound and how distilled the description of an emotion is in an operatic performance. I happen to love opera and always have since I was little, but lots of people think it sounds like screeching.

The movies lately have had opera in them in their sound track. And people have just become huge, rabid fans of opera, because they are finally exposed to it in some kind of way that they can relate to. So we have to expose kids to those things. They are not going to get it in commercial radio. They are not going to get it in their schools, because it takes too much training, and you have to

be too good to really sing. I know, I tried to sing one once. I tried to sing Boheme for Joe Pabb at the Public Theater. It is really hard unless you are an opera singer. I was telling you that.

So you have got to have a culture that has been exposed to this stuff, too, so these people can be nurtured and developed and resonate in a greater society.

Mr. COLE. I just thank you for being here. Being here helps us to achieve that goal in and of itself. So thank you.

Thank you, Mr. Chairman.

Ms. RONSTADT. Thank you very much.

Mr. DICKS. Well, I want to thank again all the witnesses and Robert especially for organizing this, and I think this is something we always look forward to. The fun group looks forward to next year. Thank you very much.

Mr. LYNCH. Thank you so much.

TUESDAY, MAY 12, 2009.

U.S. FOREST SERVICE

WITNESSES

ABIGAIL R. KIMBELL, CHIEF OF FOREST SERVICE
RONALD KETTER, ACTING BUDGET DIRECTOR
JOEL HOLTROP, DEPUTY CHIEF, NATIONAL FOREST SYSTEMS

OPENING STATEMENT OF MR. DICKS

Mr. DICKS. Today we welcome the Chief of the Forest Service, Gail Kimbell, the new Acting Budget Director, Ron Ketter. Although there are some notable holes, the new request certainly is better than the request this subcommittee was accustomed to from the previous Administration. I think this is something my friend and Ranking Member, Mr. Simpson, can also agree on.

Earlier this year we have held oversight hearings on the Forest Service issues. The oversight hearing we had on wildfire budgeting was very interesting, and some aspects of the new budget request are consistent with our concerns.

However, the main feature of the new fire request is the huge amount of funding for wildfire suppression. While this is a valid concern, it should not come at the expense of almost all other programs, including those programs which actually reduce fire impacts and suppression costs.

The budget request includes 282 million for a new suppression contingency account, which would be available only after a Presidential declaration. The regular suppression account is increased 135 million over last year to a total of 1.13 billion. The Forest Service budget request now has 1.4 billion just for fire suppression. This is an increase of 417 million over last year.

I note that the supplemental bill under consideration right now also has an additional 200 million in emergency funds for wildfire suppression.

While suppression funding expands dramatically, the preparedness account which funds all the firefighters and equipments is level funded with no pay costs or inflation adjustment at all, and hazardous fuels, state fire assistance, and forest health programs are all reduced. I think the fire budgeting hearing made it clear that these prevention efforts are extremely important if we are ever going to get out ahead of the wildfire situation.

We also held an oversight hearing at which GAO and the Inspector General summarized their management review of the Forest Service. There was some good news to be heard regarding much better financial management. This is something this committee insisted on, and we are pleased the Forest Service has responded, and it is much better but not perfect.

However, there are lingering concerns about data collection for environmental and performance monitoring. We all need to work on that.

I am pleased that the request maintains the Legacy Road and Trail Remediation Program at its fiscal year 2009, funding level. The Legacy Road Program improves stream and water quality conditions by removing unneeded roads that are eroding, and the program also improves roads and trails which are essential for public use of the forest.

In addition, I also am interested in hearing the Chief explain the new 50 million Presidential initiative to protect national forests.

I will close with brief comments on climate change and the Forest Service. This agency needs to be a full partner with the other federal and state agencies for both climate change research and land management which adapts to changing environments. The national forests and grasslands were originally established in large part to protect watersheds and guarantee the steady flow of water. Western America gets over half of its rain and snow from the national forest system.

Nationwide state and private forestlands provide the water for over 125 million people. As climate changes, the treatments and conditions of all these forestlands will be even more vital for the country.

I look forward to discussing at this hearing.

Mr. Simpson, do you have any opening remarks?

Mr. SIMPSON. Thank you, Mr. Chairman, and I was glad to hear that you got that previous Administration thing in there. I agree with you on that.

Mr. DICKS. Well, you know, just for the facts.

Mr. SIMPSON. I did not mean to prolong it.

Mr. DICKS. That was a 35 percent cut in the Forest Service budget, so it was painful, but we are beyond that.

Mr. SIMPSON. And I agree with your remarks.

Mr. DICKS. Okay.

OPENING STATEMENT OF MR. SIMPSON

Mr. SIMPSON. Thank you, Chief Kimbell, for joining us this afternoon. We have met on several occasions recently, and our conversations have run the gamut of topics near and dear to both of us. I also want to thank you for your willingness to assist my office with some complex Forest Service issues in my home State of Idaho.

There seems to be no shortage of challenges and opportunities within the Forest Service. For many years this subcommittee and the Congress as a whole have struggled with the issues of budgeting for wildfires as the Chairman mentioned.

Fortunately, this effort has resulted in some constructive dialogue that appears to be yielding positive results. Chairman Dicks has been a champion in this regard, and I thank him for his leadership.

Today we have moved beyond merely talking about inadequate fire budgets and are considering actual legislative solutions. Our common goal is to establish credible, sustainable wildfire budgets without decimating non-fire-related programs and undermining the very core essential functions of the Forest Service. To that end I

look forward to hearing from you on budgeting for fire suppression and more specifically your views on the President's proposed Wildfire Suppression Contingency Fund.

Another area of interest is the extent to which the Office of Management and Budget, as we talked about yesterday, is helping or hurting the development of your annual budget. It is puzzling to me that the Department of Interior has 100 percent of its pay and fixed costs covered by the President's budget request, while the Forest Service under the Department of Agriculture has roughly 60 percent of the pay and fixed costs covered.

I am also puzzled by the fact that the capital improvement and maintenance portion of your budget is slated to receive an additional $50 million through a new Presidential initiative, even after those accounts received $650 million in the Stimulus Bill. By way of comparison the national forest system accounts covering things like forest products, habitat management, and law enforcement did not receive any stimulus money, and these accounts are flat under the President's budget proposal. They actually lose ground when you factor in inflation. Frankly I do not get it. I may offer an amendment down the road requiring the Office of Management and Budget to testify before our committees to explain some of these proposals that do not seem to make any sense.

Working with members of this subcommittee, Chairman Dicks and I are determined to find common ground on these and many other issues related to the Forest Service. It is in this spirit that I look forward to continuing our dialogue, discussing your budget, tackling many Forest Service issues in Idaho and around the country and perhaps even one day inviting you up to hike in the Boulder White Clouds if you would like to go with us. Several of my staff members and I go up every August and spend time with your employees, the Forest Service, and have a great time, and it is good to get our minds clear when we get up there. So I appreciate it and would invite you up there any August when we go.

Ms. KIMBELL. Great.

Mr. SIMPSON. Thank you for being here today.

Mr. DICKS. I would like to call on Mr. Lewis, the Ranking Member of the full committee and someone who has been very helpful over the years on helping us get emergency funding, with California having been so hard hit. We are pleased that he is here today.

Mr. LEWIS. Chief Kimbell, thank you very much for being here. I came really to express my appreciation to you, members of the Forest Service for the fabulous job you have done on behalf of those of us concerned about the forest over the years. Regardless almost of the funding but funding is pretty fundamental as well.

In the meantime, I came also because I wanted to express my deep appreciation to Chairman Dicks and his Ranking Member, Mr. Simpson. The two of them are obviously working together, you know, as though they were a lifelong team, and the Chairman has a fabulous membership on both sides of the aisle, people who are concerned about the forest. I think as you look forward, you will want to communicate in a way that causes this committee to say the forest is first and partisanship is second.

So I am here to listen more than anything. I do very much appreciate the work that you are about and will have a couple of questions regarding some of the challenges I see, but in the meantime thank you for being here.

Ms. KIMBELL. Thank you, Mr. Lewis.

Mr. DICKS. Chief, why do you not go ahead with your opening statement, and we will put the entire statement in the record, and then you may proceed as you wish.

STATEMENT OF GAIL KIMBELL, CHIEF FORESTER

Ms. KIMBELL. Thank you, Mr. Chairman. Chairman Dicks, Mr. Simpson, members of the committee, I have submitted my written comments, and I hope that they will be accepted into the record.

Mr. DICKS. That will be without objection.

Ms. KIMBELL. Thank you, and I want to start by thanking you for your fabulous support in the American Recovery and Reinvestment Act. I am sorry. I have been calling it ARRA for so long that I kind of lost the "R" there.

Mr. DICKS. So people think it is error.

Ms. KIMBELL. And I grew up in New England, but I am not adding that "R". ARRA. It just gives us fabulous opportunity to complete work in some real critical areas while we are creating jobs in some real important areas.

This is a far better starting point for the Forest Service to be sitting here before you to talk about the 2010 budget than we had perhaps for the 2009, the 2008. We have had some very rough years.

This budget essentially holds agency programs level as the Chairman pointed out, and yet it provides the three Presidential initiatives; the responsibly budgeting for wildfire, and I think the Chairman adequately covered what is included in the 2010, in wildfire, including the $282 million reserve.

It also includes an initiative to conserve new lands. It shifts money from what has been a very active land acquisition program. It shifts some of those monies and adds monies to forest legacy, and it specifies that the $34 million in forest legacy will be used to protect forested lands under significant development pressures, to protect air and water resources, habitat for threatened and endangered species, and to provide access to national forest system lands.

The legacy program has been an immensely popular program with many communities and states, and there continues to be interest in what might be possible in this 2010 budget proposal.

PRESIDENTIAL INITIATIVES

Under Protect the National Forest there is $50 million of CIM that talks about protecting the investments made under the work that was done on ARRA. We have had quite some discussion internally about the opportunity to focus those monies on specific areas to do all the things that were included in the language, including implementing our travel management plans, protecting investments, and provide for health and safety needs in some of our facilities.

At the same time we have all the normal work or all the regular work of the Forest Service. We have focused on climate change in the last several years, and as I testified before Chairman Grijalva earlier this year we have developed a seven-point framework by which the Forest Service is addressing climate change. It counts on having quality science, mitigation, adaptation, policy issues, education, sustainable operations, and having partnerships, having alliances with other agencies and other peoples who are working so hard on climate change in forests.

A real niche for the Forest Service is in adaptation. It is a real opportunity to make our national forests and grasslands showcases for the work that can be done in adapting to what is going on with climate change and then utilizing the science that we have been working so hard to garner.

This budget reflects $27 million being committed to Forest Service research in climate change, and this is research that can be used by all forest owners, not limited to just the national forests.

There is continuing emphasis on making the national forest system showcases, and even in our state and private programs where we have done some redesign of the delivery of our state and private programs to emphasize work across landscapes and certainly climate change is part of what we are aimed at there.

We have also been emphasizing water. This budget reflects $57 million for managing aquatic habitat and 60 million for managing and improving watershed conditions. This will be complementary to the work that we are doing in ARRA and wildland fire, and much of the wildland fire work is also complementary to the bunch of work we are doing with repairing roads under the construction and maintenance, looking at passage of aquatic organisms and protection of different drainage systems.

We have also had a significant emphasis on kids and what we do with young people around the country and how we are able to target populations in urban areas. More than 80 percent of our population currently lives in urban areas, and our population is becoming more and more diverse and trying to find ways to connect with young people in those urban areas to hopefully stimulate an interest in natural resources, while at the same time not forgetting all of the communities that we live in and that we serve in rural areas and the importance of being able to work with kids in rural areas.

We hope to benefit in many ways from having a better-informed citizenry, certainly have kids better informed about conservation, and hopefully some of those kids will choose to want to come to work for the Forest Service as some of us gain on retirement age more than we know.

So I look forward to being able to respond to questions you might have, and you have already laid out some real opportunities in your opening remarks. So thank you.

[The information follows:]

Statement of
Abigail Kimbell
Chief, US Forest Service

Before the
House of Representatives
Committee on Appropriations
Interior, Environment, and Related Agencies Subcommittee

Concerning

The US Forest Service Fiscal Year 2010 Budget

May 12, 2009

Mr. Chairman, Mr. Simpson, and members of the Subcommittee, it is a privilege to be here today to discuss the President's Budget request for the Forest Service in fiscal year (FY) 2010. I appreciate the significant support this committee has repeatedly demonstrated for the Forest Service. Working together, this committee and the Forest Service have served the public good by addressing issues from loss of open space to wildfire, from crime on national forestland to improving fish and other aquatic organism passage. With your continued support we will keep providing more of the things the American public expects and wants.

With the new administration, the Forest Service advances its mission to sustain the Nation's forests and grasslands through direct stewardship of the 193 million acres of the National Forest System, technical assistance to state and private partners, and science. The Forest Service continues to manage the National Forest System to provide diverse benefits to the public such as clean water, fish and wildlife habitat, recreation, and forest products. The Forest Service will make progress in its partnerships with other Federal agencies, States, local governments, tribes, and private landowners to sustain forests and address climate change and other issues across the landscape. The Forest Service will continue to develop innovative tools and provide understanding of complex forest ecosystems through its unique research program. And the Forest Service will continue to advance forest management across the globe in our International Programs.

The FY 2010 President's budget request for the Forest Service totals $5.2 billion in discretionary appropriations, a 9 percent increase over the FY 2009 enacted level. As part of the budget, the President is proposing three major initiatives for the Forest Service in addition to maintaining essential funding levels for critical program areas.

Before discussing the FY 2010 budget further, I would like to thank this committee for your support of our mission by providing $1.15 billion to the Forest Service through the American Recovery and Reinvestment Act of 2009 (ARRA). The Forest Service is using these funds to create over 20,000 new private sector jobs and promote economic recovery, especially in those areas which the recession has impacted most. In addition to restoring jobs and revitalizing

economies, the Forest Service ARRA projects will restore the land and improve facilities and infrastructure, augmenting critical mission objectives for the agency.

Presidential Initiatives

The FY 2010 Budget for the Forest Service includes three Presidential initiatives: Responsibly budget for wildfire suppression; Conserve new lands; and Protect the national forests. This suite of initiatives addresses the challenges we face, including the three themes I identified before last year's budget hearings: climate change, water supply and quality, and loss of connection to nature, especially for youth.

Responsibly Budget for Wildfire

Fires in recent years have become larger and more difficult to control due to a variety of factors, including climate change; persistent drought and hazardous fuels conditions; and the increased magnitude and complexity of the Wildland Urban Interface. As these factors extend fire seasons and escalate cost, annual fire suppression expenditures have routinely exceeded the amount budgeted for suppression. Since 2002, the Forest Service has used the authority provided by Congress to transfer over $2 billion from other programs to fire suppression to cover these costs. Even when the transferred funds are repaid through supplemental appropriations, these transfers result in significant disruptions in the agency's ability to deliver its program of work.

Our FY 2010 budget proposes a strategy to responsibly budget for wildfire that centers on three main tactics: fully fund the ten-year average suppression costs, establish a discretionary contingency reserve account, and ensure fire management resources are used in a cost-effective manner in high-priority areas. The budget provides additional fire management resources for fire suppression that reduce the likelihood or magnitude of transferring funds from other critical Forest Service activities should fire costs exceed the ten-year average for suppression costs.

The request to increase the fire suppression budget by $135 million over FY 2009, to fully fund the ten-year average for suppression costs of $1.1 billion, represents a significant shift in budgeting policy. In recent years, the Forest Service budget request reduced funding for non-fire programs to maintain funding for the ten-year average for suppression costs, to meet an overall budget cap. This approach was in place even as the ten-year average cost for suppression rose by nearly $600 million between FY 2001 and FY 2008. The approach proposed in the 2010 budget preserves funding for the Forest Service's non-suppression programs despite rising fire costs.

In addition, the FY 2010 President's Budget proposes a discretionary wildland fire contingency reserve of $282 million. The fund would be available to the Secretary, subject to a Presidential finding of need, once the suppression appropriation is exhausted and as long as suppression is fully funded at the ten-year average. The fund would enable the agency to respond to wildfires which threaten lives, property, and resources on more than 210 million acres of agency-protected lands, while minimizing the potential for the transfer of funds from other Forest Service programs to suppression, ensuring that resources for other critical Forest Service activities are available. The request for the Department of the Interior includes a similar $75 million proposal.

Along with fully funding the 10-year average and the wildland fire contingent reserve fund, the Forest Service will continue to deploy analytic support tools to improve fire incident and program decision-making, cost containment, and agency accountability. A number of Wildland Fire Decision Support Systems, such as FSPro, which models fire behavior, and RAVAR, which models values at risk from fire, provide real-time support to fire managers implementing Risk-Informed Management.

The projects accomplished through ARRA will augment these budgetary efforts by restoring forests to a state in which they are less prone to catastrophic fire. The bill provides $500 million for hazardous fuels reduction, forest health protection, rehabilitation, and ecosystem improvement. These funds will be evenly divided between federal and non-federal lands. Up to $50 million of the $500 million are available for Wood-to-Energy grants. These grants are being coordinated with hazardous fuels treatments to maximize biomass available for energy creation. We anticipate using these funds for hundreds of hazardous fuels reduction, forest health, and ecosystem restoration projects while creating jobs in economically distressed areas.

Conserve New Lands

While Americans can take great pride in our existing national forest system and other public lands, there are many landscapes and ecosystems at risk. Fifty-seven percent, or 430 million acres, of our Nation's forests are privately owned. Family forest owners and other landowners are facing increasing pressure to develop their land, which fragments ownership and converts environmentally important forests to non-forest use. Conservation across a landscape is essential to address large-scale conservation issues such as adaptation to climate change, conservation of water resources, reduction of wildfire risk, and protection of at-risk species.

The budget includes a $34 million Presidential Initiative to conserve new lands through the Forest Legacy Program funded from the Land and Water Conservation Fund (LWCF). Funded at $91 million for FY 2010, the Forest Legacy program protects forested lands under significant development pressures through acquisition of conservation easements and fee-simple purchases. The easements acquired protect air and water quality, provide access to national forests, and provide habitat for threatened or endangered wildlife and fish. This budget proposes spending $119 million of the LWCF through the Forest Service as part of broader effort to conserve land by increasing LWCF appropriations for the Departments of Agriculture and Interior to $420 million.

Protect the National Forests

The national forests face significant challenges to both protect new investments and sustain older infrastructure. Ecologically sustainable investments in roads, trails, and facilities made through ARRA require resources to protect those new assets through maintenance. The National Forest System has a transportation system that is not suited to its modern needs and requires realignment to "right-size" the system for the future. A number of Forest Service facilities have urgent health and safety maintenance needs that, if not addressed, could result in those facilities' closure.

The FY 2010 President's Budget augments the work to be accomplished via the ARRA by including a $50 million Presidential Initiative to protect the national forests by extending and enhancing those investments. This initiative demonstrates the Forest Service's commitment to maintaining a healthy environment by addressing critical maintenance and operational components of the Forest Service. These funds will be a cornerstone for sustaining a healthy environment, and will be focused on three priorities which will: protect the investments made through the ARRA; implement travel management plans with an emphasis on decommissioning unnecessary roads; and address urgent health and safety needs at facilities. These strategic investments will reduce the agency's overall maintenance and operational costs in future years, result in infrastructure that is more energy efficient, and reduce potential harm to the environment.

Focal Points for the Forest Service

Climate Change

Forests and grasslands produce many ecosystem services on which our nation relies: clean water, clean air, wildlife habitats, biological diversity, recreation, and forest products. However, research shows that climate change is currently stressing the Nation's ecosystems and their ability to provide those services. These effects are very likely to accelerate in the future, in some cases destabilizing these forests. Disrupted ecosystems could have a decreased ability to provide the services upon which Americans rely. Many of the most urgent forest and grassland management problems of the past 20 years, such as wildfires, changes in water quality and quantity, and expanding forest insect infestations, have been driven, in part, by changing climate. The effects and magnitude of climate change vary across the country, but we must act now to be able to address these issues as they arise.

The Forest Service will use the best available science to assess the influence of climate change on the Nations forests and grasslands. We will focus on how climate change affects the forests and grasslands as well as how land management can influence the reduction in global greenhouse gases. Climate change will be integrated into land management plans by describing desired conditions, objectives and standards. The Forest Service will also continue research and monitoring efforts to improve our understanding of climate change.

The budget continues support for key programs that enable the agency to achieve these goals. The Forest and Rangeland Research request includes $27 million for research programs on climate change. The FY 2010 Budget includes $25 million for revising Land Management Plans and $26 million for conducting Land Management Plan assessments, which enable national forests to address climate change in forest planning. The FY 2010 Budget maintains a steady $653 million for wildlife and fisheries management; vegetation and watershed management; and forest products. These programs endow the agency with the ability to adapt to climate change's effects on national forest system lands, ensuring resilient ecosystems. In FY 2010, the Forest Service will build on a FY 2009 investment of $825,000 to promote sustainable operations in order to reduce the agency's own environmental footprint.

Water

Our society requires adequate supplies of clean freshwater as a source of drinking water and as an engine for both agriculture and industry. While freshwater is a renewable resource, it is also a limited resource that requires careful stewardship to ensure it will meet the needs of present and future generations. In the last few years, we have seen the threats of drought to drinking water, forests, and agriculture throughout the country, from California to Wisconsin to Georgia. With the importance of this vital resource, we must act to ensure we are prepared to address the increasing scarcity of clean water.

The Forest Service plays a significant role in management of our Nation's water, given that 58 percent of our water supply originates as precipitation on forest lands, both on state and private lands and on National Forest System lands. Our agency maintains partnerships that address nearly 560 million acres of forested watersheds on non-federal lands that provide drinking water to over 138 million people. Another 70 million people get their drinking water from national forests and grasslands.

To ensure that National Forest System lands can continue to be a source for clean water, the Forest Service will conserve, maintain, and restore watersheds to sustain the ecosystems they support and the services they provide; secure water of sufficient quantity and quality to sustain aquatic and terrestrial life; develop and advance knowledge and shared learning central to managing forest and grassland water resources and watershed conditions expected in the future; and facilitate watershed-based partnerships to foster conservation and citizen stewardship.

Currently we are finalizing an inventory of the issues affecting National Forest System water resources, identifying actions that we can take to meet this crisis head-on, and developing materials to share with the public and our partners.

The Forest Service supports key programs that position the agency to address water-related challenges. The FY 2010 Budget includes $57 million for managing aquatic habitat and $60 million for maintaining and improving watershed conditions. These programs provide the base for efforts integrated across many other programs that secure ample supplies of clean water.

Kids in the Woods

As our Nation and especially our Nation's children develop more sedentary or more urban habits, we risk being disconnected from our environment. Being active in nature establishes healthy habitats and creates personal connections to nature, fostering a conservation ethic. Our Nation's urban and rural forests offer the setting for those active outdoor experiences, elucidating the contribution that the Forest Service can make to the national movement to bring children to nature and nature to children.

The Forest Service budget maintains funding to engage children in outdoor activities that will establish a meaningful and lasting connection to nature. The Forest Service has been active in youth contact programs for decades and is active in communities throughout the United States. The FY 2010 budget continues a $500,000 investment for the More Kids in the Woods cost-

share award program. In FY 2008, the program, in its second year, leveraged a 3:1 ratio of funds on 16 projects that engaged 20,000 youth with nature. Beyond the work done through the More Kids in the Woods cost-share program, the budget provides $29 million for urban and community forestry and $5 million for recreation research, programs that support this effort. The budget continues steady funding levels for recreation of $280 million and wildlife interpretation and education of $9 million, forming a base of work for this effort on national forests. In FY 2010, the Forest Service will emphasize delivery of conservation education programs to underserved communities in urban and rural settings.

Conclusion

The Forest Service presents its FY 2010 budget positioned to fulfill its mission of sustaining the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations. The budget supports the priorities of responsible budgeting for wildfires; of proactively addressing infrastructure needs to protect Forest Service facilities, roads, and trails; of conserving new lands; and of responding to climate change. This suite of monetary and management emphases enable the Forest Service to adapt to future challenges while continuing to conduct ground-breaking research, provide vital assistance to landowners and resource managers, and sustainably steward national forests and grasslands. Thank you and I look forward to our dialogue today.

FIXED COSTS NOT ADDRESSED

Mr. DICKS. What is done in the budget on fixed costs? They are not covered?

Ms. KIMBELL. Essentially the total values are held flat through national forest system, state and private programs, and there is a little bump up in research that actually covers pay raises.

Mr. DICKS. So it is on an ad hoc basis? One account maybe there is fixed costs covered, another account, it is not. I mean, I think interior covers fixed costs.

Ms. KIMBELL. There are many adjustments made to this proposed budget after it was first laid out, and though pay costs were discussed, they do not appear in all our accounts. No.

Mr. DICKS. What impacts will you have if you do not get fixed costs?

Ms. KIMBELL. It has an effect on our ability to produce at the same levels that folks have come to expect of us.

Mr. DICKS. So do you have to lay people off, or you will not be able to cover pay raises, or how do you do it? How do you manage it? Attrition?

Ms. KIMBELL. We will cover pay raises, but attrition and seasonal hiring are usually what is affected or even contracting opportunities, capacity for contracting is affected. But it has over the years affected our ability to have seasonal employees and to have the capacity that we have in previous years.

WILDLAND FIRE

Mr. DICKS. You have a pretty good budget for suppression, but on preparedness and forest health it is not so good.

Ms. KIMBELL. Preparedness and forest health and all of those accounts are essentially held flat if you compare both those line items that are under wildfire suppression and all those items that have the label of national fire plan. If you compare those to what is under state and private programs, they essentially level out, but they do level out.

Mr. DICKS. You know, we had a hearing this year on this subject of wildland fires and the Hazardous Fuels Reduction Program is held out by both GAO, I think, and the Inspector General and others as probably the most important thing we can do if we are going to try to get ahead of the curve on these fires and try to get this cost under control, which is, as you know, is having a terrible effect on your budget.

There are other things in this budget that have been added to it. I honestly think that this is one area where we are going to have to make some adjustments because I do believe, based on what we have learned, that this is the one thing you can do that will really make a difference. We have a huge backlog. What is it, 80 million acres?

Ms. KIMBELL. It is a very large backlog, and the $250 million that was provided through ARRA for the national forest will be a tremendous help, and we will be implementing those projects——

Mr. DICKS. How many acres can that take care of?

Ms. KIMBELL. Oh, shoot. I cannot recall how many acres we have. It is millions.

Mr. DICKS. Millions.

Ms. KIMBELL. But it is acres across the country, and we will have that number for you here shortly, Mr. Chairman.

Mr. DICKS. Okay. Well, and reforestation, too. What about reforestation? We are behind on that, too, are we not?

Ms. KIMBELL. We are behind at least a million acres in reforestation, and then with the fires last summer in California, we will be doing surveys this spring. We do have the information on fire severity from last summer, but we expect to be adding to that one million acre backlog.

CLIMATE CHANGE

Mr. DICKS. You mentioned climate change. Does the Forest Service have scientists working with the USGS and BLM and NASA and NOAA and all these other agencies on climate change research?

Ms. KIMBELL. Absolutely. In fact, our scientists work very closely with USGS and NOAA and work closely with universities. We have a number of scientists who participate in the Intergovernmental Panel on Climate Change. Thirteen of our scientists shared in the Nobel Peace Prize just a year ago. Our scientists are very actively engaged with other scientists, not just here in the United States, but around the world and looking at what is happening with temperate forests, tropic forests and boreal forests.

Mr. DICKS. In your judgment as a professional, we see all the manifestations—drought, bug infestation, longer firefighting seasons—of the effects on Forest Service lands of a warming climate. There is no question about that, is there?

Ms. KIMBELL. No. The data is pretty undeniable that we have a change going on in our forests across the United States. Just recently a report was published by a scientist here in the eastern United States specific to 30 species of trees whose range has effectively moved north. And so those species have disappeared from ecosystems in the southern parts of their ranges and are moving further north, and it is something that we can document.

We have a system of experimental forests and ranges that give us a really good track on what is going on with forest ecosystems across the country, and that has allowed us to have 100 years of data in some places, in some forest ecosystems, and that has been important information to be able to track what is happening with forests, forest health, forest composition, invasive species. It has been really valuable to us.

But the data is really clear that forest soils are drier, that we have droughtier conditions, we are having larger insect epidemics than have ever been recorded, we are having larger fires than exist in anyone's memory and fires are burning hotter and doing more damage. Just our experience last summer, again, in California with the lightning bust that went through northern California in late June, some of the severity of those fires will render some of those sites inhospitable to vegetation for some time. So the damage being experienced with some of these fires is pretty serious stuff.

Mr. DICKS. Did you find anything?

Ms. KIMBELL. Yes, he did, and I was off by a factor of ten.

Mr. DICKS. Well, I may have been, too, in my questions.

Ms. KIMBELL. The anticipated target with the $250 million from ARRA that is targeted to the national forest systems would be somewhere around 400,000 acres.

Mr. DICKS. Four hundred thousand acres.

Ms. KIMBELL. Four hundred thousand acres.

Mr. DICKS. All right.

Mr. Simpson.

Mr. SIMPSON. Let me follow up on the Chairman's question on the fixed costs.

The budget covers fixed costs this year in the Forest Service at 60 percent. Interior is 100 percent. Is that your priority, or is that OMB's priority?

Ms. KIMBELL. I am not entirely certain as to where those adjustments get made, but I know that from the initial look at what might have been the 2010, proposed budget, there were earmarks removed from that, there were a number of things removed from those total numbers that resulted in the numbers that you have before you.

Mr. DICKS. If you will just yield just for a second.

Mr. SIMPSON. Yes.

RESULTS OF NOT COVERING FIXED COSTS

Mr. DICKS. Is that a difference between the Department of Agriculture? Do they treat everybody in the department the same way as they are treating you?

Ms. KIMBELL. And I do not know because I have worked for the Forest Service for so long, and I have not worked in another USDA agency.

Mr. SIMPSON. But if an employee works for you and we give pay raises, that employee is going to get a pay raise?

Ms. KIMBELL. Absolutely.

Mr. SIMPSON. And the only way to cover that other 40 percent that you are not funded is as you said, not to do contracts, not to hire seasonal employees, not to replace employees that might retire, those type of things. Any idea of what that does to the morale of the people in the Forest Service?

Ms. KIMBELL. I have a real good idea. I spent the first 28 years of my career on ranger districts and at national forest levels, and it is a real difficult thing when folks see their budgets erode year after year after year, at the same time demands for services from the national forests, you know, from recreation services to forest products to even roads, driving for pleasure on roads, hunting opportunities, fishing opportunities. It is a very demoralizing kind of thing when you have diminished capacity to be able to provide for the things that the public is demanding.

Here we are with this address to climate change, and I have insisted that employees not only learn more of what is happening in the areas that they are responsible for, but they continue to learn and that they continue to explore and examine different questions with what is happening with climate change. And that all takes time and energy and so there is this tremendous change going on in the ecosystem at the same time we have changed their abilities to be able to produce on the ground.

Mr. SIMPSON. Well, what bothers me a little bit about this is if you only give 60 percent of the fixed costs, you are effectively setting policy. Now, you might be saying to you in the Forest Service, we are only going to fund 60 percent of this. You have got to find it somewhere within your agency, which means you are not going to be able to do something.

Ms. KIMBELL. That is correct.

Mr. SIMPSON. And why OMB looks at the Forest Service and says that and does not say it in some other area is of concern or they are trying to, and in fact, are affecting policies somehow directly by doing this. It is just a strange thing to me because you are obviously going to have to get that money somewhere.

Ms. KIMBELL. Yeah. I have never had an employee complain about a pay raise.

Mr. SIMPSON. Yeah.

Ms. KIMBELL. But at the same time it can be, you know, accumulatively it has its affect over the years, and we have ranger districts that have greatly reduced staffs, national forests with greatly reduced staffs.

USFS CONSOLIDATED SERVICES

Mr. SIMPSON. Right. I have also in terms of employee morale and stuff that is going on, you and I have discussed this a little bit in my office, and that is the Albuquerque Center and the consolidation of activities in Albuquerque and the impact that that is having on employees. And I hear this from Forest Service employees quite frankly all over the country that have talked to me and their concern of the morale. Are you looking at how Albuquerque is working and if it is achieving the goals that it originally was meant to achieve when we consolidated these activities in Albuquerque and also the impact that it is having on decisions being made by individual foresters out in the field?

Ms. KIMBELL. Yes. Yes. When we first made the decision to consolidate activities in Albuquerque, the first unit of business that we put there in Albuquerque was our accounting business, our accounting and finance. We appeared before this committee a number of times with some regrettable records and yet in the last 7 years we have passed out audits, which has been not just a little bit of effort. It has been an extreme effort, but we have gotten to a point where our consolidated services there in Albuquerque are really performing very well for the agency for financial services.

We also have IT services there, information technology services, and we are reexamining some of the assumptions we made when we went into our whole competitive sourcing and most efficient organization analysis some years ago. We are reexamining some of those things and building a strategic plan for where we are going with information technology in the Forest Service.

Human resources we consolidated there in Albuquerque 2–1/2, we started 2–1/2 years ago. There has been probably more concern about human resources than financial and IT functions within the agency, and I would suspect that that is some of what you are hearing.

A year ago I made the decision that we would stop implementation of part of what had been earlier decided on because it was not

working for the employees in the field, it was not working for the employees in Albuquerque, nor for the National Finance Center, and we really needed to do something different. So we pulled back from that and put other systems in place while we are reexamining that one software system that everyone in the agency was using.

At the same time we are going through a reexamination of the assumptions that went into the whole consolidation there in Albuquerque in the first place for human resources, and I am expecting a report out next month.

Mr. SIMPSON. Okay. What I hear from the employees that I talk to—and probably more so than any other employees in the Federal Government—Forest Service employees get very attached to the places they work, you know, that is their baby. And they start to tell me they feel like they are working for Albuquerque instead of working to protect the land that is their primary objective and stuff.

FOREST SERVICE AIR TANKER FLEET

One last question: Tankers. As you know the tankers are an issue in fighting wildfires. We know the aging of the fleet for the Forest Service. What are your plans?

Ms. KIMBELL. You know, we have examined this issue with the age of aircraft for a number of years. You may be familiar that some years ago we stood down all of our air tankers, all the air tankers we utilize through contract because of safety concerns. There are just too many airplanes going down, and there was just too great a concern for safety. With a lot of discussion with the Federal Aviation Administration, we have a system in place for certifying aircraft to be used on our contracts for flying retardant.

Just a month or so ago there was yet another crash with a P2V based out of Missoula, Montana, that crashed in Utah on its way to a fire in New Mexico. You know, again, it is causing us to ask those questions.

Along with all of that, we have been going through an examination of the fleet of air tankers, and it is an aging fleet for sure, and we have prepared an analysis, and we have provided it to the Office of Management and Budget, and it is there with the form 300, and we are hoping to be able to work that loose from OMB soon so that we can have that discussion.

Mr. SIMPSON. Can we get a copy of that report?

Ms. KIMBELL. As soon as they release it.

Mr. SIMPSON. As soon as OMB releases it.

Ms. KIMBELL. Absolutely.

Mr. SIMPSON. Okay. Thank you.

Mr. DICKS. Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman.

FIREFIGHTER RETENTION

Ms. Kimbell, in the early days in the Congress some of my constituency was a bit concerned about me because they thought I was some kind of an environmental freak. I was the author of the Air Quality Management District in Southern California. Our national forests were important to me, although I had no specialty at all in that arena, but I can imagine a young person who is focusing upon

our environment and the future of our ecosystem falling in love with the forests and wanting to join of all things the U.S. Forest Service.

So we attract some of the best, highest-quality people around, and in turn, we have a pattern apparently of those people serving for awhile and some of the frustrations you have been discussing with Mr. Simpson begin to have an impact upon that service, and they look around and maybe Cal Fire looks a little more interesting than they might have ever thought or even local fire services look more interesting because of a pay differential.

I would be very interested in what your thinking is right now regarding a recruitment plan or retention plan. What kinds of steps do you think are absolutely necessary in the near term for us to take to ensure the kind of retention and quality we would like?

Ms. KIMBELL. Now, Mr. Lewis, are you speaking specifically to firefighters in southern California?

Mr. LEWIS. I am.

Ms. KIMBELL. Okay.

Mr. LEWIS. That is really where I am coming from.

Ms. KIMBELL. Okay, and we hire quite a number of firefighters, as does Cal Fire, as do the local communities. We provide a different job than Cal Fire and the local communities in that we are a wildland firefighting agency, whereas Cal Fire in some locations and the locals in nearly all locations provide a different kind of community service in that they provide structure protection, EMT services. They provide just a very different kind of, though they both go by the name, firefighter, they are different jobs.

And yet we do have people because they qualify for different jobs, they may come to the Forest Service, go through a training program, and become qualified to compete for jobs with Cal Fire and the locals, but they will apply for those jobs because the hours are different, the pay is different, and they work year round instead of working seasonally as a wildland firefighter.

Mr. LEWIS. Right.

Ms. KIMBELL. And those are different life choices for sure. A year ago we went through an effort to really analyze what was going on in recruitment and retention with our firefighters in southern California, and what we found is that we have no problem recruiting at the entry level, and we have no problem at the management levels. It is that in-between level where, you know, there are folks who move back and forth between the agencies with Cal Fire, with the locals, and so we in 2009, we put into place a retention bonus for certain grade levels of firefighters in California.

What we found in analyzing the statistics—it is a huge issue in southern California because there are so many firefighters.

Mr. LEWIS. Right.

Ms. KIMBELL. But there are issues all over California, and actually there are issues elsewhere in the country where cost of living can be very, very high, and it is hard to retain people in those firefighter positions.

So we provided a retention bonus, we have also provided opportunities for people to move through the grade levels, to become qualified to be able to move through the grade levels faster than they had been in their apprentice positions. We have provided im-

provements to some of the firefighter facilities, and we are continuing to examine how all of that is working out.

Now, with the current downturn in California's economy, Cal Fire is not hiring at near the rate they have been. There was actually a recent news story about how the Forest Service was the employer of choice in southern California. So these are things that do shift over time, but we are keeping a very close eye.

Mr. LEWIS. Well, thank you for that, and frankly, I would hope this committee would work intensely with you to try to help implement any policy changes that you might see as a priority.

Ms. KIMBELL. Thank you.

HAZARDOUS FUELS REDUCTION

Mr. LEWIS. I am very interested in knowing what you do when you have limited resources, and you are evaluating this backlog of brush and otherwise, the management of the forest at a basic level to help us prevent fires. When you find forests that are in similar condition and resources are short, how do you go about making decisions between which forest gets the attention first?

Ms. KIMBELL. We have two different systems. Nationally we do have a prioritization system to look at the different data on vegetative condition, on the kind of terrain it is in, its proximity to community, to different things that may be at risk, and we try and prioritize those in our budgeting system so that our monies are going to the highest priority projects on the ground.

Now, each of the regions has taken that a step further in working through finer detail, and I came to this position from the northern region, from Missoula, Montana, and I know there we had developed a system that looked at vegetative conditions, communities at risk, resources at risk, and also looking at different wildlife habitats that were part of critical habitat plans. And prioritizing then our advanced work in hazardous fuel reduction hopefully in advance of a fire bust.

So it is, you know, there is work we do nationally when we disseminate the funds to the regions, and there is work at the regional level using local data.

AIR TANKER CONTRACTING

Mr. LEWIS. Help me to better understand what I do not know about the tanker issue. An aging fleet is one thing, but this layman does not know exactly who owns those tankers, and if there is a contracting relationship, I would think if a contractor or someone who is essentially leasing or using temporarily one of your airplanes that is one thing. On the other hand if they are contracting out for work, I would think their responsibility for maintaining the highest level of quality would be pretty significant.

Help me know what I do not know about that.

Ms. KIMBELL. Oh, dear. There might be two of us who do not know all that we could know about that, but the aircraft, the P2Vs and the P3s that are essentially the super tanker fleet——

Mr. LEWIS. Right.

Ms. KIMBELL [continuing]. Or the large tanker fleet, they are owned by private contractors. Those companies are responsible for the maintenance and responsible for the operation of those air-

planes. There are strict maintenance schedules, they are inspected regularly, and there has been a lot of attention to the airworthiness of the P2Vs and the P3s.

And some airtankers were taken out of consideration for contracting due to airworthiness issues in 2002. There are currently 19, and we have had many more in the fleet in previous years. And in looking at that when they will reach the end of their useful lives, there comes a time . . . will decline to eleven aircraft available by 2014, and then by 2021, it is eight aircraft still available.

And so this is a very serious concern for us as to how we will deliver fire retardant or will there be some other system in place for fire suppression. We utilize helicopters, heavy-lift helicopters for direct work on initial attack of fires and also on fires once the initial attack is done. Essentially the heavy tankers are used for initial attack. Then we use the heavy helicopters or single-engine air tankers in more direct attack once we get into fire suppression.

Mr. LEWIS. Well, it is really not appropriate for me to make suggestions like this, Ms. Kimbell, but I could not help but look with interest for the variety and mix of money flows that came as a result of this huge, huge stimulus package we had recently. We delivered an awful lot of money to every one of the agencies, and we gave those agencies a lot of flexibility in terms of their priorities and the way they would use those monies. If I were in your shoes or nearby, I would be seriously in the lobbying business of applying some of that money to capital requirements such as this. Not thinking about the 2016, date but while the money is in the pipeline and before it is spent or obligated.

And a discussion within the agency relative to this very high-priority area I think might be appropriate. You do not even have to respond if you do not want to.

Ms. KIMBELL. Well, we have had a lot of discussion with the Department of Interior, with the Office of Management and Budget, with the previous Administration, and we certainly have had the opportunity to start into that discussion with this Administration.

Mr. LEWIS. Okay.

Ms. KIMBELL. It is very, very important to us, and I mentioned the form 300 that is over there at the Office of Management and Budget right now and certainly before I expend anything on aircraft I need to go through that approval process with the Office of Management and Budget. And so we are hoping that we will get to that point someday.

Mr. LEWIS. Well, you know much better than I the old business of green money and red money in terms of forestry or forestry needs. When we got a fire rolling, there is plenty of cash flowing, but in the meantime we always short shift at the management level, and it is really important we try to overcome that in every way that is possible.

Just one more item. We have had this series of fires in southern California, and in the past we have had kind of the extremes addressing the forests. Eco freaks like me did not want people cutting down a single tree. On the other hand, there were people who wanted to build a roadway anywhere just so that we could get through the place.

Once we found ourselves faced with infestation like the bark beetle and millions and millions of trees being infected, these two kind of pockets began coming together and actually talk to each other because they all care about the forest.

That has created an environment in which training and retraining, various levels of agency working together, has improved at a level like I could never have imagined. And I am wondering if you are experiencing that elsewhere as the southeast is having its problem, et cetera.

PARTNERSHIPS

Ms. KIMBELL. Yes. Actually, there are people who are coming together, recognizing the importance of having not only forests but having healthy forests, the importance for wildlife habitat, the importance for clean air, clean water. Here we have had all this discussion about carbon and carbon sequestration and forests are sucking up carbon every day. We have 758 million acres of forestland in the United States, and I think people are valuing more and more keeping those lands forested for all the different things they provide for us.

So I have had the privilege to observe different communities coming together, bringing, you know, people who may have operated on the fringes in the past, coming together to want to identify a better future for the forest that they depend on.

There are great examples in western Montana. There was a very diverse group that put together management guidelines for Ponderosa Pine in western Montana. There are groups that have put together similar kinds of guidelines in New Mexico and certainly California has had a number of different groups that have worked together on providing different guidelines than for the use across the landscape, not just on national forests but on all forested lands with very willing partners.

And that has been an exciting thing over my 35-year career to finally see community coming together around this idea of having a healthy forest.

Mr. LEWIS. Mr. Chairman, if you would give me lead for just a moment——

Mr. DICKS. Go right ahead.

Mr. LEWIS [continuing]. There is a homeland security hearing where Secretary Napolitano is there for the first time and both their Chairman Price and Ken Calvert are not here because of that. It is not because of a lack of interest.

Ms. KIMBELL. Thank you, Mr. Lewis.

CARBON SEQUESTRATION

Mr. DICKS. Thank you. Let me ask you one thing, and then I will go to Mr. Cole. When you talk about the forest absorbing carbon dioxide, would it not be better if we thinned the forest and have your trees growing at a greater rate? I mean, have you ever done any calculations about the difference?

Ms. KIMBELL. In fact, we have, and there are a number of different projects ongoing right now that we hope to have data, the hard data to provide to you. But there are a number of projects going on looking at the difference in carbon sequestration in a

healthy stand versus a stagnant stand, and a healthy growing stand and then in the different age classes.

There is so much, you know, discussion about age and diameter and so many other characteristics of a tree and yet its ability to take in carbon dioxide and sequester that carbon has more to do with the health of the tree than strictly the age or the diameter.

And so working towards adaptation to climate change and thinking about what the moisture availability is, what the nutrient availability is on a site, and actively managing the forests on those sites to be able to best utilize what is available and to remain healthy.

Mr. DICKS. Do different types of trees absorb different amounts of carbon dioxide?

Ms. KIMBELL. Yes, and I do not have the details of that in my head, but yes, and there has been a lot of work done with the different hardwood trees here in the east to look at what species absorb more carbon than others and in conifer species and hardwood species in the west.

Mr. DICKS. And as long as we keep it in furniture that carbon dioxide stays in the furniture.

Ms. KIMBELL. And it is beautiful wood that is full of carbon.

Mr. DICKS. Full of carbon.

Mr. Cole.

WILDLAND FIRE

Mr. COLE. Thank you, Mr. Chairman. Every time we get into these forest discussions I always like to start off with the fact that I am from Oklahoma, so we are just happy to see a tree, you know. We do not have a lot of forest. I do not pretend to be especially knowledgeable about them, but I am delighted, I want to go on record, this idea of having a contingency fund to deal with the fire problem, because I have seen it in my district a couple times. We lost projects literally when interior appropriately had to cannibalize accounts and literally in one case a visitor's center that I lost several years ago and have never been able to get back. But they did the right thing, but I am glad we hopefully will not have to resort to that.

Can you tell me just rough-water magnitude what we have been spending on fire suppression in recent years, and how much outside the norm that is? And I suppose I am particularly interested in your view as to whether or not this contingency fund that we are talking about is really large enough.

Ms. KIMBELL. Well, that is a really good question. Actually, fire suppression has gotten more and more expensive in the last several years. We work on budgeting a 10-year average, and that average has been going up every year, and I think that is what was referred to earlier as what has been robbing all of the other accounts in order to keep the total Forest Service budget flat and fund fire suppression at that 10-year average. It has required taking monies from all the other accounts.

So we have been spending this last year, 2008, we spent a little over $1.4 billion in fire suppression. The big year for us was 2006, and we spent just under $1.5 billion. And, you know, there were

years that started dropping off of the average of 600 million, 500 million, 400 million. Those were the good old days.

So it pushed us into a system of things that started in 2002, with evaluating what we had appropriated for fire suppression, the kind of fire season we were anticipating, and the time of year, and in 2002, we worked hard to withdraw money from the field because the language is very clear. It is all monies available to the Chief of the Forest Service, so it is all the monies available to the Chief that need to be withdrawn then to be spent on fire suppression, because we know we are going to be working to suppress fire, and I can cancel a project like a visitor's center easier than I can tell somebody, no, I am not going to fight that fire. Neither is very easy, and yet not fighting the fire is not an option.

So the language used to say available to the Secretary of Agriculture, but it currently says available to the Chief of the Forest Service.

FORECASTING FIRE SUPPRESSION

This year we are expecting and looking at the current forecasts here in 2009. We are expecting to need another $200 to $400 million beyond what is already appropriated for 2009. We are very anxious about this defense bill and what opportunity there might be if that goes through to bring us up to the bottom of the confidence interval for 2009.

For 2010, we are at a much different starting point, and so in this budget with that starting point and the $282 million contingency reserve that the President can authorize, that is just a really different place for us than where we have been the last several years.

It still includes that 10-year average, so that 10-year average still comes back and affects then all the other programs.

Mr. DICKS. That is CBO that makes that request, is it not? Is not CBO the one that says you have to put the 10-year average in?

Ms. KIMBELL. It is an agreement between OMB and CBO—

Mr. DICKS. What a nasty thing that is.

Ms. KIMBELL [continuing]. Is how I understood that. Well, back when it was 400 million a year——

Mr. DICKS. Yes.

Ms. KIMBELL [continuing]. It was not as bad as when it is 1.5 million a year. Billion.

Mr. DICKS. Billion.

Mr. Cole.

Mr. COLE. Thank you, Mr. Chairman.

I am going to assure you because my Ranking Member has told me we are going to support the President of the United States in this effort, that the defense bill is going to go through.

Ms. KIMBELL. I am liking that.

FUELS BACKLOG

Mr. COLE. And I think you are going to do well out of that.

Let me ask you this. Obviously we have an accumulated problem here, and you sort of went into some of the statistics drawing off the American Reinvestment Recovery Act it would take to catch up with the backlog of work that we have. Let me try and capsulate

in my mind how big a backlog in terms of millions of acres, how much money, how much time? And we seem to sort of nibble at this. The numbers are staggering to me.

Ms. KIMBELL. The numbers are staggering, and of course, every year with the fire seasons we have it changes some of those numbers. When the National Fire Plan was first put into place in the early 2000s, there was identified across federal lands 170 million acres for the Forest Service. For the national forest and grasslands there is somewhere around 60 to 80 million acres still needing treatment. Since the time of the National Fire Plan we have treated almost 20 million acres, which has just been a fantastic accomplishment, and yet there are some of those acres that even though they might have been treated 5 years ago, they might need to be treated again. So some of those, especially in a place like Oklahoma, some of those acres just, you know, keep coming back. There are things that grow very fast in some parts of the country.

So 60 to 80 million acres and as to expense, it depends on whether or not it is in California. There are some acres just so expensive because of the wildland urban interface, because of all the homes that have been built into the wildland urban interface, it has just really changed the complexity of firefighting.

You know, there are some real encouraging things. I just heard from the forest supervisor on the Lake Tahoe Basin Unit in South Lake Tahoe, California, who has actually been able to work out arrangements where the fuels, the hazardous fuel removed or thinned or treated, are actually being used by two different counties for cogeneration plants and by the prison over in Nevada for cogeneration. And there are tons and tons and tons of materials that have been removed to those places for cogen.

And I look forward to further opportunities in woody biomass utilization to be able to economically better treat the lands that are ahead of us.

Mr. COLE. That would be great. Let me move quickly if I may to this tanker issue and just offer what is probably a very naive suggestion. I mean, you clearly have an aging fleet, and it is hard to keep those things airborne, and I am sure your private contractors do a good job, but do you ever have any interface with the military who actually does this very well?

We have got a KC–135 tanker fleet, the newest one is 47 years old, and there is over 500 of them in the Air Force. I actually know about these because they come through Tinker Air Force Base in my district. But they do an utterly superb job of keeping planes that really are too old in the air and the workforce there, the technical capability they have really is unrivaled anyplace in the world on what do you do with aging airframes.

So I bet there is some really smart guys there that could help you look at your problem and literally think through whether or not there is some way to stretch out the life while ultimately what you need obviously are new tankers.

Ms. KIMBELL. Ultimately, and there are eight aircraft that are fitted with MAFFs, Military Aviation Firefighting. Is that—Mobile Airborne Firefighting. I was close. Mobile Airborne Firefighting and there are eight units, and they are Air National Guard and Air Force Reserve in California, and they wind up serving the whole

west. And they have been a real fabulous help during a big fire bust.

Now, you know, those pilots are not always as well seasoned as some of the pilots who fly the heavy tankers, and so there is, you know, until they get that experience, sometimes there is a loss in efficacy and yet it gets better through the season.

Mr. COLE. Okay. Thank you. Thank you, Mr. Chairman.

FIRE STRATEGY AND COST REDUCTIONS

Mr. DICKS. Have you brought in any outside consultants? Have you gotten any outside experts giving suggestions maybe about a better way to fight these fires? You know, 98 percent of them we do well, but 2 percent, the big fires, the mega fires are the ones that are really costing us a huge amount of money. Are we looking for new ideas on how to do this better?

Ms. KIMBELL. Absolutely. You know, last year we had over 7,000 fire starts. We caught 98 percent of them in initial attack. Of those that got bigger than, you know, just what happens in initial attack, 0.25 percent of the fire starts we had are what turned into our mega fires, the big ones, the ones that cause millions of dollars, the ones that CNN loves.

And if we go back over the last 10 years, we have picked out the 30 national forests in our system that are usually host to these mega fires when they happen. And so this year we have worked with a number of different experts in fire suppression and in data analysis, and we have been working to not only have those 30 forests identified, but we have national incident management teams that have been working with the leadership on those 30 forests and their partners and their communities to talk about fire suppression and how fire suppression might be handled in a different way.

If you have ever been on a fire crew, you know that things change when the weather changes, and you can fight fire on the next ridge or on the right ridge. And it is a very difficult concept for a lot of people to understand that you would not just fight fire where it is, when it is, and yet in examining all the information and talking to all the people who are experienced firefighters, there is a difference, a huge difference in fighting fire on the next ridge versus the right ridge.

So it might mean stepping back a ridge and catching a fire on that ridge rather than building a line, building another line, and building yet another line and putting people at risk every time you go out to build a line.

So we have had quite some discussions through this winter with our partners at the Department of Interior, you know, with all of our different research specialists, with our researchers, and we have been putting together a system of tools for our fire managers and our line officers to use that help analyze risks, that analyze fire potential, fire spread, rate of spread, and will provide tools to our fire managers on the ground when they are actually involved in having to make decisions about fire suppression.

A real critical piece of this and a critical piece of working to reduce the cost here is going to be that interface with community. You know, when I was a district ranger, I know that when we had a fire, there was extreme interest in just putting it out where it

was, when, immediately, and just stopping it. Well, there is some times when that is just not possible.

And there is a tremendous need here to work with community to help people better understand fire behavior, fire spread, and the opportunities to be able to suppress a fire might be on that next ridge instead of this ridge.

So it is going to be a very complex summer.

Mr. DICKS. Do you have town hall meetings or anything like that where you try to bring in these people to explain to them some of the pressures you are under?

Ms. KIMBELL. We do, and we have not always but more and more that has proved to be not only something effective but something that local communities demand, because they want information, and they want it now, and they do not want to wait until it is on television or on the Internet.

So we have held a number of public meetings. Actually received really good information through those that help us in the further suppression efforts.

Mr. DICKS. Now, you say you have 30 forests where most of the mega fires have occurred. Now, do you take your money for hazardous fuels reduction, for example, and focus it on those forests, or do you use some other system?

It would seem to me that if I were running it, I would want to use that hazardous fuel money in the areas where we have had a history of these mega fires.

Ms. KIMBELL. Yes, and it is not just hazardous fuels money. Actually, I am joined here by Deputy Chief Joel Holtrop, and Joel is Deputy Chief of the National Forest System and——

Mr. DICKS. He can come up here if you want him to.

Ms. KIMBELL. This is Joel Holtrop.

Mr. HOLTROP. Do you want me to talk about the sustainable landscape management——

Ms. KIMBELL. Yes.

Mr. HOLTROP [continuing]. Board of directors, where we have within both the national forest system and in our state and private forestry area, as well as our research branch, we have a group of directors, all of which have a set of responsibilities around vegetation management. And they have been working together for the past couple of years in a way to make sure that we are focusing on how we accomplish all of our vegetation management work that accomplishes the greatest good for our mission.

That is looking at whether we are doing a timber sale, whether we are doing wildlife habitat improvement or watershed improvement projects, range management, and forest health protection work, that we are doing that in an integrated way that considers all of the various components of each of those programs to try to find ways to make sure that we are accomplishing in an integrated fashion the best that we can that is looking at restoring fire-adapted ecosystems and making sure that we are addressing those issues around communities at risk.

Mr. DICKS. Anybody have a question you want to ask here?

Mr. LEWIS. Just a comment, Mr. Chairman.

Mr. DICKS. Yes.

Mr. LEWIS. First I was in that homeland security meeting before coming here, and it has been popping in and out of mind as I am listening to this, you may not know this but it could begin to help. Some of our fires of late, particularly the ones that we have experienced in my own territory, have been man-caused and not by accident man-caused.

Do we have any idea what percentage of forest fires end up being the result of somebody with malice and forethought wanting to see a fire?

Ms. KIMBELL. I do not have that number right now, but I can certainly get that information for you for the record.

[The information follows:]

Approximately 46% of Forest Service wildfires are human caused, and approximately 20% of those human caused fires are classified as arson. So, approximately 9% of total Forest Service wildfires are classified as arson.

Mr. LEWIS. Is it a serious problem? Any fire is, of course.

Ms. KIMBELL. Yeah. Any fire is and when there are millions of dollars of taxpayer money spent to suppress wildfire, yes.

Mr. LEWIS. My staff reminds me in Esperanza we lost five firefighters, and there was human activity involved. I am wondering for your consideration, Mr. Chairman, if we should not help the service in an intensive way evaluate these people who fall in this pattern and working with other agencies, law enforcement, et cetera, identify those people who are such threats. Because there is huge money involved but also, you know, huge impact upon an ecosystem. Just a thought.

Mr. DICKS. Well, why do we not get the Chief to give us a report on it and then we will make a decision.

Mr. LEWIS. Yeah. Okay.

Mr. DICKS. All of us about what we should do next. I have no problem with collaboration with the local communities.

Well, how does that work with, you know, let us say you are out there in California, and you got this urban rural interface, and how do you work with these counties, local communities to try and get them to help and cooperate in things that can be done in terms of construction of the houses and clearing the under-storage and all this stuff to make the fires, if they do happen, less damaging? How does that work?

Ms. KIMBELL. Well, Firewise is actually a program that we work on, the states work on this, and local fire departments, but it is a set of tools where people can work with community on identifying what kind of hazards there might be, what kind of building materials they might want to consider limiting themselves to and all. And it has been a tremendously successful program in many locations, and in others there is some resistance to, you know, having any kind of governmental regulation around it.

We also, though, as a result of, you know, so much of the work that was done in the early part of the decade, we have been working to develop community wildfire protection plans, and we have done these all over the country, but sometimes we lead them, sometimes the Bureau of Land Management leads it, sometimes it is led by a local fire department or the state forester, and sometimes it is led by a whole group of us. But we work very closely with community, taking public comment, identifying, you know, what is the

expanse of the community influence area, and what kind of wildfire protection plan does the community want to put in place.

Sometimes those include national forest acres. They certainly do not always. There have been plans completed in thousands of communities. There are some still that need to be completed. The State of Idaho was, I think, the first to complete them for absolutely every single community in Idaho, but there are more to be done.

The implementation of the community wildfire protection plans can sometimes have some controversy with it, and yet still there are folks who are very anxious that their homes, their communities be protected from fire, and the community tends to be very vocal through any discussion of controversy around implementation.

Mr. DICKS. I assume there is good evidence that this works.

Ms. KIMBELL. Tremendous evidence.

Mr. DICKS. When there is a fire, that it does make a difference.

Ms. KIMBELL. And I think we saw that actually in the Angora fire in South Lake Tahoe, and we have documented evidence of where that fire came to areas that had been treated as part of the community wildfire protection plan, that that fire behaved in a very different way. Now, when the fire reached the structures, the fire actually burned from structure to structure and not through the vegetation. So there was quite a lesson learned there about building materials.

Mr. DICKS. I do not know that these numbers are sustainable. I think we have to figure out, keep working on new ideas, and it sounds like you are doing that.

Ms. KIMBELL. We are trying, and we are open to anymore new ideas that might come down the road.

Mr. DICKS. All right. Mr. Lewis. Mr. Cole.

Well, let me look in here and see what can I find here. Earlier this year we held a hearing at which the GAO and USDA Inspector General reviewed Forest Service studies that have been completed in previous years. The GAO continued to maintain that the Service does not have short and long-term strategies for addressing the growing wildland fire problem.

Now, is that just not true? Or do you disagree with that or——

Ms. KIMBELL. There are certainly differences of opinion and yet we are working hard to meet what GAO is describing in that as a cohesive strategy.

Mr. DICKS. You got the words right here. It makes sense.

Ms. KIMBELL. So we are working hard on that to meet GAO's definition, and you know, truly, there is——

Mr. DICKS. It says it lacks performance targets and associated funding requirements. So they are still saying you do not have a plan. They are saying that you still do not have a fire plan. Sometimes when we talk about cleaning up Puget Sound, you know, we say there are random acts of kindness. Well, maybe there are random acts of good deeds, but that is not a plan.

So I would hope that you would keep working to develop a plan, an action agenda to try to get this thing under control.

Ms. KIMBELL. And with the refinement of the——

Mr. DICKS. Nobody has got more at stake than the Forest Service.

Ms. KIMBELL. Absolutely. With the refinement of the prioritization tools I was talking about earlier, that will go a long ways towards addressing some of what GAO was referring to as what was needed in a cohesive strategy.

BUDGETING, PERFORMANCE, AND COSTS

Mr. DICKS. GAO also stresses that the Service lacks accurate data on agency activities and their costs.

Please explain your budgeting process, and how do you monitor the implementation of activities? Do you disagree with the GAO assessment? What are you doing to improve your analysis of energy management efficiency and effectiveness?

Do you want to do that for the record?

Ms. KIMBELL. I would love to do that for the record.

Mr. DICKS. The GAO also found that you have insufficient internal controls to reduce the agency's vulnerability to improper or wasteful purchases and performance accountability systems to provide a clear measure of what it accomplishes with the funds it receives every year. Do you think the Service has adequate performance process in place?

Ms. KIMBELL. I think we do have adequate performance processes in place for the work we do. We passed clean audits 7 years in a row. We will continue to work with GAO to be sure that we are clear on what it is they are intending.

FOREST SERVICE ROAD SYSTEM

Mr. DICKS. Okay. Now, I have been an advocate over the years for getting the Forest Service into the Highway Trust Fund. Now, did the Administration send up a proposal for what should be in or out of the Highway Trust Fund, or do you know?

Ms. KIMBELL. Well, we have reapply appreciated your support in getting the Forest Service involved, and beyond what happens at USDA and our work with OMB, I do not know what is sent forth.

Mr. DICKS. Well, we are trying to find that out. We are trying to find that out. I think, you know, the Park Service is in. Is fish and wildlife in?

Ms. KIMBELL. Yes.

Mr. DICKS. Yes, and then the only one that is not in is the one that has got the biggest problem, and that is the Forest Service. So I am still trying to talk to our Chairman, and I would love some help from your side with Mr. Young. I think the Forest Service should be in this thing at some level, a reasonable level.

Ms. KIMBELL. And the Forest Service has like 375,000 miles of road, and of that 75,000 miles is what we call class three, four, and five. And those are the bigger roads, the arterial roads, the roads that are in the best condition, that provide access to major recreation facilities, and actually we can further refine that list and take it down to somewhere between 20,000, 20 and 25,000 miles of the most critical roads on the national forest of class three, four, and five that provide access to major trail heads, major campgrounds, you know, different recreation facilities on the national forests.

And we can provide that and would be happy to provide that to the committee.

THE ROADLESS RULE

Mr. DICKS. Well, again, you know, that would be very helpful. We would appreciate that.

Let me go to another subject. The Roadless Rule. There seems to be endless litigation about the roadless areas of the national forest. How much land is involved, and where?

Ms. KIMBELL. The Roadless Rule that was signed in 2001, examined those areas that were inventoried as part of the Roadless Area Review and Evaluation I and II that was done in the 1970s. Those areas are located mostly in the west and with a large piece in Alaska. When the Wilderness Act was passed in 1964, it intended that every state go through a process by which they would offer legislation to Congress for the establishment of wilderness areas, using those inventoried roadless areas as kind of a basis for coming up proposed wilderness.

Several states did not, Idaho and Montana amongst them. Both with very large roadless acreages. Currently in Montana those roadless areas are being managed as per forest plan direction, some has been designated wilderness by Congress. Some have gone into other land use designations by Congress. Others are being managed per land use classifications with the forest planning process.

In Idaho, of course, the then governor of Idaho, Mr. Reesh, petitioned the Secretary of Agriculture for a long-term management of those areas inventoried as roadless in RARE I, RARE II, and in 2008, we signed an Idaho Roadless Rule, a rule for the management of those 9.3 million acres of inventoried roadless area in Idaho. That has been challenged in court, and we still await further progress on that challenge.

So it has been a tremendously controversial issue since there were national forests. There were primitive areas identified in the '30s. There was the Wilderness Act in '64. There have been many wilderness bills since then and many addresses to how national forest system acres should be managed. We have had some discussion with Secretary Vilsack. I look forward to further discussion with Secretary Vilsack as to how we might move forward with the evaluation of roadless areas into the future.

KIDS IN THE WOODS

Mr. DICKS. I see that one of your emphasis areas is trying to get kids out in nature. I appreciate that very much. Tell us what you are doing for conservation education and for getting kids out into the woods.

Ms. KIMBELL. And Joel and I are exchanging a smile because we just left a meeting this morning where we had quite some in-depth discussion.

We do have a very active conservation ed program and have always had in the Forest Service. We work with local communities, sixth grade classes or whatever the local school system might have for their outdoor programs. Scout troops. We have worked with a lot of outdoor programs for many, many years.

We have a conservation education program in the Forest Service headquartered in Washington that actually works on curriculum

for K through 12, and we work with the North American Association of Environmental Educators, we work with many, many partners in developing the curriculum and delivering the curriculum. We work with many partners.

We also have a program that we are calling More Kids in the Woods, and this is a program where from the national office we have been soliciting grants from the field and communities can submit the grants, different national forest, range districts, research labs can submit for the grants, and we had almost 200 project proposals this year for $500,000 that was set aside that is to be leveraged with private dollars to have programs that actually give kids experiential opportunities, not just classroom opportunities, but something outdoors where they actually get to interact with nature in some way.

And, you know, just following on the discussion with Mr. Lewis from before, this, you know, I have several different objectives in that I want to better inform citizenry that can think about conservation, but I also want to have employees coming from all over the United States and have that 80 percent of our population that lives in urban environments have some sense of what forests are, what they provide, and how special they are.

So we have taken advantage of a lot of different opportunities to partner with other agencies, NGOs, schools, scouts, whomever.

YOUTH CONSERVATION CORPS

Mr. DICKS. What about the Youth Conservation Corps? Interior works that pretty hard. Are you doing anything on Youth Conservation Corps?

Ms. KIMBELL. Absolutely, and some of our very first ARRA projects were in California, Colorado, and Oregon to fund different work with the Youth Conservation Corps. We have a number of different programs including things like the Central California Consortium, which is a take on Youth Conservation Corps, which brings kids from many different environments and really works them into a lot of different things with conservation.

We also have a Job Corps Program, which we have 22 job corps centers that the Forest Service is responsible for, and with some recent legislation we are soon to take on the six job corps centers from the Bureau of Reclamation. So all 28 job corps centers that are part of the CCC job corps centers will be in the Forest Service.

We are working to examine right now and revamp some of the training programs within those job corps centers for more green jobs so the kids will come out certified to be able to do things like install solar panels and you know, install different kinds of windows and insulation and all to give kids trades, young people trades where they might be able to make a living wherever they are.

So with our 28 job corps centers, what will be 28, we are working very hard to ensure that connection with national forests so those young people are also getting not only trades but they are also getting opportunity to get some exposure to conservation.

FOREST MANAGEMENT

Mr. DICKS. You are requesting a decrease to the forest products activity. Is this in response to the overall sad situation of the economic status of the forest products industry and the decreased demand for wood products?

Ms. KIMBELL. There is a slight decrease proposed in forest products. It is approximately 1 percent, and, yes, that is right along with all of what we were discussing earlier.

Mr. DICKS. It is not clear if your budget is keeping up with the need as we talked about earlier for reforestation and thinning of previously-harvested lands. I understand that particularly in the pacific northwest where Mr. Simpson and I are from, there is a large backlog in areas needing both pre-commercial and commercial thinning in order to maintain forest vigor.

Do you have any figures that we can do this on the record on this thinning backlog and on the reforestation backlog? I think we got into that a little earlier, but I want to make sure we get that.

Ms. KIMBELL. And we can get those numbers for you for pre-commercial thinning, and reforestation is somewhere over 1 million acres, soon to be refined with the information from northern California.

Mr. DICKS. I was pleased to see that you kept the Legacy Road and Trail Program. Can you tell us how that is doing?

Ms. KIMBELL. I know it has been a very popular program across the Service. There is a continued need to work on barriers to fish passage, but we are making progress. In 2008, we improved 22 miles of trail. We replaced 180 stream crossings, we decommissioned 531 miles of road, and we maintained 1,533 miles of road. We were able to treat 849 miles of trail to maintain them to standard. It has been a very exciting program. We look to have double those accomplishments in fiscal year 2009, and to carry the '09 level into '10.

PRESIDENTIAL INITIATIVE

Mr. DICKS. Tell us about the President's new initiative, this 50 million that he has put in as a Presidential initiative for the Forest Service.

Ms. KIMBELL. Well, we are just getting a chance to look at it and examine it as you are, and we are looking for opportunities to focus those $50 million on different geographic areas around the country to actually make a difference in some specific areas, you know, with the criteria that are given with the $50 million. I do not know that we are far enough along in the process yet to have identified those.

Mr. HOLTROP. We have not identified the specific areas yet, but what the Presidential initiative funds will give us is the opportunity for us to look at things like facility management, road management, trail management, and an array of——

Mr. DICKS. But you have programs in all those areas.

Mr. HOLTROP. But this will give us an opportunity to look at ways of how we can integrate. We do have programs in all those areas, but what the Presidential initiative gives us, we believe, is an opportunity for us to focus those in a way that will integrate

some of those programs that are important to us. Like travel management in the work that we have been doing on travel management and what are the things that we need to do now to implement some of those travel management plans.

TRAVEL MANAGEMENT

Mr. DICKS. Well, tell me about travel management. What are you doing with travel management.

Ms. KIMBELL. Well, we have been working on travel management since, well, we have always been working on travel management, but when we finally had a travel management rule that gave some consistency across the national forest system, we have been implementing local planning processes across the country. Some have been pretty exciting. With travel management it actually identifies the trail system and the road system to meet the recreation needs on a particular unit through extensive public involvement and environmental analysis.

It does result in needing to close some trails and to close some roads. Just in this last year we decommissioned over 1,300 miles of road, and half of that was system road, half of that was user-created road. Some of that is the result of travel management plans. Some of it is the result of just a roads assessment and understanding what the needs are with roads and taking out roads that have created some environmental issues.

NORTHWEST FOREST PLAN

Mr. DICKS. In previous budgets you have had the Pacific Northwest Forest Plan specifically mentioned. In this year's budget it is not mentioned. What is the reason for that?

Ms. KIMBELL. It is certainly our intent to fund the capability on those forests and we are intending to do that in 2010, just as we did in 2009, and 2008.

BIOMASS

Mr. DICKS. And one thing also. What about biomass and woody debris and all of this? I notice that I think there is 15 million that you have got in the ARRA for that.

Ms. KIMBELL. Yes.

Mr. DICKS. Are you accepting applications? Are people sending in applications, or how are you going to use that money?

Ms. KIMBELL. Well, those were to be shovel-ready projects, the ARRA projects, and when we solicited project proposals from the field, we got quite a number. We got $4 billion worth of proposed projects, and the Forest Service was allocated $1.5 billion. So we got four times——

Mr. DICKS. Four billion. Okay.

Ms. KIMBELL. We got $4 billion worth of project proposals from the field of shovel-ready projects that created jobs that, you know, also helped accomplish our mission on the ground.

Biomass is a part of that. It was up to 50 million. It was authorized to be spent on biomass. We had proposals for way more than that, both on national forest and on state and private land.

Mr. DICKS. Did DOE not get a lot of biomass funding? Are they working with you at all?

Ms. KIMBELL. DOE was allocated $800 million for biomass, and there has been discussion going on between the Department of Agriculture and DOE, and we have not yet seen the benefit of those discussions.

Mr. DICKS. So we better help you a little bit.

Ms. KIMBELL. We are looking forward to working further on biomass. There is such opportunities. The ones that I shared that are going on at South Lake Tahoe or on the Tahoe Basin unit with different counties in California and with the prison over in Nevada, there is just such great opportunities that we have seen in the last year for removing biomass from the forest, not putting it into atmospheric carbon but rather using it to create energy. And there are opportunities across the United States.

Now, the definition of renewable energy credit that appeared in the Energy Bill and has appeared in other bills gives us cause for concern in that——

Mr. DICKS. That is being adjusted.

Ms. KIMBELL. I am very glad to hear that.

Mr. DICKS. That is being adjusted as we speak.

Ms. KIMBELL. I am very glad to hear that.

Mr. DICKS. You know we have had several meetings. There is a great deal of concern by the members on both sides of the aisle in the northwest, and I am sure it is northern California as well, about the high unemployment rates in the rural areas. Are you trying to do more on things like the thinning and these biomass projects, et cetera.

So I certainly hope you will be sensitive to that.

Ms. KIMBELL. Absolutely.

Mr. DICKS. And the concerns of these communities, I mean, I represent Gray's Harbor county that is up to 14 percent or maybe higher unemployment, and so we are very concerned about that. I know Congressman Baird and Congressman Walden and others have been working with you, but we are still very interested in that.

I yield.

Mr. LEWIS. As we are discussing biomass I am just reminded that in beautiful downtown Big Bear we have a biomass facility that we are attempting to move forward with. Part of it involves a land swap needed with Forest Service land to make it practical, but these kinds of exercises of natural resource in the most positive way are extremely valuable.

And if I could just for a moment, Mr. Chairman, we have taken——

Mr. DICKS. Right.

Mr. LEWIS [continuing]. So much time of Ms. Kimbell's regarding subjects that are very important to us, but I wanted to share something with you that kind of took me outdoors not long ago just to get him off track for a moment.

Ms. KIMBELL. But he is the Chairman.

Mr. DICKS. That is impossible.

Mr. LEWIS. You can carry legislation to change the world, but it will never get you on the front page of the Los Angeles Times. I

climbed Mount Whitney with a 90-year-old woman about 20 years ago, and I was on the front page of the Los Angeles Times, and it was this woman who fell in love with Mount Whitney and the environment since she had helped develop this trail that was very, very fit for the territory we are talking about. But she drew attention to our forest, to our mountains, to the environment in a way that was really, really incredible.

But we had to get a waiver some years afterwards. My staff back here who was on that trip with me up the mountain reminded me some years after that we decided the peak right next to Mount Whitney had not been named, and we found a way to name it Crooks Peak for Hilda Crooks and with Moe Udall. He was very, very helpful in that process.

And anyway, but to take her up to sit on a rock at about 8,000 feet so we could tell her about this peak, we had to get a waiver from the Forest Service to helicopter her in. Initially David almost lost his job because we were not having much success but it turned out to be a fabulous thing. I think good for everybody, including the Forest Service.

I just thought I would share that with you.

Ms. KIMBELL. Thank you. Thank you. That is a great story.

Mr. LEWIS. Crooks Peak.

Ms. KIMBELL. And he is still employed.

Mr. LEWIS. Yes, he is.

Mr. DICKS. And doing a fine job.

Mr. LEWIS. Mr. Chairman, you are doing a fine job as well.

FOREST VISITATION

Mr. DICKS. I am almost done unless Mr. Cole has a few things.

Let me ask you this. Your visitation appears to be declining. Is this true, and if so, why?

Ms. KIMBELL. Whether or not it is true I cannot really say. The numbers, back when I worked on a ranger district, every winter, you know, was when we used to then fill out the data forms, and we used to, you know, think about, okay, such and such a site, let us see. How many recreation visitors were there. And it depended on how you felt that day. It was not based on data.

And so——

Mr. DICKS. Oh, you cannot be serious. You are not still doing it that way, just making it up?

Ms. KIMBELL. No, we are not.

Mr. DICKS. Okay.

Ms. KIMBELL. No, we are not. And actually we had a lot of names for it at the time that were most unflattering. But then we started this national visitor use monitoring, and so we actually——

Mr. DICKS. That is salvation right there, I guess.

Ms. KIMBELL. Well, it is data.

Mr. DICKS. We like data.

Ms. KIMBELL. And we started collecting data, so, yes, it would indicate that the numbers are lower, but whether or not, in fact, the numbers are lower, I do not think that is borne out in——

Mr. DICKS. Over the made-up numbers.

Ms. KIMBELL. Over the made-up numbers they are lower.

Mr. DICKS. Okay. What are the numbers?

Ms. KIMBELL. They are around 179 million visits to the national forests.

Mr. DICKS. That is huge.

Ms. KIMBELL. It is huge. It is huge.

Mr. DICKS. It is way over the Park Service. Right?

Ms. KIMBELL. Well, I am not certain what the National Park Service visitor use is.

Mr. DICKS. Well, the staff says the Park Service is over 200 million.

Ms. KIMBELL. Well, they have gates, you know, and you have to go through the gate, and you have to buy——

Mr. DICKS. And they are probably still making up numbers. He just said that the Park Service counts 12 million for the Mall.

Ms. KIMBELL. Well, that is just not fair.

Mr. DICKS. They should share a little bit.

Ms. KIMBELL. No. I would just as soon they continue taking care of the Mall. They do a fine job.

Mr. DICKS. Yes. You do not want to have to pay for that.

I do not have any further questions unless you guys have anything else.

Mr. LEWIS. Frankly, I thank Ms. Kimbell and her——

Mr. DICKS. Done a great job.

Mr. LEWIS [continuing]. Friends for doing a great job. Thank you very much.

Ms. KIMBELL. Well, thank you very much, and thank you for your support, not only today but through ARRA and all the different things that we have worked with you on, and I look forward to continued dialogue about things like air tankers and fire suppression and all the other great things we do to make our forests healthier to be able to address climate change.

Thank you.

Mr. DICKS. Thank you. The committee stands adjourned until tomorrow morning at ten o'clock.

Questions for the Record
Chairman Norm D. Dicks
U.S. Forest Service Hearing
Hearing Date: Tuesday, May 12, 2009

Fixed Costs and inflation adjustments

Dicks Question 1. Your annual fixed costs total over $80 million, but your budget does not appear to account for this in any way with the sole exception of a rigorous inflation adjustment for your wildfire suppression request. Your main account, the national forest system, actually has a small reduction and no fixed costs. Can you please explain what the fixed costs actually are for the national forest system operations account? What impacts will you have if you do not get fixed costs?

Answer: Fixed costs for all discretionary programs include a combination of pay and benefits costs, relocation costs, and other fixed costs such as rent, communications, utilities, and miscellaneous costs. Specific cost data is displayed in the table in question #2. The Forest Service will continue to identify ways to reduce fixed cost increases. To the extent it cannot identify sufficient savings, any increases in fixed costs will likely result in fewer funds for projects, fewer seasonal hires, and less money for contracts.

Dicks Question 2: Please provide a table by appropriation account and budget line item of the final FY 2009 funding and the pay costs and other fixed costs such as rent, utilities, health care, etc, the sum of the FY 2009 plus fixed costs, and the FY 2010 request level.

Answer: The requested fixed cost data is shown in the table below.

Appropriation Budget Line Item	FY 2009 Pay & Other Cost Changes	FY 2009 President's Budget	FY 2009 Enacted	FY 2010 Pay & Other Cost Changes	Program Changes	FY 2010 President's Budget
	(dollars in thousands)					
Discretionary Funds						
Forest & Rangeland Research						
Annual Appropriations						
Forest & Rangeland Research	$6,157	$263,000	$296,380	$5,131	$101	$301,612
Rescission of Prior Year Unobligated Balances			$0	$0	-$1,000	-$1,000
Forest & Rangeland Research Total	*$6,157*	*$263,000*	*$296,380*	*$5,131*	*-$899*	*$300,612*
State & Private Forestry						
Annual Appropriations						
Forest Health Management - Federal Lands	$1,234	$45,000	$54,110	$1,172	$0	$55,282
Forest Health Management - Cooperative Lands	$101	$10,000	$46,292	$230	-$699	$45,823
State Fire Assistance	$150	$25,000	$35,000	$147	$0	$35,147
Volunteer Fire Assistance	$0	$5,000	$6,000	$0	$1,000	$7,000
Forest Stewardship Program	$97	$5,000	$27,000	$240	$1,129	$28,369
Forest Legacy Program	$75	$12,500	$49,445	$170	$41,445	$91,060
Urban & Community Forestry	$48	$5,000	$29,541	$336	-$550	$29,327
Economic Action Programs	$0	$0	$4,973	$0	-$4,973	$0
Forest Resources Information & Analysis	$0	$0	$5,000	$35	$0	$5,035
International Forestry	$119	$2,000	$8,500	$68	$500	$9,068
Supplemental & Emergency Funding	$0	$0	$0	$0	$0	$0
State & Private Forestry Total	*$1,824*	*$109,500*	*$265,861*	*$2,398*	*$37,852*	*$306,111*

Appropriation / Budget Line Item	FY 2009 Pay & Other Cost Changes	FY 2009 President's Budget	FY 2009 Enacted	FY 2010 Pay & Other Cost Changes	Program Changes	FY 2010 President's Budget
	(dollars in thousands)					
Discretionary Funds						
National Forest System						
Annual Appropriations						
Land Management Planning	$886	$52,607	$48,833	$799	-$4,114	$45,518
Inventory & Monitoring	$2,443	$146,462	$167,580	$2,115	-$1,000	$168,695
Recreation, Heritage & Wilderness	$5,877	$237,000	$277,635	$5,482	-$3,000	$280,117
Wildlife & Fisheries Habitat Management	$2,531	$117,633	$139,385	$3,586	-$1,500	$141,471
Grazing Management	$1,021	$47,025	$50,000	$765	-$816	$49,949
Forest Products	$7,843	$322,666	$332,666	$5,763	-$9,470	$328,959
Vegetation & Watershed Management	$3,643	$165,309	$180,437	$3,349	-$1,500	$182,286
Minerals & Geology Management	$1,327	$70,835	$85,470	$1,180	$0	$86,650
Landownership Management	$1,604	$75,000	$93,299	$1,469	-$396	$94,372
Law Enforcement Operations	$2,175	$115,000	$135,500	$1,729	-$2,182	$135,047
Valles Caldera National Preserve	$0	$0	$4,000	$0	-$500	$3,500
Rescission of Prior Year Unobligated Balances	$0	-$5,000	-$5,000	$0	-$5,000	-$10,000
Supplemental & Emergency Funding	$0	$0	$0	$0	$0	$0
National Forest System Total	*$29,350*	*$1,344,537*	*$1,509,805*	*$26,237*	*-$29,478*	*$1,506,564*
Capital Improvement & Maintenance						
Annual Appropriations						
Presidential Initiative: Protecting the National Forests	$0	$0	$0	$0	$50,000	$50,000
Facilities	$1,369	$119,647	$126,453	$644	$3,643	$130,740
Roads	$3,664	$227,000	$228,825	$2,432	$3,743	$235,000
Trails	$1,023	$50,041	$81,015	$1,186	-$120	$82,081
Deferred Maintenance & Infrastructure Improvement	$58	$9,100	$9,100	$41	$0	$9,141
Legacy Roads & Trails	$0	$0	$50,000	$0	$0	$50,000
Supplemental & Emergency Funding	$0	$0	$0	$0	$0	$0
Capital Improvement & Maintenance Total	*$6,114*	*$405,788*	*$495,393*	*$4,303*	*$57,266*	*$556,962*
Land Acquisition						
Annual Appropriations						
Land Acquisition	*$240*	$5,000	*$49,775*	*$194*	*-$21,285*	*$28,684*
Acquisition of Lands for National Forest Special Acts	*$0*	$1,050	*$1,050*	*$0*	*$0*	*$1,050*
Acquisition of Lands to Complete Land Exchanges	*$0*	$250	*$250*	*$0*	*$0*	*$250*
Land Acquisition Total	*$240*	*$6,300*	*$51,075*	*$194*	*-$21,285*	*$29,984*
Other Appropriations						
Annual Appropriations						
Range Betterment Fund	*$31*	$3,600	*$3,600*	*$0*	*$0*	*$3,600*
Gifts, Donations, & Bequests for Research	*$0*	$50	*$50*	*$0*	*$0*	*$50*
Mgt. of NF Lands for Subsistence Uses	*$0*	$0	*$5,000*	*$0*	*-$2,418*	*$2,582*
Other Appropriations Total	*$31*	*$3,650*	*$8,650*	*$0*	*-$2,418*	*$6,232*
Wildland Fire Management						
Annual Appropriations						
Preparedness	$15,929	$588,375	$675,000	$10,756	-$10,756	$675,000
Fire Operations - Suppression	$10,832	$993,947	$993,947	$7,445	$127,113	$1,128,505
Hazardous Fuels	$6,279	$297,000	$328,086	$4,000	-$16,801	$315,285
NFP Rehabilitation & Restoration	$0	$0	$11,500	$0	-$2,500	$9,000
NFP Research & Development	$398	$22,000	$23,917	$0	$0	$23,917
Joint Fire Science Program	$0	$8,000	$8,000	$0	$0	$8,000
NFP Forest Health Management - Federal Lands	$410	$14,252	$17,252	$0	-$2,812	$14,440
NFP Forest Health Management - Cooperative Lands	$70	$10,014	$9,928	$0	-$2,928	$7,000
NFP State Fire Assistance	$0	$35,004	$55,000	$0	-$5,000	$50,000
NFP Volunteer Fire Assistance	$0	$8,000	$9,000	$0	-$2,000	$7,000
Supplemental & Emergency Funding - Fire						
Fire Operations - Suppression	$0	$0	$0	$0	$0	$0
Fire Operations - Other	$0	$0	$0	$0	$0	$0
Wildland Fire Management Total	*$33,918*	*$1,976,592*	*$2,331,630*	*$22,201*	*$84,316*	*$2,238,147*
Grand Total, Forest Service	$77,634	$4,109,367	$4,958,794	$60,464	$407,354	$5,226,612

Dicks Question 3: Why is it more important to request fixed costs for the emergency fire suppression activity, and not your other land management programs or your research and State assistance activities?

Answer: The proposed budget does include pay and fixed costs for all programs and will focus funds on the highest priority work within total funding available to the agency.

Conditions of the forests, and climate change

Dicks Question 4. In your testimony you stated that many of the most urgent forest and grassland management issues of the past 20 years, like wildfire, water quality changes, invasive insects and plants, are all driven in part by climate change. What do you think the overall condition is of the national forest system, and of private forest lands? Where are there particular problems?

Answer: As reported in the Forest Service publication America's Forest Health Update 2009, America's forest provide many benefits and services, including clean water, recreation, wildlife habitat, sequestering carbon, and a variety of forest products. Most of our forests appear healthy and green; however, they face many threats to forest health and long-term sustainability. In the West, outbreaks of native pests have killed trees on millions of acres, fires are burning larger areas than in the past, and severe droughts have led to additional stress on forest ecosystems. In the East, invasive pests have changed the structure and composition of some forests, and in numerous locations, increasing human development has led to fragmentation. Many of these threats may be exacerbated by a changing climate.

Problems of concern in western forests include wildfires and beetle infestation-caused tree mortality. Over the past 10 years, more than 45 million acres of forest have been impacted by native bark beetle outbreaks in the western US. Today, about 8 percent of US forests (58 million acres) are at risk (defined as >25 percent of stand density will die in the next 15 years) to insect and disease outbreaks. Tree mortality has been increasing steadily over time (Krist and others 2007, Smith and others 2009). Because there is a direct link between bark beetle population success and seasonal temperature, global warming is a significant factor influencing current bark beetle outbreak dynamics and associated patterns of tree mortality (Logan 2007, Powell and Logan 2005). Higher than normal temperatures during the growing season and prolonged drought have also been linked to a sudden onset of aspen mortality in western Colorado and adjacent States (Worral and others 2008). In addition to forests, western rangelands and grasslands are at risk from expansion of invasive, non-native plant species such as leafy spurge and cheat grass (Bradley 2009). Wildfires, development and increasing recreational use are also contributory risks.

Problems of concern in eastern forests include increasing hurricane damage, drought-induced tree mortality in southeastern forests, establishment and spread of invasive forest pests, and increasing damage by ozone and other air pollutants in northeastern forests. The southeastern and eastern US is at risk for hurricane impacts, with current patterns showing greatest risk along

the Gulf Coast, lower southeastern Atlantic Coast, and lower-mid Atlantic coasts (Neuman and others 1999). In Mississippi, Hurricane Katrina damaged an estimated 521 million trees and killed approximately 54 million trees (Oswallt and others 2008). The emerald ash borer has killed tens of millions of ash trees in forest, rural, and urban areas in 13 eastern states and Canada and threatens ash throughout the eastern United States (McCullough and Katovich 2008; Poland 2007). With projected trends in demographics, economic output and climate, negative impacts on US forests due to ozone will continue and are likely to increase (Felzer et al. 2004, Karnosky et al 2007). There is evidence that sugar maple health is limited by ambient calcium depletion which is a result of a variety of anthropogenic factors (Huggett and others 2007).

Private forests face increasing challenges from development pressures. Over 57 million acres of privately-owned rural forest lands are projected to experience a substantial increase in housing density and will no longer be rural, by the year 2030. The Forests on the Edge project has produced maps indicating where U.S. private forests are most likely to be affected by increased housing density, insect pests and diseases, and wildfire.

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Dicks Question 5. My reading and research clearly indicates that we are already seeing substantial impacts due to global warming. What is the role of the Forest Service at evaluating and developing various carbon monitoring and accounting methods?

Answer: The Forest Inventory and Analysis (FIA) program provides the most scientifically credible and comprehensive data on the amount and condition of forest resources in the United States. The Forest Inventory and Analysis Database has the potential for a wide array of applications and tools for online access such as the Carbon Online Estimation (COLE).

- COLE enables users to examine the forest carbon characteristics of any area of the continental U.S. COLE is used as the basis for studies about potential carbon emission offsets (mitigation of greenhouse gas emissions) and payments to private landowners. The data foundation for COLE and the researchers who developed, maintain and enhance COLE are in the FIA program.
- Forest Service completed. and is now implementing, an on-line system to enable a user to calculate carbon annually sequestered in forests and wood products. This tool can be used to help landowners report under the U.S. Voluntary Greenhouse Gas Reporting guidelines, or to participate in potential carbon trading opportunities. In collaboration with partners, FS researchers have begun to quantify and model the effect of nutrition management (fertilization) on the ability of forests to increase CO_2 uptake and productivity under increasing CO_2 concentrations.

The Forest Service has provided the forest carbon (and recently also the other greenhouse gas (GHG) emissions relating to fire) estimates for the US GHG Inventory that is submitted by EPA to the United Nations Framework Convention on Climate Change each year. Forest Service also provides data to the USDA and EPA greenhouse gas inventories, based on carefully developed accounting methods, which are regularly evaluated and updated. The Chicago Climate Exchange and other carbon trading entities are defining the carbon inventories they count, based on the foregoing Forest Service monitoring and accounting activities, although Forest Service takes no

active role. The Forest Service, in cooperation with the National Council for Air and Stream Improvement (NCASI), provides on-line support for state and private foresters to estimate carbon stocks and annual changes with the Carbon On-Line Estimator (COLE), based on FIA inventories.

The Forest Service is leading the development of a nationwide, multi-institutional network to 1) coordinate more efficient soil carbon monitoring, 2) collate existing academic and federal data for improved modeling and forecasting, 3) produce risk maps assessing potential carbon loss, and 4) increase the availability and usefulness of this information to managers and the general public.

Dicks Question 6. You talked about your biomass energy projects funded with the Recovery bill. What are the barriers to utilizing more wood for energy? What aspects of this problem are you working on and what areas would you like to focus on?

Answer:
Technical Barriers:
Sustainable development of a healthy bioenergy/biobased products economic sector is dependent on rapid research progress and market development. The Forest Service is building on a strong program and partnerships to develop the science and technology to sustainably produce feedstocks, biofuels, biobased products, heat, and power from forest resources. Research and early market support is critical to reaching U.S. energy independence, security, environmental, and economic goals.

Key barriers in feedstock production, management, harvest and transport include: limited understanding of potential impacts of large-scale energy feedstock production on land uses, land, water, carbon sequestration and ecosystems (particularly excess fertilizers, pesticides, and sediment in surface waters) and ecosystems and ecosystem services; lack of a common understanding of sustainability; means of achieving higher feedstock yields through genetics and silviculture; wood energy crop development; lack of regionally-specific data on price, location, quality and quantity of biomass; understanding impacts of residue harvest on soil quality; unknown production capacity limitations; inadequate equipment for selective harvesting; lack of cost-effective equipment to handle biomass residue variability and high volumes; limitations and cost of current bulk handling systems (e.g., bales); and equipment development and testing for wood energy crops.

Key barriers in woody feedstock processing and conversion to energy and bioproducts include: reducing enzyme costs, increase reaction speed, and decrease manufacturing costs for fermentation processes; limitations of knowledge on scaling processes to commercial production levels; lack of fully efficient technologies for mixed feedstocks; developing improved conversion efficiencies for thermochemical and biochemical processes; increasing water use efficiency; integrated biorefinery development; and developing a broad suite of transportation fuels, chemicals and other bioproducts.

Transportation costs are a barrier to utilizing wood for energy. Costs are variable and dependent on type of cutting, stacking, chipping, forwarding, and transport to conversion facilities (IEA Bioenergy 2002). Forest residues often have low density and fuel values which can raise per unit transport costs. Developing cost-effective, energy-efficient means of reducing these costs is an active area of FS research.

To remove technical barriers to utilizing woody biomass for energy, the following are key FS R&D research focus areas:

- **Sustainable and economical forest biomass management and production systems:** The Forest Service is developing cost-effective sustainable management and utilization systems; best management practices with expanded biomass removal; and new woody crop varieties that are fast-growing, stress-resistant, and resource-use efficient.
- **Competitive biofuels and biopower conversion technologies and bioproducts that reduce greenhouse gas emissions and fossil fuel use:** The Forest Service is developing wood-based biofuels, chemicals and products that economically substitute for petroleum-based materials; economically efficient biorefinery concept and processes; efficient treatments to extract high-value compounds from lignin; processes to refine pyrolysis oils; and more efficient, cleaner gasification methods and the promotion and adoption of domestic and international wood bioenergy technologies with higher system efficiencies.
- **Information and tools for decision-making and policy analysis.** The Forest Service is working to provide higher resolution national and regional feedstock availability projections; models to assist in bioenergy facility site selection; sustainability criteria for forest bioenergy feedstocks; logistics and decision support tools to improve treatment, harvest, and transport efficiency; integrated models of land use patterns and bioenergy markets; and life cycle analysis and assessment tools for forest bioenergy/bioproducts supply chains.

Supply and Market Barriers:

Supply and market barriers to utilizing more wood for energy include the availability of a long-term and predictable supply of woody biomass; reduced wood handling infrastructure in certain areas; and the existence of market opportunities. The Forest Service will use all existing authorities to identify and facilitate a long-term and predictable supply of woody biomass from public and private lands. The agency will develop estimates of biomass expected to be generated from vegetation management treatments.

Examples of Forest Service actions in this area include: developing and implementing the coordinated resource offering protocol (CROP) to clarify the supply picture within a geographic area for communities, lenders, operators, and businesses; implementing stewardship contracts that provide a minimum specified supply over the life of the contract; and capturing and helping deploy efficient technologies for domestic use.

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Dicks Question 7. We see that the Interior department bureaus are requesting funds for particular climate change and adaptation activities. Can you tell us what new climate change adaptation activities the Forest Service will pursue with this budget?

Answer: Many Forest Service program areas support climate adaptation goals. Research, watershed restoration, improving the resilience of fire adapted ecosystems through thinning, prescribed fire and forest insect and disease suppression activities, reforestation, and protection of endangered species all play a part in facilitating the adaptation of national forests and grasslands to climate stress.

The Forest and Rangeland Research request includes $27 million for research programs on climate change. The Forest Service recently completed the Global Change Research Strategy for 2009-2019. The Strategy is aimed at providing science related to climate change to land managers, policymakers, scientists, and citizens. Our research will focus on adaptation, mitigation, decision support, and science delivery with support from research from other areas such as land use change, interactions between fire and fuels management, carbon cycles, ecosystem management, insects and disease, water, air, soils, wildlife, and social and economic sciences.

Within the State and Private Forestry appropriation, Forest Health Management programs will begin "monitoring on the margins" pilot projects in locations where forest tree species face pressure from changing climate and invasive species. In addition, this program will continue new genetic conservation projects focused on 4 tree species (pine, ash, hemlock and butternut). Also, State Forest Resource Assessments underway as a result of direction provided in the 2008 Farm Bill are addressing potential adaptation needs in cooperation with State Wildlife Conservation strategies. Private forest landowner management plans, provided through the Forest Stewardship Program are beginning to integrate adaptation considerations through improving forest resilience.

Within the NFS appropriation, the FY 2010 budget includes $25 million for revising land management plans and $26 million for conducting land management plan assessments, which enable national forests to address climate change in forest planning. A number of completed or proposed land management plan revisions have included assessments related to climate change. These climate assessments are improving adaptation strategies on the ground. For example:

- The Uwharrie National Forest (NC) land management plan revision has a strategy of restoring native forest vegetation (longleaf, shortleaf pine, and hardwoods in place of loblolly pine) to increase resiliency to climate change and carbon sequestration.

The FY 2010 Budget maintains a steady $653 million for Wildlife and Fisheries Habitat Management; Vegetation and Watershed Management; and Forest Products. Funding for these programs provides the agency with the ability to implement management actions designed to adapt forest and rangeland vegetation to the potential effects of climate change and, increase ecosystem resiliency.

Dicks Question 8. The BLM budget request includes substantial new funding for climate change response, including ecoregional assessments. Since all BLM lands in the lower 48 States are in proximity with the Forest Service lands, how will your agencies work together to inventory, evaluate and develop the ecoregional assessment data and get new management activities implemented? Is there any funding in your budget for these new requirements?

Answer: Currently, the Forest Service has not joined with BLM on ecoregional assessments. However, the Forest Service, as required by the Resources Planning Act (RPA), periodically reports on current conditions of the Nation's forests and rangelands and future trends looking out 50 years into the future. The forthcoming 2010 RPA Assessment will reflect the work of Intergovernmental Panel on Climate Change (IPCC) 4th Assessment Report.

Dicks Question 9. Your research branch has been doing global warming science, and especially water-related and vegetation-related research for years. Do you have an important role in developing new science on global warming? How do you work with the Interior department and other Federal and university-based scientists?

Answer: The Forest Service has been involved in global change research explicitly since 1990, through the US Global Change Research Act. In FY2009, Forest Service is spending approximately $26 million on research to mitigate and adapt natural resource systems to global change impacts. Forest Service is particularly suited to research on climate impacts on forest and range growth and their ecosystem services including water supplies, air pollution reduction, biodiversity and endangered species, provision of forest products and carbon sequestration. Memoranda of understanding with DOI and other federal agency scientists, for research on individual projects are common; the Delaware Valley and Yukon studies with US Geological Survey are important examples. Cooperation with university-based scientists is mandated on most Forest Service calls for research proposals. Forest Service also maintains research facilities adjacent to many colleges and universities, employing students and implementing joint research projects.

Dicks Question 10. Has the Forest Service worked with the Interior Department on the global change adaptation strategy which the Interior Department is supposed to be leading?

Answer: The Forest Service has not yet worked with DOI on the global change adaptation strategy DOI is leading. However, Forest Service has informed DOI that we stand ready to actively support and cooperate in this work.

Roads and road decommissioning, legacy roads

Dicks Question 11. I am pleased to see that your request maintains the $50 million in funding for the legacy road and trail remediation program which I helped start. How is that effort going? Tell us about some of the accomplishments and how they relate to enhancing water and stream quality, especially for sensitive species and for communities?

Answer: Legacy Roads and Trails funds have been allocated to the regions for road and trail repair and decommissioning. Regions have been directed to select projects based on the priorities as stated in the bill language, including urgently needed road decommissioning; removal of fish passage barriers; remediation of water quality problems in streams and water bodies which support threatened, endangered, or sensitive species or community water sources; and for repairs required due to recent storm events. In addition, regions have been required to consider availability of matching funds and capability to award contracts in the year funds are received.

In FY 2008, through the Legacy Roads and Trails program, the agency maintained 1,533 miles of roads; decommissioned 180 miles of authorized roads, 351 miles of unauthorized roads, and 6 bridges or major culverts; improved 631 miles of road; repaired or replaced 11 bridges or major culverts; and mitigated 180 stream crossings for aquatic organism passage. In addition, the agency maintained 849 miles of trails to standard and improved 22 miles of trails. We anticipate that our accomplishments will increase in FY 2009.

Most project work accomplished with Legacy Roads and Trails funds contributed directly or indirectly to the enhancement of watershed conditions and the subsequent improvement to water quality. For example, decommissioning projects can effectively reduce sediment to the streams as well as improve wildland connectivity; culvert replacement can improve stream habitat, reduce sediment, and restore water quality which can positively affect groundwater and aquatic organisms; and road or trail maintenance results in similar benefits.

Legacy Roads and Trails funded the Butte Creek Culvert Project, for example, on the Malheur National Forest. Here, the existing culvert on Butte Creek was removed and replaced with a bottomless arch that provides access to 5.2 miles of high quality spawning and rearing habitat in the John Day Basin for the Middle Columbia River steelhead, Chinook salmon, and bull trout. The new culvert was designed using a streambed simulation process.

Dicks Question 12. You are famous for having a vast deteriorating road system. The Congress is about to begin writing the next highway bill. In the past the Forest Service has received only minor funding from the highway bill as contrasted with BIA and the Park Service. Do you think that portions of the Forest Service road system should be considered for highway bill support?

Answer: The Forest Service will continue to work with the Department of Transportation and other agencies regarding inclusion in the transportation bill. The Forest Service looks forward to working with the Congress during its consideration of a highway bill.

Dicks Question 13. Do you have any figures on the amount of driving and gas tax that is generated by users of the national forest road system?

Answer: The agency has no data specific to the national forests. Contributions by highway users in each State cannot be directly measured.

Dicks Question 14. The new Presidential initiative to protect the national forests seems to have a road and travel management component. Can you tell us what portion of the $50 million requested will be used for the road decommissioning and repair as well as travel management plans?

Answer: Currently, the allocation of funds has not been determined. However, this initiative will be utilized on integrated place-based projects. These large-scale and highly visible projects, selected through a national competition, will focus on addressing a suite of activities (facilities, roads and trails) in a comprehensive fashion.

The selected projects would contain multiple elements of the following priorities:

- Protect the investments made through the American Recovery and Reinvestment Act of 2009 by maintaining and improving facilities, roads and trails associated with assets considered national in scope. National assets include national recreation areas, national monuments, national trails, national fire facilities, high profile visitor information facilities, and other facilities which have a national profile. Funds will be used to reduce deferred maintenance and improve energy efficiency.

- Provide for implementing travel management plans, with a significant emphasis on decommissioning roads not identified as needed in the plans. This will allow the Agency to "right-size" our transportation system for the future, and reduce long-term deferred maintenance costs. In addition the road decommissioning work will help restore landscapes and improve water quality.

- Address urgent health and safety needs at facilities. This will be limited to significant needs which, if left unaddressed, will result in facility closure.

These funds would be used on a broader scale and in a more integrated and holistic way than traditional Capital Improvement and Maintenance funds in Facilities, Roads, and Trails.

Dicks Question 15. How do the travel management planning process and roads analysis process work? I understand that all national forests will be done soon. Will these plans create the framework needed to determine which roads should be retained and maintained, and which should be decommissioned or removed?

Answer: Travel planning for the designation of roads, trails, and areas for motor vehicle use is done to implement the 2005 Travel Management Rule at 36 CFR 212, Subpart B. This is a six-step process which is described in Forest Service Handbook 7709.55, chapter 10. The result of this process is a motor vehicle use map (MVUM) which displays those routes and areas which are designated for motor vehicle use.

Roads analysis, renamed "travel analysis," is one-step in the six-step travel planning process. Travel analysis is described in Forest Service Handbook 7709.55, chapter 20. Travel analysis is not the decision-making process. Rather, travel analysis informs those decisions related to

identification of the minimum road system and to inform decisions related to the designation of roads, trails, and areas for motor vehicle use. Travel analysis identifies proposed changes in the forest transportation system, such as proposals for additions or deletions to the forest transportation system, proposals to establish or change prohibitions or restrictions on motor vehicle use, and proposals to change motor vehicle use on NFS roads and NFS trails. Proposed changes to the forest transportation system may be subject to NEPA and other environmental laws.

The Administration is placing a priority on the identification of unneeded roads. The Forest Service has completed the roads analysis process for passenger car roads (maintenance level 3, 4, and 5 roads). The current strategy of the Forest Service is to address high clearance or closed roads (maintenance level 1 and 2 roads) at a large scale or for a specific project.

Dicks Question 16. Your budget has level funding for road construction and engineering support. How many miles of new roads will you build this year and in FY 2010? How many miles will be reconstructed and how many miles will be removed or decommissioned?

Answer: The table below shows planned miles of road capital improvement and decommissioning for FY 2009 and FY 2010 considering all sources of funding.

	FY 2009	FY 2010
Miles of Road Capital Improvement – New Construction	100	100
Miles of Road Capital Improvement – Reconstruction of Existing Roads	3,900	4,400
Miles of Roads Decommissioned	1,300	1,300

Note:
1) Table above represents unified accomplishments from Roads, Deferred Maintenance and Infrastructure Improvement, Legacy Roads and Trails, Permanent and Trust Funds, integrated and partnership funds.
2) FY 2009 Planned accomplishments reflect $30 million supplemental funding received through P.L. 110-329 on September 30, 2008.
3) FY 2010 planned accomplishments reflects the $50 million Presidential Initiative: Protecting the National Forests
4) Planned accomplishments do not include expected ARRA funded accomplishments.

New initiative- Wildland fire suppression contingency reserve account

Dicks Question 17. I am interested in the new wildland fire suppression contingency reserve account. You are requesting $282 million in new funding. How was this funding level determined?

Answer: The amount is equal to 25 percent of the 10-year average:
$1,128,505 x 0.25= $282 million

Dicks Question 18. In the past, this Committee appropriated similar wildfire suppression funding, but it was done under an emergency designation. Why is your request different? Is this $282 million for potential future emergency fire activities more important than funding your fixed costs and basic maintenance and operations?

Answer: Responsibly budgeting for wildfire suppression and funding other agency programs and costs are both important to us. The Contingency Reserve Fund would enable the agency to respond to wildfires which threaten lives, and resources while minimizing the potential for the transfer of funds from other Forest Service programs to wildland fire suppression. This will help ensure that resources for other critical Forest Service activities are available.

Dicks Question 19. Please explain any other specific differences between this new contingency account and previous wildfire suppression appropriations.

Answer: The Budget includes displays for disasters costs within the baseline projection of current policy to make budget totals more honest and realistic. The Budget reflects the Administration's belief that baselines would be more meaningful if they did *not* project forward whatever disaster costs happen to have occurred in the current year. Rather, baselines should replace the projection of actual current-year costs – which might be unusually low or unusually high – with probabilistic estimates of future costs.

As with the program integrity funds, the Administration requests that amounts for the contingency reserves be allocated to the Appropriations Committees in a separate category, available only for the specified purposes. Specifically, the Administration requests that these amounts be allocated on condition that they be appropriated as contingent funding in a separate budget account, available for obligation only after exhaustion of the appropriated ten-year average for wildfire suppression and only after a issuance of a Presidential finding of need.

The Budget requests discretionary appropriations that includes amounts that can reasonably be budgeted to cover the ongoing and inevitable costs of wildfires, FEMA preparedness and response, and so on. Consistent with this approach, funds in the contingency reserve account would be established in a new, and separate, Treasury Symbol. Access to the funds would be subject to the agencies fully expending the 10 year average suppression funds within the Wildland Fire appropriation and, unlike emergency spending, requires a Presidential finding of need based on specific criteria prior to their availability. Once the Administration authorized the Secretary's access to contingency account funds, those funds could be transferred into the Wildland Fire appropriation and utilized in the same manner as previous suppression appropriations.

The Contingency Reserve helps address the challenges of budgeting for fire suppression and enables the agency to respond to wildfires. Coupled with program reforms such as strategic and operational protocols and, improved oversight, and use of a risk management framework that ensure fire management resources are appropriately focused, the Contingency Reserve ensures that fire management resources are sufficient to allow for other critical Forest Service activities by minimizing the potential for the agency's need to transfer funds from other accounts to suppression.

Pacific Northwest Forest Plan

Dicks Question 20. Previous budget requests included the full amount of funding required to implement the Northwest forest plan, including timber production and environmental protection. I understand that in FY 2009 you are not following the Congressional direction in the statement accompanying your appropriation legislation. Can you explain this, and explain your plans for this program in FY 2010?

Answer: During the FY 2009 allocation process, the agency funded the Northwest Forest Plan units first at their full capability to implement the Settlement Agreement. Only after funding the Northwest Forest Plan units were remaining funds then distributed to the rest of the country. This funding level will allow the Northwest Forest Plan forests to continue to build capacity to deliver the Settlement Agreement timber volume commitment of 800 million board feet while meeting Northwest Forest Plan goals and objectives. The agency will continue wildlife surveys and protections applied for species requiring pre-project surveys in conformance with the 2006 District Court ruling (*Northwest Ecosystem Alliance v. Mark E. Rey, District Court for the Western District of Washington, January 9, 2006*). The Forest Service will also continue priority watershed restoration in consultation with the U.S. Fish and Wildlife Service - to support recovery of Northern Spotted Owl populations - and with the National Marine Fisheries Service, for anadromous fish.

The FY 2010 President's budget fully funds the Northwest Forest Plan forests at their capability level for implementation of the Settlement Agreement. The Northwest Forest Plan forests will offer 584 million board feet, an increase of 13 million board feet over the FY 2009 capability level, and an increase of 129 million board feet over the 2008 accomplishment level. Resource benefits will include terrestrial wildlife habitat restoration (19,900 acres), forest vegetation improvement (2,900 acres), hazardous fuels reduction (29,500 acres), and watershed restoration (4,600 acres).

New Initiative on Open Space and Forest Legacy versus land acquisition

Dicks Question 21. Your budget request includes an 84% increase for the forest legacy program but also has a 42% reduction for Federal land acquisition. Can you please explain the new Presidential initiative on open space? Does it make sense to reduce your acquisition program so much while increasing State conservation easement grants?

Answer: Both the Forest Legacy and the Federal land acquisition programs are important conservation tools that the Forest Service uses to conserve important open space and forest resources, and both support the Forest Service's Open Space Conservation Strategy and the President's "Conserve New Lands Initiative." The Forest Legacy Program targets the conservation of high-priority private forests, cost-efficiently through conservation easements and partnerships with State agencies. The Federal land acquisition program focuses on fee-simple purchasing of tracts of land from willing sellers that are beneficial to the management of National Forest System lands. The change in funding reflects the Administration priorities in land conservation and focuses on the Conserve New Lands Initiative. The Conserve New Lands Initiative benefits from aspects of both programs, but they are entirely different programs.

Dicks Question 22. How do you coordinate the ranking of open space project, whether in forest legacy or in Federal acquisition? Do these two programs work together at all? Do they also coordinate these Land and Water Conservation efforts with the Interior Department?

Answer: The Forest Legacy Program has a two-tiered nationally competitive process to ensure projects are locally supported and protect nationally important resources. The Federal land acquisition program identifies projects through a national ranking system as well with the "protection of open space" as an important priority setting criteria. The Forest Legacy Program unlike the Land Acquisition Program does not typically protect land within the National Forest System proclamation boundary, and therefore projects cannot apply for funds through both programs. However, when a Forest Legacy Program project is adjacent to a National Forest, the Forest Legacy Program requires that the Forest Supervisor, to ensure coordination, provide a letter of support. Potential Forest legacy projects that are part of a larger, coordinated, sometimes multi-agency conservation effort receive priority during the ranking process.

Dicks Question 23. This subcommittee has increased funding for Federal land acquisition programs in the land management agencies in past years. We are concerned that the agencies do not have a coordinated National strategy or goals for their land acquisition programs. Additionally, given the reality of our changing climate, there will likely be changing habitats, potential coastal inundation and shifts in species ranges. How will you guide the land acquisition efforts to strategically acquire the most important lands for conservation and preservation given the changing climate and lack of strategic coordination? Is this coordinated with the Interior agencies?

Answer: The Forest Service coordinates with the Bureau of Land Management (BLM) in a number of areas including training and acquiring high priority land acquisition projects via the Federal Land Transaction Facilitation Act (FLTFA). BLM is the lead in the FLTFA program. Forest Service has worked to acquire land in riparian corridors and has benefited significantly from FLTFA land acquisition funding. The Forest Service works with BLM, National Park Service, and Fish and Wildlife Service (State and national) to coordinate identification and selection of projects. Each agency implements their land acquisition programs. The BLM and the Forest Service purchase land from willing sellers and coordinate on specific land purchases.

The U.S. Department of the Interior (DOI) and the U.S. Department of Agriculture published a National Land Acquisition Plan in February 2005. This plan as well as the Forest Service's Strategic Plan, provides sufficient overarching guidance for land adjustment activities.

The Forest Service and the DOI will continue to coordinate on project identification and selection of properties with high conservation and preservation values that will be protected on behalf of the American people.

National Forest System Account

Dicks Question 24. The national forest system account funds most of your land management operations, but this request provides a small funding decrease and no funds at all for fixed costs. Several important programs receive actual decreases. Will you be able to keep your recreational facilities open with this funding level?

Answer: The proposed budget for NFS includes pay and fixed costs, and the budget request for the recreation and facilities resources will continue to be directed towards efforts that maximize program delivery, emphasize delivery of services to the public, and strengthen partnerships which are vital to accomplishing stewardship work on the ground. Funding resources will be directed toward eliminating health and safety risks at recreation sites and reducing critical deferred maintenance on deteriorating infrastructure to improve the agency's ability to successfully perform its mission. Priority will be on repairing and improving recreation sites that receive public use and are critical to supporting agency operations.

Recreation facilities maintenance and improvement activities are also funded by the Deferred Maintenance and Infrastructure Improvement budget line item. In addition to appropriated funds, annual maintenance and repairs to recreation facilities are also funded through other special authorities, including the Federal Lands Recreation Enhancement Fund and the Timber Sales Pipeline Restoration Fund. Through the use of these funds the Forest Service will be able to operate and maintain many of its recreation facilities that might otherwise have been closed due to increasing costs.

Dicks Question 25. You are requesting a decrease to the forest products activity. Is this in response to the overall sad situation of the economic status of the forest products industry and the decreased demand for wood products?

Answer: The Administration's budget proposal for Forest Products is formulated to balance different areas of necessary work and is based on the priority of Forest Products among all discretionary programs. While the total funding for Forest Products request reflects a decrease in the sale administration activity, the funding request for planning and preparation of timber sales is increased, with additional emphasis placed upon ecological restoration of the National Forest System, the repair of its ecosystems, and their ability to adapt to—and potentially mitigate the effects of—climate change.

Dicks Question 26. It is not clear if your budget is keeping up with the need for reforestation and thinning of previously harvested lands. I understand that, particularly in the Pacific Northwest, there is a large backlog in areas needing both pre-commercial and commercial thinning in order to maintain forest vigor. Do you have any figures on this thinning backlog and also the reforestation backlog?

Answer: Knutson-Vandenberg (K-V) funds are collected on timber sale areas to reforest cut over areas within five years of harvesting. Since virtually all timber sales generate sufficient K-V funds to reforest the harvested areas, there is not a backlog of reforestation needs on timber

sale areas. However, some natural events may also contribute to a desire for reforestation. Nationally, the management estimate of this has increased from approximately 630,000 acres on national Forest System lands in 1999 to about 1 million acres today, which includes 143,900 acres in the Pacific Northwest Region (Region 6). The FY 2010 President's budget includes funding for approximately 222,855 acres of reforestation, including an estimated 44,000 acres in Region 6.

Management estimates for levels of timber stand improvement (release and pre-commercial thinning) have been identified on approximately 1.8 million acres nationally, of which 630,000 acres are located in Region 6. The FY 2010 President's budget includes funding for approximately 257,200 acres of timber stand improvement, approximately 34,800 acres in Region 6. K-V funds can also be used for timber stand improvement treatments (TSI) on timber sale areas. The amount of TSI that is done on timber sale areas with K-V funds varies and is highly dependant upon the value of the timber harvested and thus the amount of K-V funds that can be collected.

Dicks Question 27. The National Forests and grasslands include many of the greatest habitats and watersheds in the lower 48 States: over 171 million acres versus a total of only 49 million acres for the National Park and the National Wildlife Refuge systems combined. I know that hunting and fishing are still big business, and that bird watching and other nature watch activities are important to many Americans. Does the Forest Service have any idea of what the overall need is for habitat improvement projects and for watershed protections?

Answer: Each year the individual districts, forests, and regions reassess their fish, watershed, wildlife, and threatened, endangered, & sensitive species restoration and management priorities and workloads, modifying as needed whenever new high priority opportunities are identified. The Forest Service Wildlife, Fish, & Rare Plants database is used to identify out-year opportunities and partnerships. Three years of current and out-year priority possibilities are stored in the database and help identify each unit's capabilities and opportunities. This information is updated periodically. Many of the projects identified will be accomplished through partnerships.

Dicks Question 28: The Forest Service manages much of the most important large blocks of habitat for many rare, sensitive, and endangered plants and wildlife. Do you track the recovery actions that the Service is responsible for? Will your budget request support the recovery and protection efforts which the Forest Service is supposed to implement? Do you know of any shortfalls of concern or will you have to shift funds from other activities to complete required habitat work?

Answer: Forest Service recovery plan tasks are implemented at the ranger district, forest, or regional office level. Information on recovery plan implementation is requested through data calls on an as needed basis to provide information for the Services' 5-year Status Reviews. The Forest Service tracks individual recovery projects accomplishments annually for Federally listed

species through the Wildlife, Fish, and Rare Plant Management System database. This data is available to the public at: http://www.fs.fed.us/biology/managementsystem/index.html .

The President's budget supports the recovery and conservation of federally listed species. The Forest Service will not have to shift funds from other activities to complete required listed species' habitat work.

Dicks Question 29. I understand that the Service has been working on an aquatic habitat strategy. What are the key aspects of aquatic habitats and water quality that you need to protect? Does the Forest Service have an organized and comprehensive monitoring program in place to evaluate how water quality and habitat conditions are responding to management actions, or the lack of management actions?

Answer: Restoration and maintenance of aquatic ecosystems and aquatic ecosystem processes is a key to ensuring biological richness and aquatic species retention. Key aspects and focus includes the following:

- Protect the best: Maintain, protect, and enhance our best quality habitats and strongest fish populations – especially those that are most resilient to the effects of climate change.
- Maintain and rebuild threatened, endangered, and sensitive fish populations and their habitats: Take into consideration Forest Service regional conservation strategies, National Fish Habitat Action Plan regional priorities, other strategic plans such as draft and completed recovery plans for threatened and endangered species, species conservation strategies, and comprehensive wildlife conservation strategies.
- Connectivity: Restore connectivity of fragmented aquatic ecosystems by enhancing fish passage through road structures; work with Natural Resource Conservation Service (NRCS) to enhance fish passage through water diversion structures both on and off National Forest System lands.
- Habitat Quality and Complexity: Maintain contributions of large wood to stream systems (especially after a fire), stabilize and restore altered stream channels, enhance "simplified" stream habitats, and maintain shade and riparian vegetation.
- Water Quality: Improve water quality by reducing sediment off roads, upsize undersized culverts to prevent sediment from road crossing blowouts, restoring destabilized stream segments, treat EPA identified "water quality limited water bodies," and reduce impacts of legacy mining operations.
- Stream Flows (including groundwater resources): Sustain stream flows and, where opportunities exist, restore flows.
- Water Temperature: Help offset the effects of climate change by maintaining shade on streams and managing vegetation in grazing systems to maintain shade along stream segments.

Maintaining and strengthening partnerships is also a key component in program effectiveness and delivery as well as enhancing the synergistic effects of combining resources and tackling mutual priorities. This includes partnering with other internal resource areas, States, tribes, conservation groups, and other Federal agencies to implement the National Fish Habitat Action

Plan aquatic restoration priorities identified through the regional working groups and partnerships.

The need for a national framework for evaluating and monitoring aquatic resources has been identified as one element of a larger watershed assessment process. This framework is currently being developed to establish a comprehensive monitoring program for aquatic resources, identify standardized protocols for project level effectiveness monitoring, and provide guidance for the prioritization of restoration activities. At the regional level a number of strategies and protocols are already in place.

Dicks Question 30. I understand that the Forest Service is continuing to do thorough assessments of recreation facilities on a forest by forest basis. Please explain this process and its cost. Do you expect that these planning efforts will identify a lot of recreational facilities that you will need to close down due to lack of funding, bad conditions, or reduced public demand?

Answer: Recreation Facility Analysis (RFA) is used nationally to assist forests in creating a sustainable program that aligns recreation sites with visitors' desires, expectations, and use. RFA helps ensure that recreation sites and facilities provide the appropriate mix of opportunities within the special characteristics of individual forests. Each forest, with the help of interested people, identifies the forest niche. Forest Service personnel analyze each recreation site based on criteria such as how well the site supports the recreation needs, desires, and expectations of the public; the role that site plays in the local community; and the site's relationship to the environment. Based on this analysis, the forest develops a 5-year proposed program of work to meet the goals of the RFA process. The public is invited to help implement and improve key tasks in the proposed program of work while meeting those goals.

The agency does not have a mechanism in place to track the costs of RFA, but of the 115 national forests that have completed the RFA analysis process, a total savings of $121.8 million has resulted in reduced deferred maintenance, operation and maintenance cost savings, and increased revenue. Currently only 1.2 percent of sites have been or are proposed to be closed and 5.3 percent have been or are proposed for partial to complete decommissioning. In contrast, proposals for new sites and increased services account for about 16 percent.

Dicks Question 31. The Forest Service does a lot of vegetation manipulation as well as habitat rehabilitation. Do you have a policy of using native plant materials which are appropriate to the native habitats? The BLM budget request includes additional funding for climate change response, including funds to support native plant conservation and revegetation. Does the Forest Service have a similar effort?

Answer: The Forest Service has official policy concerning the use of native plant materials for restoration, rehabilitation, and revegetation. This policy is found at Forest Service Manual 2070.3, and states in part:

Policy for selection, use, and storage of native and non-native plant materials that are used in the revegetation, restoration and rehabilitation of National Forest System lands are as follows:

1. Ensure genetically appropriate native plant materials are given primary consideration.

2. Restrict use of persistent, non-native, non-invasive plant materials to only those situations when timely reestablishment of a native plant community either through natural regeneration or with the use of native plant materials is not likely to occur.

(and)

7. Cooperate and coordinate within the Forest Service, with other Federal agencies, organizations and private industry in the development of native plant materials and supplies.

The Forest Service uses a variety of program funds to implement restoration, rehabilitation, and revegetation projects. These projects look to conserve and manage native plants and native plant communities, and to increase ecosystem adaptability and resiliency to the potential effects of climate change. The Forest Service continues to develop strategies to address current and future effects of climate change on National Forest System lands.

Dicks Question 32. The Forest Service is preparing planning efforts regarding the placement of industrial generation of renewable wind resources. The forest land management plans are critical to ensuring that the land, wildlife, and ecosystem processes under the jurisdiction of the Forest Service are duly protected as the Nation attempts to transition to clean energy. Can you explain how you will use forest plan funding to properly site wind projects on National Forest Service lands?

Answer: An applicant's proposal to use National Forest System (NFS) lands for a wind energy project requires payment from the proponent for any studies required for the proper siting of renewable energy facilities under the cost recovery agreement, including analyses that are necessary to amend a land management plan, if needed. This payment by the project proponent is a requirement of the Forest Land Policy and Management Act (FLPMA) and is consistent with the Independent Office Appropriations Act (IOAA) and OMB Circular A-25 regarding payment for the benefit of the use of public lands.

The Forest Service may prepare a Programmatic Environmental Impact Statement (PEIS) regarding the potential for wind energy production on NFS lands. Forest Service Land Management Planning funds would finance such a PEIS if it is intended to be used to amend land management plans should a national forest or grassland receive an application for the development of a wind energy project. A PEIS for wind energy production could prove helpful in eliminating unsuitable locations and addressing common environmental concerns.

If a routine land management plan amendment or revision were to address wind resources without receipt of a specific application, the costs would be paid for out of Land Management Planning funds and borne by the specific national forest or grassland. In this situation

appropriate environmental conditions for wind energy production would be identified prior to receiving a specific land use application from a wind energy proponent.

Dicks Question 33. The BLM budget request includes substantial new funding for environmental reviews and analysis of wind, solar, and geothermal energy projects. Does the Forest Service have a role in providing land for such projects? What are the demands on your staff for this new workload? What funding is in your budget for renewable energy work and do you think this will be adequate for the tasks and demands ahead?

Answer: Similar to the Bureau of Land Management (BLM), the Forest Service supports renewable energy projects on National Forest System (NFS) lands where such projects are compatible with the agency's multiple-use mandate.

Although there is great deal of interest in renewable energy development, very few applications have been received by the Forest Service for these projects. The agency expects this to change as tax incentives for these energy resources are enacted. However, locating these industrial developments on NFS lands are not without public controversy. In addition, processing applications in a timely manner and identifying the preferred locations creates budgetary and staffing demands within limited resources. Electric transmission or pipeline projects need experienced and knowledgeable employees who can work efficiently with proponents of these projects.

In December 2008 the Forest Service partnered with the BLM to complete a Programmatic Environmental Assessment evaluating geothermal development on Federal lands in the Western United States. This analysis will provide efficiencies in processing geothermal lease applications proposed on NFS lands.

For both FY 2009 and FY 2010, $1,850,000 is planned for wind, solar and geothermal energy work, which includes planning and environmental documentation, within the agency's appropriations. After the Forest Service accepts the proposal as an application, the processing costs are funded by the proponent through the agencies cost recovery authority, similar to the BLM. Based on the current fee schedule and anticipated workload, current funding levels will be adequate through FY 2010 to meet the expected demands for placement of renewable energy facilities on NFS lands, but the agency also expects that future demands for siting renewable energy work will eventually increase.

Wildfire funding besides wildfire suppression

Dicks Question 34. This budget request appears to make its investments in fire suppression but your request has real program declines for wildfire preparedness, hazardous fuels, and other key aspects of the national fire plan. The preparedness budget request is the same as last year, $675 million. This is a very labor-intensive account. How will you deal with inflation and pay cost increases and at the same time maintain the same level of fire readiness?

Answer: The agency takes fire readiness seriously and has requested the funds to maintain an efficient level of preparedness. The agency manages the Wildland Fire Management programs collaboratively and coordinates the deployment of firefighting resources to meet fire management objectives. Over the past few years, the Forest Service has been taking steps to improve performance and reduce costs, such as to align field units to better capitalize on shared resources, management oversight, and support functions. This strategy will allow us to identify efficiencies and maintain our level of fire readiness for FY 2010.

Dicks Question 35. What are the key components funded by the preparedness activity? Which of these will see funding decreases as your fixed costs eat-up more of the base budget?

Answer: The preparedness activity funds our production resources such as firefighters, equipment (e.g. engines), and to some degree aviation assets with the remaining aviation assets funded by suppression. In addition, it funds our leadership (e.g. fire management officers, coordinators, and aviation managers) and support costs (e.g. helibase or fire cache rents and utilities). Our focus is to maximize efficiencies in all program areas, while still maintaining essential resources and capabilities and leadership. We do not anticipate any reduction in capability or leadership in FY 2010.

Dicks Question 36. The hazardous fuels program is one of the most popular in your entire agency and it is the one which attempts to do the upfront work to ultimately reduce fire suppression costs later. Your budget decreases hazardous fuels funding by $13 million, not counting inflation. Is this reduction important or are you counting on the surge in Recovery bill funding to get this important work done? How will this level of funding influence future budget requests?

Answer: The agency looks across the mix of programs balancing funds within agency programs to best accomplish the outcomes of improved forest condition and hazardous fuels reduction. The American Recovery and Reinvestment Act of 2009 (ARRA) provides $500 million in additional funds for hazardous fuel reduction, ecological restoration and economic recovery, nearly doubling our program of work for hazardous fuel reduction. We anticipate that future budget requests will be based on work priorities, agency capabilities, and ecological conditions.

Dicks Question 37. Your wildfire request also reduces State fire assistance, forest health projects, and rehabilitation. The State employees tell me that they really need the Federal assistance. They say that lower State costs and the cost-share associated with State fire assistance means a lot more work can get done on the land with State assistance than with any other funding. Why does the request reduce these aspects of the national fire plan? Is this consistent with your cohesive strategy?

Answer: The Department recognizes the important work of the States in fire assistance, forest health and rehabilitation. The President's budget is formulated to balance the important activities of different program areas. Utilizing a mix of programs to conduct this work on federal

lands and to expand this work on all lands is the objective and brings a host of programs beyond those budget lines attributed to the national fire plan. When managing the risk posed by wildland fire, all activities to reduce that risk are important and complement one another. This is consistent with the Forest Service's overall wildland fire management strategy and our responsibility for the protection of life and natural resources.

Response to our GAO Oversight Hearing on the Forest Service

Dicks Question 38. Earlier this year we held a hearing at which the GAO and the USDA Inspector General reviewed Forest Service studies they have completed in previous years. The GAO continues to maintain that the Service does not have short- and long-term strategies for addressing the growing wildland fire problem. The GAO says that your efforts to develop a cohesive strategy on fire with Interior and the States is not adequate because it lacks performance targets and associated funding requirements. Please tell us about your strategies and what investment it will take to get ahead of the wildfire problem.

Answer: In 2007, the Government Accountability Office (GAO) issued a report entitled, "Wildland Fire Management: Lack of Clear Goals and Strategy Hinders Federal Agencies' Efforts to Contain the Costs of Fighting Fires." The findings indicated the agency had not clearly defined objectives and policies as a means for reducing the costs of fighting wildland fires. In general, the agency disagrees with the general characterization in the report and believes that GAO has not accurately portrayed some of the significant actions the agency has taken to address large fire suppression costs and management efficiencies.

We have articulated our views to the opinions expressed by GAO and have repeatedly provided information to clarify some areas expressed in the 2007 report. As we continue to strive aggressively to contain the costs of wildland fire suppression, our primary goal will continue to be the protection of life, property and resources. We share the GAO's interest in increasing accountability for cost containment and have taken many steps forward. We offer that the 10-Year Strategy Implementation Plan, Office of Management and Budget PART Improvement Plan, Forest Service Strategic Plan demonstrate a commitment to constantly improve performance, efficiency and accountability. However, the agency agrees that a comprehensive strategic approach to the wildland fire program would help to continue future effectiveness and efficiency. The availability of new data and analysis tools along with an increased understanding of wildfire risk management has put the agency in a position to develop an interagency cohesive strategy to increase integration between hazardous fuels management, wildfire response, and community wildfire preparedness programs. The agency has begun the steps to develop this cohesive strategy. The effort will utilize the Fire Program Analysis (FPA) and other systems. The FPA provides a decision support tool to evaluate the cost effectiveness of hazardous fuels treatments and fire suppression activities in order to support fire management planning and budgeting. The agency will work cooperatively with the Department of the Interior on this strategy and anticipates that this multistage process will require several years to complete.

Dicks Question 39. The GAO also stresses that the Service lacks accurate data on agency activities and their costs. Please explain your budgeting process and how you monitor the implementation of activities? Do you disagree with the GAO assessment? What are you doing to improve your analysis of management efficiency and effectiveness?

Answer: The Forest Service generally agrees with the findings and recommendations of the GAO report (GAO-09-443T) related to data on activities and costs. Several past GAO reports have highlighted concerns with detailed, project-level data available for programs such as timber sales and reforestation. The Forest Service has been working with USDA's Managerial Cost Accounting (MCA) Group where there are ongoing efforts to provide standardization of cost elements, definitions, and reporting structure under the Financial Management Modernization initiative. MCA methodologies should help to better inform managerial decision making and increase efficiency and effectiveness. The implementation of the new accounting system for the Forest Service is scheduled for fiscal year 2011. Until that time, existing systems such as Project Work Plan provide the most accurate method of providing cost/activity data at the detail level for field managers.

Dicks Question 40. The GAO also found that you have insufficient internal controls (to reduce the agency's vulnerability to improper or wasteful purchases) and performance accountability systems (to provide a clear measure of what it accomplishes with the funds it receives every year). Do you think the Service has adequate performance processes in place?

Answer: We believe we have adequate performance processes in place for the work we do. We have put significant effort over the past few fiscal years into integrating our budget and performance processes to improve planning, decision-making, resource use and accountability. These efforts include implementing our performance accountability system and its associated data system tool (PAS). In FY 2008 we met or exceeded our performance targets on 15 strategic performance measurements and showed improvements on three others. As part of the contingency reserve, the Forest Service has agreed to work with the Department and OMB to continue to make improvements to the Agency's internal controls.

Trails, Recreation & Kids in the Woods

Dicks Question 41. The Forest Service has by far the most miles of trails of any Federal agency. Your budget request has about the same funding level as last year. Will you be able to take care of this important resource? Are there volunteer opportunities which are lost because the Forest Service does not have adequate staffing to work with the volunteers?

Answer: Within the constraints of the budget, the agency will continue to manage our network of National Forest System (NFS) trails. In FY 2008, partners contributed $2.1 million in funding for trail operations, and maintained and improved over 6,500 miles of trails. Partnerships and volunteers will continue to be critical to a sustainable program for trail maintenance and improvement. The Forest Service is continuing to explore alternatives for increasing our

capacity to work with partners and volunteers. Forests and districts will continue to work with their partners to identify priority trail construction and maintenance projects.

Dicks Question 42. Your visitation appears to be declining. Is this true and if so, why? Is it a good thing that national forests are not being overrun? Do you have adequate recreational infrastructure to provide safe visitor experiences?

Answer: The Forest Service is in the final stages of refining the state of the art visitor use measurement techniques that have been under development for almost 10 years. The lower visitation estimates in the past few years are primarily due to the continued refinement and improvement of the survey, field methods, implementation, and analysis approach that are used to estimate visitation. We believe that improvements in our measurement techniques account for most of the reduction in reported visitation, rather than actual declines in on-the-ground visitation.

The quality of the forest settings is affected more by the type of recreation and its concentration than by the overall volume. The National Forest System can sustain the current levels of recreation visitation, so long as we continue to manage that visitation well. From our national visitor use surveys we know that satisfaction levels of our visitors are very high. Nationally, about 93 percent of our visitors are satisfied with how safe they feel while recreating. Additionally, almost 95 percent of visitors are satisfied with the overall quality of their recreation experience.

Dicks Question 43. I see that one of your emphasis areas is trying to get kids out in nature. I appreciate that very much. Tell us what you are doing for conservation education and for getting kids out into the woods?

Answer: The Forest Service teams with hundreds of partners nationwide, and conducts thousands of programs annually, to connect kids to nature through broad-based education approaches. We provide hands-on experiences to children and train teachers to develop our future workforce and instill conservation ethics in youth.

In 2008 we reached 6.4 million people across the country with conservation education programs, including nearly 1 million students and teachers, in both rural and urban areas.

The More Kids in the Woods challenge cost share program develops new and expands upon existing partnerships. Some of these programs include:

- Junior Forest Ranger and Junior Snow Ranger;
- Linking Girls to the Land, a partnership with Girl Scouts of the USA;
- GreenSchools! and Adopt a School programs;
- National Get Outdoors Day, June 13;
- MonarchLIVE—A Distance Learning Adventure;

- Get To Know, a new partnership with Robert Bateman, one of the world's renowned nature artists;
- Forest to the Sea in a Changing Climate, an educational partnership with the artist Wyland; and
- Climate Change Literacy programs.

Dicks Question 44. To what extent is it important that your agency have decent trails and safe camping and picnic facilities for families if you are going to reverse the trend of a more indoor oriented youth?

Answer: Properly managed trails and recreation sites are essential elements in the effort to ensure our children have many more opportunities to enjoy outdoor experiences. Safe and sustainable trails provide access to millions of acres of national forests and grasslands. The agency wants to ensure that all Americans have opportunities to participate in premier outdoor recreational experiences on national forests. Our public lands are reservoirs of nature for current and future generations that provide memories and experiences on public lands which can not be replaced with technology.

Dicks Question 45. The Interior bureaus have an initiative for youth conservation corps. What activities and funding level does the Forest Service have for youth conservation corps? How are you coordinating with the BLM, National Park Service, Fish and Wildlife Service, and US Geological Survey on these efforts?

Answer: Forest Service youth conservation corps initiatives include: (1) operation of 22 Job Corps Civilian Conservation Centers; (2) utilization of Youth Conservation Corps (YCC) programs; and (3) partnering with youth conservation oriented organizations (hosted programs) such as Student Conservation Association, AmeriCorps, members of The Corps Network, and many others to achieve both conservation and youth engagement objectives through programs such as the Public Land Corps and other agency hosted initiatives.

Through partnership, the Forest Service is able to leverage Federal resources with non-profit and private sector capacity. This has contributed greatly to Forest Service provision of youth conservation activities. Planned FY 2009 funding levels for these youth conservation corps initiatives are as follows:

- $133 million for the Job Corps Civilian Conservation Centers in partnership with the U.S. Department of Labor. Through conservation work experiences, the Centers annually prepare 5,000-7,000 students with the academic and social skills needed to start careers or obtain further education.

- $2.5 million for the Youth Conservation Corps (YCC) program for more than 900 youth who typically work on conservation crews for 8 weeks in the summer.

- $2.5 million for the Public Lands Corps to carry out the programs as authorized by the Healthy Forests Restoration Act of 2005.

- Approximately $17 million is expended on Forest Service hosted programs annually which produce more than 600 person/years worth of work completed by almost 9,700 participants of all ages and backgrounds.

As an active member of the Federal Interagency Team on Volunteerism (FITV), the Forest Service is a leader in coordination and collaboration with the Bureau of Land Management, National Park Service, Fish and Wildlife Service, U.S. Geological Survey, Bureau of Reclamation, U.S. Army Corps of Engineers, and USDA's Natural Resources Conservation Service and Cooperative State Research, Education and Extension Service. The agency is also very active in the Boy Scouts of America Conservation Committee, a group of State, Federal, and nonprofit organizations working together to further youth initiatives including, but not in any way limited to, Boy Scouts programs.

President Clinton's roadless rule

Dicks Question 46. There seems to be endless litigation about the roadless areas of the national forests. How much land is involved and where? Where does this issue and litigation stand right now and do you think it will ever be resolved? Is the new Administration going to take a fresh look at this issue?

Answer: The 2001 Roadless Area Conservation Rule (President Clinton's roadless rule) affects approximately 58.5 million acres of the National Forest System lands. These lands are in 38 States plus the Commonwealth of Puerto Rico. The following breakdown of acres is from the *2000 Roadless Area Conservation Final Environmental Impact Statement*, Appendix A, which was done as part of the rulemaking.

State	Area in 1,000 acres	State (Continued)	Area in 1,000 acres
Alabama	13	New Hampshire	235
Alaska	14,779	New Mexico	1,597
Arizona	1,174	North Carolina	172
Arkansas	95	North Dakota	266
California	4,416	Oklahoma	13
Colorado	4,433	Oregon	1,965
Florida	50	Pennsylvania	25
Georgia	63	Puerto Rico	24
Idaho	9,322	South Carolina	8
Illinois	11	South Dakota	80
Indiana	8	Tennessee	85
Kentucky	3	Texas	4
Louisiana	7	Utah	4,013
Maine	6	Vermont	25

Michigan	16	Virginia	394
Minnesota	62	Washington	2,015
Mississippi	3	West Virginia	202
Missouri	25	Wisconsin	69
Montana	6,397	Wyoming	3,257
Nevada	3,186	**Total**	**58,518**

Cases concerning the 2005 State Petition Rule have been argued and submitted for disposition to the United States Court of Appeals for the Ninth Circuit. In a related matter, in December 2008, the California District Court partially stayed operation of its nationwide order directing reinstatement of the 2001 Roadless Rule. Instead, the California court limited its order's application to lands within the Ninth Circuit and New Mexico "at least pending further action by the Wyoming court or the Tenth Circuit." Meanwhile, the Wyoming District Court has scheduled a hearing for June 6, 2009 to consider USDA's motion for reconsideration of that court's nationwide order to set aside and enjoin application of the 2001 Rule.

The Administration is taking a fresh look at this issue.

New Administration making changes?

Dicks Question 47. The last Administration did some pretty strange things to the Forest Service, such as some outlandish quotas on competitive sourcing, unreasonable staffing targets, and changes to firefighter educational requirements. Can you please update us on some changes we can expect to see from the new Administration? Is the "Forest Service Transformation" still going on, and if so, please explain exactly what is occurring and what your future "Transformation" plans are.

Answer: In the 2nd Quarter of fiscal year (FY) 2006, the Forest Service embarked on an ambitious mission to realign policy, oversight and program direction of the WO, RO and NE Area to increase efficiency and effectiveness. The Agency's goal was to reduce operating costs of $125M from the FY 2006 baseline by the end of FY 2009. The initial successes and accomplishments resulting from the chartered Transformation effort, as of 9/30/2008, achieved savings of more than $107 million and reduced 488 FTEs. All FTE reductions were achieved through attrition.

These reduced costs are a direct result of an analytical look at mission operations and work processes, to operate in the most efficient, effective manner possible providing for maximum funding to the ground. The formal Transformation effort concluded on December 31, 2008.

Over the next several years, additional cost reductions and operational efficiencies will be achieved through the embedded Transformation principles of:

- Identifying, prioritizing and implementing process improvements
- Identifying and reducing overlapping resources and responsibilities among program areas

- Coordinating programs of work, integrating new initiatives, and sharing knowledge across program areas
- Identifying and implementing appropriate governance structures/processes to support cross-boundary initiatives
- Effectively managing and rewarding change efforts throughout the Agency

From the original Transformation effort, the Minerals and Geology, Engineering, Washington Office Budget, Strategic Planning, and Civil Rights Staffs are currently working to develop and implement new organizational design structures.

Travel management planning and Legacy roads

Dicks Question 48. Since fiscal year 2008 Congress has provided $90 million to the Forest Service to address the backlog of road maintenance and decommissioning needs to restore our national forest watersheds. Significant funding was also provided in Economic Recovery Act. Clearly, watershed restoration and the associated road decommissioning and remediation is a priority. I am concerned that the Forest Service has not fully prepared to systematically work through the backlog of road maintenance needs because it hasn't done the appropriate planning.

82% of the 380,000 miles of forest roads are in Maintenance Level 1-2 categories and they were generally exempt from your Road Analysis Process. Therefore, there is little information on needed disposition of this vast volume of roads – roads of little recreational value but with great potential to cause harm to fish, wildlife, drinking water and reduce the resilience of our forests to the impacts of climate change. What are you doing to be sure that plans are updated as directed by Congress and that unneeded roads are systematically identified?

Answer: The agency's overall objective is to manage the roads system to meet our needs in a sustainable manner and in compliance with environmental and safety requirements and within available resources. The Budget includes a $50 million Presidential initiative to protect the national forests, which includes a road and travel management component. Funding will be focused on large-scale and highly visible projects, selected through a national competition, will focus on addressing a suite of activities (facilities, roads and trails) in a comprehensive fashion. The selected projects would contain multiple elements, and include protection of the investments made through the American Recovery and Reinvestment Act of 2009 and provide for implementing travel management plans, with a significant emphasis on decommissioning roads not identified as needed in the plans. This will allow the Agency to "right-size" our transportation system for the future, and reduce long-term deferred maintenance costs. In addition the road decommissioning work will help restore landscapes and improve water quality.

Forest Service Manual direction contains polices that require documented criteria for the operation and maintenance of NFS roads, in the form of road management objectives (RMO's), to meet management needs as determined through land management planning, travel analysis, and route and area designation.

One outcome of these policies is that all Maintenance Levels 2 through 5 roads, which are designated for motor vehicle use, be displayed on a motor vehicle use map (MVUM) and made available to the public. This map shall be updated annually to reflect revisions to travel management decisions.

Furthermore, all Forest Service administrative units are required to implement a road maintenance management system. At a minimum, this system must include:

1. Maintenance criteria based on the RMO's
2. Travel analysis to advise establishment of operational maintenance levels and prioritize expenditures of limited road maintenance funds: and
3. A road maintenance plan for budgeting, scheduling, accomplishing, reporting and evaluating road maintenance.

Road maintenance plans are developed annually for all NFS roads, based on the RMO's, travel analysis, and expected traffic. Not only must these plans consider short-term and long-term needs and consider all sources of maintenance funding available, but must also consider the need to expend appropriated road maintenance funds for decommissioning of unneeded roads identified through the travel analysis process, if such expenditures are authorized in annual appropriations bills.

Dicks Question 49. The Service has specifically prevented field units from using any of the Recovery Act funds for planning purposes. Therefore shelf stock for road maintenance and decommissioning projects are rapidly being depleted. Will you prioritize Legacy Roads and Trails funds on planning (both identifying unneeded roads and NEPA planning) and design work to guarantee the effective expenditure of congressional appropriations?

Answer: The Legacy Roads and Trails program was established by Congress in FY 2008, and the purposes for these funds were established in bill language. The program provides for urgently needed road decommissioning, where inaction can lead to water quality issues in streams and water bodies which support threatened and endangered species (TES) or community water systems; removal or replacement of stream crossing structures that are barriers to aquatic organism passage; road and trail repair and maintenance and associated activities in environmentally sensitive areas; and repair and maintenance on roads and trails subject to recent storm damage.

The Agency's interpretation of the bill language was to implement urgently needed road and trail project work. Units are encouraged to take advantage of existing collaborative watershed planning efforts that include road restoration and repair. Program Direction in FY 2010 will clearly state that planning and design is an appropriate use of these funds.

Dicks Question 50. The Pacific Northwest Region is the only region that chose to allocate a portion of their FY 2008 and FY 2009 Legacy Roads funding to plan for future projects. Most other regions chose to spend those funds on NEPA ready projects. Will the Forest Service

provide specific guidance to all regions to allocate an appropriate portion of their Legacy Roads and Trails funds to planning, including NEPA analyses needed to comply with the travel planning process?

Answer: This is an accurate assessment of the FY 2008 program, when this new initiative was introduced. Due to the timing of the enacted bill, the agency interpreted Congress's expectation to be the accomplishment of critically needed project work. Often funds provided under a new initiative such as Legacy Roads and Trails are viewed as "special" funds with a focus on implementing projects. It was also unclear whether this initiative would extend beyond one year considering the source of funds (Ten Percent Roads and Trails Fund and Purchaser Election Fund) that supported the initiative.

The proposed project list for FY 2009, shows an increase in planning and design for outyear projects across the regions. In addition, the annual program direction encourages units to take advantage of existing collaborative watershed planning efforts that include road restoration and repair. Program Direction in FY 2010 will clearly state that planning and design is an appropriate use of these funds.

Dicks Question 51. In the absence of comprehensive planning, how will you ensure that Legacy Roads and Trails and Recovery Act funds are not being used to upgrade or maintain roads that are not really needed? Shouldn't this planning be the first priority so we all can be satisfied that the money is wisely invested on roads that are truly needed over the long term?

Answer: Transportation planning starts with a decision about land use which is made through the forest planning process. Once land allocation decisions are made, appropriate transportation systems are planned. Every unit in the Forest Service has an approved land management plan.

"Travel Analysis" is the current process used for advising decision makers on cumulative impacts and connected actions involved with proposed travel management decisions and ongoing annual road maintenance planning. The scope and scale of travel analysis is established by the decision maker. It is a flexible process that can be adjusted as necessary for each prospective decision. Current travel analysis is being done at the local level.

The agency can not improve (new construction or improvements to existing roads), decommission or close a road without an approved decision. Transportation planning is a priority often completed in conjunction with other resource activity decisions.

Forest Service Manual direction contains polices that require documented criteria for the operation and maintenance of NFS roads, in the form of Road Management Objectives (RMO's), to meet management needs as determined through land management planning, travel analysis, and route and area designation.

Road maintenance plans are developed annually for all NFS roads, based on the RMO's, travel analysis, and expected traffic. Not only must these plans consider short-term and long-term needs and consider all sources of maintenance funding available, but must also consider the need

to expend appropriated road maintenance funds for decommissioning of unneeded roads identified through the travel analysis process, if such expenditures are authorized in annual appropriations bills.

Miscellaneous

Dicks Question 52. Please provide a funding history for the Albuquerque service Center, with, by appropriation account, the funding provided in FY 2007, 2008, expected in 2009 and requested in 2010.

Answer: The funding is detailed in the following table.

Prepared By: P&BA_Updated_20090520

Centralized Business Service (CBS) Total Obligations 1/
FY 2007 and FY 2008 Actual, FY 2009 Planned and FY 2010 Estimated
(Thousands of Dollars)

Appropriation Account	FY 2007	FY 2008	FY 2009	FY 2010
Capital Improvement and Maintenance	$43,738	$38,341	$42,335	$42,335
Forest and Rangeland Research	$16,824	$17,300	$19,000	$19,000
Forest Legacy	$297	$304	$314	$314
Land Acquisition	$1,591	$909	$1,206	$1,206
National Forest System	$180,078	$181,018	$189,099	$189,099
State and Private Forestry	$10,693	$9,620	$9,807	$9,807
Subsistence Management	$382	$356	$353	$353
Wildland Fire Management	$151,889	$149,000	$169,042	$169,042
Permanent and Trust Funds	$23,337	$18,072	$21,560	$21,560
Total CBS Obligations	$428,829	$414,922	$452,716	$452,716

1/ Includes centralized services for Budget and Finance (B&F), Chief Information Office (CIO), and Human Capital Management (HCM). Actual and Planned/Estimated Obligations are from both cost pool and direct project funding.

Dicks Question 53. Please provide a total Forest Service payroll table by State (and DC and PR) for FY 2008, and expected in FY 2009 and requested in FY 2010. If data are not available for FY 2009 or 2010, please extrapolate based on your FTE projections.

Answer: The following tables (inserted on following pages) provide the data for FY 2008 and projected data for FY 2009 and FY 2010:

Salary Summary
U. S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE

By Location (State)

Location (State)	Total Salary FY 2008	Total Salary FY 2009[1]	Total Salary FY 2010[1]
Alabama	$10,428,290	$11,590,000	$10,981,000
Alaska	$41,562,634	$45,383,000	$43,058,000
Arizona	$69,011,354	$83,809,000	$79,559,000
Arkansas	$30,607,017	$33,036,000	$31,354,000
California	$357,252,851	$364,089,000	$346,331,000
Colorado	$109,064,838	$116,334,000	$110,398,000
Connecticut	$1,440,748	$1,791,000	$1,756,000
Delaware	$183,741	$208,000	$204,000
Dist Of Columbia	$43,944,694	$48,500,000	$46,069,000
Florida	$11,580,410	$12,719,000	$12,056,000
Georgia	$29,405,623	$32,720,000	$31,077,000
Hawaii	$1,700,105	$1,755,000	$1,721,000
Idaho	$122,064,625	$126,341,000	$119,928,000
Illinois	$10,495,374	$11,531,000	$10,931,000
Indiana	$4,627,458	$4,771,000	$4,678,000
Iowa	$93,084	$104,000	$102,000
Kansas	$765,018	$865,000	$848,000
Kentucky	$16,844,874	$18,778,000	$17,827,000
Louisiana	$12,891,796	$13,538,000	$12,834,000
Maine	$449,276	$464,000	$455,000
Maryland	$915,606	$577,000	$566,000
Massachusetts	$966,900	$1,107,000	$1,085,000
Michigan	$27,071,826	$29,677,000	$28,160,000
Minnesota	$30,277,269	$33,764,000	$32,036,000
Mississippi	$17,643,709	$18,813,000	$17,857,000
Missouri	$15,122,455	$16,845,000	$15,982,000
Montana	$137,614,331	$145,324,000	$137,936,000
Nebraska	$6,406,865	$7,083,000	$6,944,000
Nevada	$15,612,527	$16,383,000	$15,544,000
New Hampshire	$14,183,764	$14,860,000	$14,085,000
New Jersey	$208,076	$234,000	$229,000
New Mexico	$115,031,378	$134,995,000	$128,141,000

Location (State)	Total Salary FY 2008	Total Salary FY 2009[1]	Total Salary FY 2010[1]
New York	$2,078,920	$2,182,000	$2,139,000
North Carolina	$28,261,213	$31,266,000	$29,653,000
North Dakota	$5,132,627	$5,595,000	$5,485,000
Ohio	$7,842,602	$8,452,000	$8,286,000
Oklahoma	$2,789,696	$2,674,000	$2,622,000
Oregon	$206,201,799	$210,300,000	$199,614,000
Pennsylvania	$19,695,735	$21,095,000	$20,020,000
South Carolina	$13,696,388	$15,425,000	$14,631,000
South Dakota	$20,385,023	$21,798,000	$20,703,000
Tennessee	$14,198,987	$15,987,000	$15,165,000
Texas	$11,846,713	$13,714,000	$13,004,000
Utah	$71,303,008	$76,536,000	$72,641,000
Vermont	$7,741,034	$8,186,000	$8,026,000
Virginia	$38,233,149	$39,542,000	$37,509,000
Washington	$81,491,441	$84,186,000	$79,889,000
West Virginia	$14,231,969	$15,670,000	$14,862,000
Wisconsin	$42,944,464	$46,959,000	$44,395,000
Wyoming	$34,421,029	$33,394,000	$31,691,000
Colombia	$100,014	$112,000	$110,000
Domincan Republic	$0	$88,000	$86,000
El Salvador	$105,420	$206,000	$202,000
Fed States Micronesi	$75,232	$80,000	$78,000
Liberia	$139,538	$166,000	$163,000
Puerto Rico	$4,785,864	$5,399,000	$5,294,000
Total	$1,883,170,381	$2,007,000,000	$1,907,000,000

Table Note 1: Data for FY 2009 and FY 2010 are estimated. Data for FY 2008 is actual from National Finance Center totals.

Dicks Question 54. Please provide a table which indicates the number of threatened, endangered and sensitive species you manage by major grouping.

Answer: See table below for species that occur on National Forest System lands, or are potentially affected by NFS management, and are listed as Threatened or Endangered, pursuant to the Endangered Species Act.

Forest Service
Threatened and Endangered Species Summary
May 1, 2009

TAXONOMIC GROUP	Forest Service Total	U.S. Total	% of U.S. Total on F.S.
1. FLOWERING PLANTS	156	713	*22*
2. FERNS, FERN ALLIES	3	26	*13*
3. LICHENS	1	2	*50*
4. AMPHIBIANS	13	23	*52*
5. ARACHNIDS	1	12	*8*
6. BIRDS	30	90	*33*
7. CLAMS	57	70	*81*
8. CRUSTACEANS	7	22	*32*
9. FISHES	92	139	*66*
10. INSECTS	14	57	*25*
11. MAMMALS	32	81	*39*
12. REPTILES	8	37	*22*
13. SNAILS	9	75	*12*
TOTAL T&E SPECIES	423	1,353*	*31*
T&E species with FWS- or NMFS-approved, final recovery plans	309	1,165	na
Percent with FWS- or NMFS-approved recovery plans	74%	86%	na

* FWS total includes coral, conifer and cycad species

Endangered Species Act Species Recovery Information, Fish and Wildlife Service:
http://ecos.fws.gov/tess_public/Boxscore.do
http://endangered.fws.gov/recovery/index.html
NOAA Fisheries/NMFS:
http://www.nmfs.noaa.gov/pr/laws/esa.htm#pcr
Forest Service Endangered Species website:
http://www.fs.fed.us/biology/tes/index

Dicks Question 55: For which federally listed species do you have specific recovery plan requirements? For which do you manage officially declared critical habitat? Please provide tables listing the species or populations involved. What proportion of recovery plan responsibilities will the FY 2010 request be able to support?

Answer: There are 423 federally listed species thought to occur on National Forest System lands. Of these, 309 have recovery plans as shown in Table A, U. S. Forest Service: Federally Listed Species with Recovery Plans. Table B, ESA Critical Habitat Designated on National Forest System Lands, by Species, FS Region, and Forest, shows the species that have designated critical habitat on National Forest System lands as of November 2007.

Recovery plan responsibilities are scheduled over multiple fiscal years. The FY 2010 budget request provides funding for implementation of recovery plan responsibilities.

Table A

U. S. Forest Service: Federally Listed Species with Recovery Plans

Common Name	Federal Status	NatureServe Global Sci. Name	Year Final Recovery Plan Approved	Major Group	Sub-group
Spruce-fir Moss Spider	E	Microhexura montivaga	98	Invertebra	Arachnids
Conservancy Fairy Shrimp	E	Branchinecta conservatio	5	Invertebra	Crustaceans
Longhorn Fairy Shrimp	E	Branchinecta longiantenna	5	Invertebra	Crustaceans
Vernal Pool Fairy Shrimp	T	Branchinecta lynchi	5	Invertebra	Crustaceans
A Crayfish	E	Cambarus aculabrum	96	Invertebra	Crustaceans
Hell Creek Cave Crayfish	E	Cambarus zophonastes	86	Invertebra	Crustaceans
Shasta Crayfish	E	Pacifastacus fortis	98	Invertebra	Crustaceans
Uncompahgre Fritillary Butterfly	E	Boloria improba acrocnema	94	Invertebra	Insects
Valley Elderberry Longhorn Beetle	T	Desmocerus californicus dimorphus	84	Invertebra	Insects
Smith's Blue Butterfly	E	Euphilotes enoptes smithi	84	Invertebra	Insects
Quino Checkerspot Butterfly	E	Euphydryas editha quino	03	Invertebra	Insects
Kern Primrose Sphinx Moth	T	Euproserpinus euterpe	84	Invertebra	Insects
Pawnee Montane Skipper	T	Hesperia leonardus montana	98	Invertebra	Insects
Karner Blue Butterfly	E	Lycaeides melissa samuelis	03	Invertebra	Insects
Mitchell's Satyr	E	Neonympha mitchelli mitchelli	98	Invertebra	Insects
American Burying Beetle	E	Nicrophorus americanus	91	Invertebra	Insects
Hine's Emerald Dragonfly	E	Somatochlora hineana	01	Invertebra	Insects
Oregon Silverspot Butterfly	T	Speyeria zerene hippolyta	01	Invertebra	Insects
Cumberland Elktoe	E	Alasmidonta atropurpurea	04	Invertebra	Molluscs
Dwarf Wedgemussel	E	Alasmidonta heterodon	93	Invertebra	Molluscs
Appalachian Elktoe	E	Alasmidonta raveneliana	96	Invertebra	Molluscs
Fat Three-Ridge Mussel	E	Amblema neislerii	03	Invertebra	Molluscs
Ouachita Rock Pocketbook	E	Arkansia wheeleri	02	Invertebra	Molluscs
Fanshell	E	Cyprogenia stegaria	91	Invertebra	Molluscs
Dromedary Pearlymussel	E	Dromus dromas	84	Invertebra	Molluscs
Purple Bankclimber Mussel	T	Elliptoideus sloatianus	03	Invertebra	Molluscs
Cumberlandian Combshell	E	Epioblasma brevidens	04	Invertebra	Molluscs
Oyster Mussel	E	Epioblasma capsaeformis	04	Invertebra	Molluscs
Curtis Pearlymussel	E	Epioblasma florentina curtisi	86	Invertebra	Molluscs
Yellow Blossom (Pearlymussel)	E	Epioblasma florentina florentina	85	Invertebra	Molluscs
Tan Riffleshell	E	Epioblasma florentina walkeri	84	Invertebra	Molluscs
Upland Combshell	E	Epioblasma metastriata	00	Invertebra	Molluscs
Purple Cat's Paw Pearlymussel	E	Epioblasma obliquata obliquata	92	Invertebra	Molluscs
Southern Acornshell	E	Epioblasma othcaloogensis	00	Invertebra	Molluscs
Green Blossom (Pearlymussel)	E	Epioblasma torulosa gubernaculum	84	Invertebra	Molluscs
Northern Riffleshell	E	Epioblasma torulosa rangiana	94	Invertebra	Molluscs
Tuberculed-blossom Pearlymussel	E	Epioblasma torulosa torulosa	85	Invertebra	Molluscs
Turgid Blossom	E	Epioblasma turgidula	85	Invertebra	Molluscs
Shiny Pigtoe	E	Fusconaia cor	84	Invertebra	Molluscs
Finerayed Pigtoe	E	Fusconaia cuneolus	84	Invertebra	Molluscs
Cracking Pearlymussel	E	Hemistena lata	91	Invertebra	Molluscs
Pink Mucket	E	Lampsilis abrupta	85	Invertebra	Molluscs
Fineline Pocketbook	T	Lampsilis altilis	00	Invertebra	Molluscs
Orangenacre Mucket	T	Lampsilis perovalis	00	Invertebra	Molluscs
Arkansas Fatmucket	T	Lampsilis powellii	92	Invertebra	Molluscs
Shinyrayed pocketbook	E	Lampsilis subangulata	03	Invertebra	Molluscs
Carolina Heelsplitter	E	Lasmigona decorata	97	Invertebra	Molluscs
Birdwing Pearlymussel	E	Lemiox rimosus	84	Invertebra	Molluscs
Louisiana Pearlshell	T	Margaritifera hembeli	00	Invertebra	Molluscs
Alabama Moccasinshell	T	Medionidus acutissimus	00	Invertebra	Molluscs
Coosa Moccasinshell	E	Medionidus parvulus	00	Invertebra	Molluscs
Ochlockonee Moccasinshell	E	Medionidus simpsonianus	03	Invertebra	Molluscs
Ring Pink (Mussel)	E	Obovaria retusa	91	Invertebra	Molluscs
Littlewing Pearlymussel	E	Pegias fabula	89	Invertebra	Molluscs

Table A (continued)					
U. S. Forest Service: Federally Listed Species with Recovery Plans					
Common Name	Federal Status	NatureServe Global Sci. Name	Year Final Recovery Plan Approved	Major Group	Sub-group
Clubshell	E	Pleurobema clava	94	Invertebra	Molluscs
James Spinymussel	E	Pleurobema collina	00	Invertebra	Molluscs
Southern Clubshell	E	Pleurobema decisum	00	Invertebra	Molluscs
Dark Pigtoe	E	Pleurobema furvum	00	Invertebra	Molluscs
Southern Pigtoe	E	Pleurobema georgianum	00	Invertebra	Molluscs
Ovate clubshell	E	Pleurobema perovatum	00	Invertebra	Molluscs
Rough Pigtoe	E	Pleurobema plenum	84	Invertebra	Molluscs
Oval Pigtoe	E	Pleurobema pyriforme	03	Invertebra	Molluscs
Fat Pocketbook	E	Potamilus capax	89	Invertebra	Molluscs
Triangular Kidneyshell	E	Ptychobranchus greenii	00	Invertebra	Molluscs
Rough Rabbitsfoot	E	Quadrula cylindrica strigillata	04	Invertebra	Molluscs
Cumberland Monkeyface (pearlymussel)	E	Quadrula intermedia	84	Invertebra	Molluscs
Appalachian Monkeyface	E	Quadrula sparsa	84	Invertebra	Molluscs
Purple Bean Mussel	E	Villosa perpurpurea	04	Invertebra	Molluscs
Cumberland Bean Pearlymussel	E	Villosa trabalis	84	Invertebra	Molluscs
Tumbling Creek Cave Snail	E	Antrobia culveri	03	Invertebra	Snails
Lacy Elimia	T	Elimia crenatella	05	Invertebra	Snails
Magazine Mountain Shagreen	T	Inflectarius magazinensis	94	Invertebra	Snails
Round rocksnail	T	Leptoxis ampla	05	Invertebra	Snails
Painted rocksnail	T	Leptoxis taeniata	05	Invertebra	Snails
Flat pebblesnail	E	Lepyrium showalteri	05	Invertebra	Snails
Cylindrical lioplax	E	Lioplax cyclostomaformis	05	Invertebra	Snails
Noonday Globe	T	Patera clarki nantahala	84	Invertebra	Snails
Alamosa Springsnail	E	Tryonia alamosae	94	Invertebra	Snails
Tulotoma Snail	E	Tulotoma magnifica	00	Invertebra	Snails
Hart's Tongue Fern	T	Asplenium scolopendrium var. americanum	93	Plant	Ferns / Fern Allies
Louisiana Quillwort	E	Isoetes louisianensis	96	Plant	Ferns / Fern Allies
Alabama Streak-Sorus Fern	T	Thelypteris pilosa var. alabamensis	96	Plant	Ferns / Fern Allies
Northern Wild Monkshood	T	Aconitum noveboracense	83	Plant	Flowering Plants
Sensitive Joint-vetch	T	Aeschynomene virginica	95	Plant	Flowering Plants
Little Amphianthus	T	Amphianthus pusillus	93	Plant	Flowering Plants
Price's Potato-bean	T	Apios priceana	93	Plant	Flowering Plants
McDonald's Rock-cress	E	Arabis macdonaldiana	84	Plant	Flowering Plants
Shale Barren Rock-cress	E	Arabis serotina	91	Plant	Flowering Plants
Marsh Sandwort	E	Arenaria paludicola	98	Plant	Flowering Plants
Sacramento Prickly-poppy	E	Argemone pleiacantha ssp. pinnatisecta	94	Plant	Flowering Plants
Mead's Milkweed	T	Asclepias meadii	03	Plant	Flowering Plants
Applegate's Milk-vetch	E	Astragalus applegatei	98	Plant	Flowering Plants
Braunton's Milk-vetch	E	Astragalus brauntonii	99	Plant	Flowering Plants
Osterhout's Milk-vetch	E	Astragalus osterhoutii	92	Plant	Flowering Plants
Virginia Round-leaf Birch	T	Betula uber	90	Plant	Flowering Plants
Florida Bonamia	T	Bonamia grandiflora	96	Plant	Flowering Plants
Capa Rosa	E	Callicarpa ampla	95	Plant	Flowering Plants
Pitcher's Thistle	T	Cirsium pitcheri	02	Plant	Flowering Plants
Sacramento Mountain Thistle	T	Cirsium vinaceum	93	Plant	Flowering Plants
Alabama Leather Flower	E	Clematis socialis	89	Plant	Flowering Plants
Pigeon Wings	T	Clitoria fragrans	99	Plant	Flowering Plants
Apalachicola Rosemary	E	Conradina glabra	94	Plant	Flowering Plants
Cumberland Rosemary	T	Conradina verticillata	96	Plant	Flowering Plants
Leafy Prairie Clover	E	Dalea foliosa	96	Plant	Flowering Plants
Santa Monica Mountains Dudleya	T	Dudleya cymosa ssp. ovatifolia	99	Plant	Flowering Plants
Smooth Purple Coneflower	E	Echinacea laevigata	95	Plant	Flowering Plants
Kuenzler Hedgehog Cactus	E	Echinocereus fendleri var. kuenzleri	85	Plant	Flowering Plants
Kern Mallow	E	Eremalche parryi ssp. kernensis	96	Plant	Flowering Plants

Table A (continued)

U. S. Forest Service: Federally Listed Species with Recovery Plans

Common Name	Federal Status	NatureServe Global Sci. Name	Year Final Recovery Plan Approved	Major Group	Sub-group
Maguire Daisy	T	Erigeron maguirei	95	Plant	Flowering Plants
Zuni Fleabane	T	Erigeron rhizomatus	88	Plant	Flowering Plants
Scrub Buckwheat	T	Eriogonum longifolium var. gnaphalifolium	96	Plant	Flowering Plants
Uvillo	E	Eugenia haematocarpa	98	Plant	Flowering Plants
Gentner's Fritillary	E	Fritillaria gentneri	03	Plant	Flowering Plants
Geocarpon	T	Geocarpon minimum	93	Plant	Flowering Plants
Spreading Avens	E	Geum radiatum	93	Plant	Flowering Plants
Showy Stickweed	E	Hackelia venusta	07	Plant	Flowering Plants
Harper's Beauty	E	Harperocallis flava	83	Plant	Flowering Plants
Todsen's Pennyroyal	E	Hedeoma todsenii	01	Plant	Flowering Plants
Eggert's Sunflower	T	Helianthus eggertii	99	Plant	Flowering Plants
Schweinitz's Sunflower	E	Helianthus schweinitzii	94	Plant	Flowering Plants
Swamp Pink	T	Helonias bullata	91	Plant	Flowering Plants
Roan Mountain Bluet	E	Houstonia purpurea var. montana	96	Plant	Flowering Plants
Mountain Golden Heather	T	Hudsonia montana	83	Plant	Flowering Plants
Peter's Mountain-mallow	E	Iliamna corei	90	Plant	Flowering Plants
Holy Ghost Ipomopsis	E	Ipomopsis sancti-spiritus	02	Plant	Flowering Plants
Small Whorled Pogonia	T	Isotria medeoloides	92	Plant	Flowering Plants
San Joaquin Wooly-Threads	E	Lembertia congdonii	98	Plant	Flowering Plants
Babyfoot Orchid	E	Lepanthes eltoroensis	96	Plant	Flowering Plants
Missouri Bladder-pod	E	Lesquerella filiformis	88	Plant	Flowering Plants
Lyrate Bladderpod	T	Lesquerella lyrata	96	Plant	Flowering Plants
White Bladderpod	E	Lesquerella pallida	92	Plant	Flowering Plants
Heller's Blazing Star	T	Liatris helleri	00	Plant	Flowering Plants
Western Lily	E	Lilium occidentale	98	Plant	Flowering Plants
Butte County Meadowfoam	E	Limnanthes floccosa ssp. californica	05	Plant	Flowering Plants
Pondberry	E	Lindera melissifolia	93	Plant	Flowering Plants
Rough-leaf Loosestrife	E	Lysimachia asperulifolia	95	Plant	Flowering Plants
White Bird-in-a-nest	T	Macbridea alba	94	Plant	Flowering Plants
Mohr's Barbara's Buttons	T	Marshallia mohrii	91	Plant	Flowering Plants
Cumberland Sandwort	E	Minuartia cumberlandensis	96	Plant	Flowering Plants
Macfarlane's Four-O'Clock	T	Mirabilis macfarlanei	00	Plant	Flowering Plants
Britton's Beargrass	E	Nolina brittonia	02	Plant	Flowering Plants
Houghton's Goldenrod	T	Oligoneuron houghtonii	97	Plant	Flowering Plants
Bakersfield Cactus	E	Opuntia basilaris var. treleasei	98	Plant	Flowering Plants
Slender Orcutt Grass	T	Orcuttia tenuis	05	Plant	Flowering Plants
Canby's Dropwort	E	Oxypolis canbyi	90	Plant	Flowering Plants
Fassett's Locoweed	T	Oxytropis campestris var. chartacea	91	Plant	Flowering Plants
Winkler Cactus	T	Pediocactus winkleri	95	Plant	Flowering Plants
Blowout Penstemon	E	Penstemon haydenii	92	Plant	Flowering Plants
Clay Phacelia	E	Phacelia argillacea	82	Plant	Flowering Plants
Yreka phlox	E	Phlox hirsuta	6	Plant	Flowering Plants
Texas Trailing Phlox	E	Phlox nivalis ssp. texensis	95	Plant	Flowering Plants
Godfrey's Butterwort	T	Pinguicula ionantha	94	Plant	Flowering Plants
Ruth's Golden-aster	E	Pityopsis ruthii	92	Plant	Flowering Plants
Rough Popcorn Flower	E	Plagiobothrys hirtus	03	Plant	Flowering Plants
Eastern Prairie White-fringed Orchid	T	Platanthera leucophaea	99	Plant	Flowering Plants
Western Prairie Fringed Orchid	T	Platanthera praeclara	95	Plant	Flowering Plants
Chupacallos	E	Pleodendron macranthum	98	Plant	Flowering Plants
Lewton's Polygala	E	Polygala lewtonii	99	Plant	Flowering Plants
Maguire Primrose	T	Primula maguirei	90	Plant	Flowering Plants
Harperella	E	Ptilimnium nodosum	91	Plant	Flowering Plants
Arizona Cliffrose	E	Purshia subintegra	95	Plant	Flowering Plants
Gambel's Watercress	E	Rorippa gambelii	98	Plant	Flowering Plants

Table A (continued)					
U. S. Forest Service: Federally Listed Species with Recovery Plans					
Common Name	Federal Status	NatureServe Global Sci. Name	Year Final Recovery Plan Approved	Major Group	Sub-group
Bunched Arrowhead	E	Sagittaria fasciculata	83	Plant	Flowering Plants
Kral's Water Plantain	T	Sagittaria secundifolia	91	Plant	Flowering Plants
Green Pitcher Plant	E	Sarracenia oreophila	94	Plant	Flowering Plants
Alabama Canebrake Pitcher Plant	E	Sarracenia rubra ssp. alabamensis	92	Plant	Flowering Plants
Mountain Sweet Pitcher Plant	E	Sarracenia rubra ssp. jonesii	90	Plant	Flowering Plants
American Chaffseed	E	Schwalbea americana	95	Plant	Flowering Plants
Northeastern Bulrush	E	Scirpus ancistrochaetus	93	Plant	Flowering Plants
Uinta Basin Hookless Cactus	T	Sclerocactus glaucus	90	Plant	Flowering Plants
Florida Skullcap	T	Scutellaria floridana	94	Plant	Flowering Plants
Large Flowered Skullcap	T	Scutellaria montana	96	Plant	Flowering Plants
Leedy's Roseroot	T	Sedum integrifolium leedyi	98	Plant	Flowering Plants
San Francisco Peaks groundsel	T	Senecio franciscana	87	Plant	Flowering Plants
Layne's Butterweed	T	Senecio layneae	02	Plant	Flowering Plants
Nelson's Checker Mallow	T	Sidalcea nelsoniana	88	Plant	Flowering Plants
Wenatchee Mountains Checker Mallow	E	Sidalcea oregana var. calva	04	Plant	Flowering Plants
Bird-footed Checkerbloom	E	Sidalcea pedata	98	Plant	Flowering Plants
White Irisette	E	Sisyrinchium dichotomum	95	Plant	Flowering Plants
White-Haired Goldenrod	T	Solidago albopilosa	93	Plant	Flowering Plants
Blue Ridge Goldenrod	T	Solidago spithamaea	87	Plant	Flowering Plants
Virginia Spiraea	T	Spiraea virginiana	92	Plant	Flowering Plants
Navasota Ladies'-tresses	E	Spiranthes parksii	84	Plant	Flowering Plants
California Jewelflower	E	Stanfordia californica	96	Plant	Flowering Plants
Palo de Jazmin	E	Styrax portoricensis	95	Plant	Flowering Plants
Palo Colorado	E	Ternstroemia luquillensis	95	Plant	Flowering Plants
Unknown Common Name	E	Ternstroemia subsessilis	95	Plant	Flowering Plants
Lakeside Daisy	T	Tetraneuris herbacea	90	Plant	Flowering Plants
Howell's Spectacular Thelypody	T	Thelypodium howellii ssp. spectabilis	02	Plant	Flowering Plants
Slender-petaled mustard	E	Thelypodium stenopetalum	98	Plant	Flowering Plants
Kneeland Prairie Pennycress	E	Thlaspi californicum	03	Plant	Flowering Plants
Last Chance Townsendia	T	Townsendia aprica	93	Plant	Flowering Plants
Running Buffalo Clover	E	Trifolium stoloniferum	05	Plant	Flowering Plants
Persistent Trillium	E	Trillium persistens	84	Plant	Flowering Plants
Relict Trillium	E	Trillium reliquum	91	Plant	Flowering Plants
Greene's Tuctoria	E	Tuctoria greenei	05	Plant	Flowering Plants
Tennessee Yellow-eyed Grass	E	Xyris tennesseensis	94	Plant	Flowering Plants
Rock Gnome Lichen	E	Gymnoderma lineare	97	Plant	Lichens
Sonoran Tiger Salamander	E	Ambystoma tigrinum stebbinsi	02	Vertebrat	Amphibian
Wyoming Toad	E	Bufo baxteri	91	Vertebrat	Amphibian
Arroyo Southwestern Toad	E	Bufo californicus	99	Vertebrat	Amphibian
Houston Toad	E	Bufo houstonensis	84	Vertebrat	Amphibian
Red hills salamander	T	Phaeognathus hubrichti	88	Vertebrat	Amphibian
Cheat Mountain Salamander	T	Plethodon nettingi	91	Vertebrat	Amphibian
Shenandoah Salamander	E	Plethodon shenandoah	94	Vertebrat	Amphibian
California Red-legged Frog	T	Rana aurora draytonii	02	Vertebrat	Amphibian
Puerto Rican Sharp-Shinned Hawk	E	Accipiter striatus	97	Vertebrat	Bird
Puerto Rican Parrot	E	Amazona vittata	99	Vertebrat	Bird
Florida Scrub Jay	T	Aphelocoma coerulescens	90	Vertebrat	Bird
Marbled murrelet	T	Brachyramphus marmoratus	97	Vertebrat	Bird
Puerto Rican Broad-winged Hawk	E	Buteo platypterus brunnescens	97	Vertebrat	Bird
Kirtland's Warbler	E	Dendroica kirtlandii	78	Vertebrat	Bird
Southwestern Willow Flycatcher	E	Empidonax traillii extimus	02	Vertebrat	Bird
Northern Aplomado Falcon	E	Falco femoralis septentrionalis	90	Vertebrat	Bird
Whooping Crane	E	Grus americana	07	Vertebrat	Bird
Mississippi Sandhill Crane	E	Grus canadensis pulla	91	Vertebrat	Bird

Table A (continued)					
U. S. Forest Service: Federally Listed Species with Recovery Plans					
Common Name	Federal Status	NatureServe Global Sci. Name	Year Final Recovery Plan Approved	Major Group	Sub-group
California Condor	E	Gymnogyps californianus	96	Vertebrat	Bird
Wood Stork	E	Mycteria americana	97	Vertebrat	Bird
Brown Pelican	E	Pelecanus occidentalis	80	Vertebrat	Bird
Red-cockaded Woodpecker	E	Picoides borealis	03	Vertebrat	Bird
Yuma Clapper Rail	E	Rallus longirostris yumanensis	83	Vertebrat	Bird
California Least Tern	E	Sterna antillarum browni	85	Vertebrat	Bird
Northern Spotted Owl	T	Strix occidentalis caurina	08	Vertebrat	Bird
Mexican Spotted Owl	T	Strix occidentalis lucida	95	Vertebrat	Bird
Black-capped Vireo	E	Vireo atricapilla	91	Vertebrat	Bird
Gulf Sturgeon	T	Acipenser oxyrinchus desotoi	95	Vertebrat	Fish
White Sturgeon (Kootenai R. Pop.)	E	Acipenser transmontanus	99	Vertebrat	Fish
Warner Sucker	T	Catostomus warnerensis	98	Vertebrat	Fish
Shortnose Sucker	E	Chasmistes brevirostris	93	Vertebrat	Fish
June Sucker	E	Chasmistes liorus	99	Vertebrat	Fish
Pygmy Sculpin	T	Cottus patulus	91	Vertebrat	Fish
Railroad Valley Springfish	T	Crenichthys nevadae	97	Vertebrat	Fish
Blue Shiner	T	Cyprinella caerulea	96	Vertebrat	Fish
Spotfin Chub	T	Cyprinella monacha	83	Vertebrat	Fish
Desert Pupfish	E	Cyprinodon macularius	93	Vertebrat	Fish
Lost River Sucker	E	Deltistes luxatus	93	Vertebrat	Fish
Slender Chub	T	Erimystax cahni	83	Vertebrat	Fish
Etowah Darter	E	Etheostoma etowahae	00	Vertebrat	Fish
Duskytail Darter	E	Etheostoma percnurum	94	Vertebrat	Fish
Tidewater Goby	E	Eucyclogobius newberryi	05	Vertebrat	Fish
Unarmored Threespine Stickleback	E	Gasterosteus aculeatus williamsoni	85	Vertebrat	Fish
Owens Tui Chub	E	Gila bicolor snyderi	98	Vertebrat	Fish
Humpback chub	E	Gila cypha	02	Vertebrat	Fish
Sonora Chub	T	Gila ditaenia	92	Vertebrat	Fish
Bonytail Chub	E	Gila elegans	02	Vertebrat	Fish
Chihuahua Chub	T	Gila nigrescens	86	Vertebrat	Fish
Yaqui Chub	E	Gila purpurea	95	Vertebrat	Fish
Rio Grande Silvery minnow	E	Hybognathus amarus	99	Vertebrat	Fish
Delta Smelt	T	Hypomesus transpacificus	96	Vertebrat	Fish
Yaqui Catfish	T	Ictalurus pricei	95	Vertebrat	Fish
Little Colorado Spinedace	T	Lepidomeda vittata	99	Vertebrat	Fish
Spinedace	T	Meda fulgida	91	Vertebrat	Fish
Palezone Shiner	E	Notropis albizonatus	97	Vertebrat	Fish
Cahaba Shiner	E	Notropis cahabae	92	Vertebrat	Fish
Cape Fear Shiner	E	Notropis mekistocholas	88	Vertebrat	Fish
Smoky Madtom	E	Noturus baileyi	85	Vertebrat	Fish
Yellowfin Madtom	T	Noturus flavipinnis	83	Vertebrat	Fish
Lahontan Cutthroat Trout	T	Oncorhynchus clarki henshawi	95	Vertebrat	Fish
Paiute Cutthroat Trout	T	Oncorhynchus clarki seleniris	04	Vertebrat	Fish
Greenback Cutthroat Trout	T	Oncorhynchus clarki stomias	98	Vertebrat	Fish
Apache (Arizona) Trout	T	Oncorhynchus gilae apache	83	Vertebrat	Fish
Gila Trout	E	Oncorhynchus gilae gilae	03	Vertebrat	Fish
Oregon Chub	E	Oregonichthys crameri	98	Vertebrat	Fish
Amber Darter	E	Percina antesella	86	Vertebrat	Fish
Goldline Darter	T	Percina aurolineata	00	Vertebrat	Fish
Conasauga Logperch	E	Percina jenkinsi	86	Vertebrat	Fish
Leopard Darter	T	Percina pantherina	93	Vertebrat	Fish
Roanoke Logperch	E	Percina rex	92	Vertebrat	Fish
Snail Darter	T	Percina tanasi	83	Vertebrat	Fish
Blackside Dace	T	Phoxinus cumberlandensis	88	Vertebrat	Fish

Table A (continued)					
U. S. Forest Service: Federally Listed Species with Recovery Plans					
Common Name	Federal Status	NatureServe Global Sci. Name	Year Final Recovery Plan Approved	Major Group	Sub-group
Gila Topminnow	E	Poeciliopsis occidentalis	99	Vertebrate	Fish
Colorado (=squawfish) Pikeminnow	E	Ptychocheilus lucius	02	Vertebrate	Fish
Loach Minnow	T	Rhinichthys cobitis	91	Vertebrate	Fish
Pallid Sturgeon	E	Scaphirhynchus albus	93	Vertebrate	Fish
Razorback Sucker	E	Xyrauchen texanus	02	Vertebrate	Fish
Gray Wolf, Western pop.	T	Canis lupus	87	Vertebrate	Mammal
Gray Wolf, Eastern pop.	T	Canis lupus lycaon	92	Vertebrate	Mammal
Ozark Big-eared Bat	E	Corynorhinus townsendii ingens	95	Vertebrate	Mammal
Virginia Big-eared Bat	E	Corynorhinus townsendii virginianus	84	Vertebrate	Mammal
Utah Prairie Dog	T	Cynomys parvidens	91	Vertebrate	Mammal
Giant Kangaroo Rat	E	Dipodomys ingens	98	Vertebrate	Mammal
Fresno Kangaroo Rat	E	Dipodomys nitratoides exilis	98	Vertebrate	Mammal
Tipton Kangaroo Rat	E	Dipodomys nitratoides nitratoides	98	Vertebrate	Mammal
Southern Sea Otter	T	Enhydra lutris nereis	03	Vertebrate	Mammal
Carolina Northern Flying Squirrel	E	Glaucomys sabrinus coloratus	90	Vertebrate	Mammal
Virginia Northern Flying Squirrel	E	Glaucomys sabrinus fuscus	90	Vertebrate	Mammal
Lesser Long-nosed Bat	E	Leptonycteris curasoae yerbabuenae	97	Vertebrate	Mammal
Mexican Long-nosed Bat	E	Leptonycteris nivalis	94	Vertebrate	Mammal
Black-footed Ferret	E	Mustela nigripes	88	Vertebrate	Mammal
Gray Bat	E	Myotis grisescens	82	Vertebrate	Mammal
Indiana Bat	E	Myotis sodalis	99	Vertebrate	Mammal
Bighorn Sheep (Peninsular)	E	Ovis canadensis pop 2	00	Vertebrate	Mammal
Jaguar	E	Panthera onca	90	Vertebrate	Mammal
Florida Panther	E	Puma concolor coryi	95	Vertebrate	Mammal
Eastern Cougar	E	Puma concolor couguar	82	Vertebrate	Mammal
Woodland Caribou	E	Rangifer tarandus caribou	94	Vertebrate	Mammal
Northern Idaho Ground Squirrel	T	Spermophilus brunneus brunneus	03	Vertebrate	Mammal
Mount Graham Red Squirrel	E	Tamiasciurus hudsonicus grahamensis	93	Vertebrate	Mammal
Florida Manatee	E	Trichechus manatus	86	Vertebrate	Mammal
Louisiana Black Bear	T	Ursus americanus luteolus	95	Vertebrate	Mammal
Grizzly Bear (Lower 48)	T	Ursus arctos horribilis	93	Vertebrate	Mammal
San Joaquin Kit Fox	E	Vulpea macrotis mutica	98	Vertebrate	Mammal
New Mexico Ridgenose Rattlesnake	T	Crotalus willardi obscurus	85	Vertebrate	Reptile
Eastern Indigo Snake	T	Drymarchon corais couperi	82	Vertebrate	Reptile
Puerto Rican Boa	E	Epicrates inornatus	86	Vertebrate	Reptile
Blunt-nosed Leopard Lizard	E	Gambelia sila	98	Vertebrate	Reptile
Desert Tortoise (Sonoran pop.)	T	Gopherus agassizii pop 2	94	Vertebrate	Reptile
Gopher Tortoise	T	Gopherus polyphemus	90	Vertebrate	Reptile
Flattened Musk Turtle	T	Sternotherus depressus	90	Vertebrate	Reptile

Table B

ESA Critical Habitat Designated on National Forest System Lands, by Species, FS Region, and Forest

Life Form	Species	Final Rule in Federal Register	# Acres Designated	# Miles Stream/Shore Designated	Forest Service Region	Forests/Grasslands with NFS Lands Designated
	Region 2 Rocky Mountain					
B	Mexican Spotted Owl *	31-Aug-04	203,006		R2	Pike - San Isabel (CO)
M	Preebles Meadow Jumping Mouse	29-Jun-04	2,802		R2	Pike - San Isabel (CO)
	Region 3 Southwest					
B	Mexican Spotted Owl *	31-Aug-04	5,284,681		R3	Kaibab (AZ), Cibola (NM), Carson (NM), Santa Fe (NM), Apache-Sitgreaves (AZ), Coconino (AZ), Gila (NM), Tonto (AZ), Prescott (AZ), Coronado (AZ), and Lincoln (NM) (all NFs)
F	Sonora chub			6.5	R3	Coronado (AZ)
F	Little Colorado Spinedace	16-Sep-67		31	R3	Coconino (AZ)
F	Little Colorado Spinedace	16-Sep-67		5	R3	Apache-Sitgreaves (AZ)
F	Razorback Sucker	21-Mar-94		130	R3	Prescott (AZ), Coconino (AZ), Tonto (AZ)
M	Mountain Graham Red Squirrel	5-Jan-90	2,000		R3	Coronado (AZ)
P	*Talinum validum var. leucanthum*	12-Jul-89		0.1	R3	Coronado (AZ)
P	*Senecio franciscanus*	22-Nov-83	720		R3	Coconino (AZ)
F	Loach Minnow	21-Mar-07		?	R3	Apache-Sitgreaves (AZ), Coconino (AZ), Gila (NM), Prescott (AZ) Tonto (AZ)
F	Spikedace	21-Mar-07		?	R3	Apache-Sitgreaves (AZ), Coconino (AZ), Gila (NM), Prescott (AZ) Tonto (AZ)
F	Gila Chub	2-Nov-05		?	R3	Apache-Sitgreaves (AZ), Coconino (AZ), Coronado (AZ), Gila (NM), Prescott (AZ) Tonto (AZ)
	Region 4 Intermountain					
B	Mexican Spotted Owl *	31-Aug-04	100,739		R4	Dixie Lake (UT)(total national forest acres)
F	Snake R Spr/Summer Chinook Salmon	28-Dec-93		?	R4	Payette, Boise, Sawtooth, Salmon Challis
F	Redfish Lake Sockeye Salmon			?	R4	Payette, Boise, Sawtooth, Salmon Challis
F	Snake River Basin Steelhead	2-Sep-05		?	R4	Boise, Sawtooth, Salmon Challis
P	*Astragalus montii*	6-Nov-87	45		R4	Uinta-Wasatch (UT)
	Region 5 Pacific Southwest					
A	Arroyo Southwestern Toad	17-Mar-01	182,360		R5	Cleveland (CA)
A	Arroyo Southwestern Toad	17-Apr-02	?		R5	Angeles (CA), Los Padres (CA), San Bernardino (CA)
A	California Red-legged Frog	13-Mar-01	121,216		R5	Stanislaus (CA)
A	California Red-legged Frog	13-Mar-01	83,011		R5	Plumas and Lassen (CA)
A	California Red-legged Frog	13-Mar-01	305,942		R5	Los Padres Nat (CA)
A	California Red-legged Frog	13-Mar-01	73,569		R5	Angeles (CA)
B	California Condor	22-Sep-77	305,000		R5	Angeles (CA), Los Padres (CA), Sequoia (CA)
B	Coastal California Gnatcatcher	24-Oct-00	1,600		R5	San Bernardino (CA)
F	Owens Tui Chub	2-Aug-85		1	R5	Inyo Nat (CA)
F	Modoc Sucker	11-Jun-85	92,400		R5	Modoc (CA)
F	Lahontan Golden Trout	13-Apr-78	117		R5	Sequoia (CA)
F	Santa Ana sucker (steel head trout)	4-Jan-05	6,356		R5	Angeles (CA)
I	Quino Checkerspot Butterfly	11-Apr-02	171,808		R5	San Bernardino (CA)
M	San Bernardino Kangaroo Rat	24-Apr-02	33,285		R5	San Bernardino (CA)
M	Bighorn Sheep (Peninsular)	1-Feb-01	3,200		R5	San Bernardino (CA)
F	Central Valley California Steelhead	2-Sep-05		?	R5	Lassen (CA), Mendocino (CA), Shasta-Trinity (CA)
F	Northern California Steelhead	2-Sep-05		?	R5	Mendocino (CA), Six Rivers (CA)
F	Southern Central California Coastal	2-Sep-05		?	R5	Los Padres (CA)
F	Southern California Steelhead	2-Sep-05		?	R5	Los Padres (CA)
F	Winter Run Chinook	2-Sep-05		?	R5	Mendocino (CA)
F	California Coastal Chinook Salmon	2-Sep-05		?	R5	Mendocino (CA), Six Rivers (CA)
F	Central Valley Spring Run Chinook	2-Sep-05		?	R5	Lassen (CA), Mendocino (CA), Shasta-Trinity (CA)
F	Southern Oregon/Northern California Coho	2-Sep-05		?	R5	Klamath (CA), Mendocino (CA), Shasta-Trinity (CA), Six Rivers (CA)
P	*Allium munzii*	7-Jan-05	176		R5	Cleveland (CA)
P	*Astragalus albens*	20-Dec-02	?		R5	San Bernardino (CA)
P	*Brodiaea filifolia*		?		R5	Angeles (CA), Cleveland (CA)
P	*Chorizanthe parryi/fimbr*	27-Sep-07	203		R5	Cleveland (CA)
P	*Eriogonum ovalifolium* var. *vineum*	24-Dec-02	?		R5	San Bernardino (CA)
P	*Lesquerella kingii* ssp. *bernardina*	24-Dec-02	?		R5	San Bernardino (CA)
P	*Oxytropis parryi* var. *geyeriana*	24-Dec-02	?		R5	San Bernardino (CA)
P	*Eriogonum ppaishii*	24-Dec-02	?		R5	San Bernardino (CA)
P	*Eriogonum ppaishii* var. *ineum*	24-Dec-02	?		R5	San Bernardino (CA)
P	*Orcuttia tenuis*	6-Aug-03	25,000		R5	Lassen (CA)
T	*Orcuttia inaequal*	6-Aug-03	1,700		R5	Lassen (CA)

Table B (continued)

ESA Critical Habitat Designated on National Forest System Lands, by Species, FS Region, and Forest

Life Form	Species	Final Rule in Federal Register	# Acres Designated	# Miles Stream/Shore Designated	Forest Service Region	Forests/Grasslands with NFS Lands Designated
	Region 6 Pacific Northwest					
F	Snake River Fall-run Chinook	26-Dec-93		?	R6	Columbia River Gourge (OR), Umatilla (OR), Wallowa-Whitman (OR)
F	Snake River Spring/Summer-run Chinook	26-Dec-93		?	R6	Columbia River Gourge (OR), Umatilla (OR), Wallowa-Whitman (OR)
F	Upper Columbia River Spring-run Chinook	2-Sep-05		?	R6	Columbia River Gourge (OR), Okanogan-Wenatchee (WA)
F	Upper Willamette River Chinook	2-Sep-05		?	R6	Mount Hood (OR), Willamette (OR)
F	Lower Columbia River Chinook	2-Sep-05		?	R6	Columbia River Gourge (OR), Gifford-Pinchot (WA), Mount Hood (OR)
F	Puget Sound Chinook Salmon	2-Sep-05		?	R6	Mount Baker Snoqualmie (WA), Olympic (WA)
F	Hood Canal Summer-run Chum Salmon	2-Sep-05		?	R6	Olympic (WA)
F	Columbia River Chum Salmon	2-Sep-05		?	R6	Columbia River Gourge (OR)
F	S. Oregon/N. California Coast Coho Salmon	5-May-99		?	R5	Rogue River-Siskiyou (OR)
F	Snake River Basin Sockeye	20-Dec-90		?	R6	Columbia River Gourge (OR), Wallowa-Whitman (OR)
F	Upper Columbia River Steelhead	2-Sep-05		?	R6	Columbia River Gourge (OR), Okanogan-Wenatchee (WA)
F	Snake River Basin Steelhead	2-Sep-05		?	R6	Columbia River Gourge (OR), Umatilla (OR), Wallowa-Whitman (OR)
F	Lower Columbia River Steelhead	2-Sep-05		?	R6	Columbia River Gourge (OR), Gifford-Pinchot (WA), Mount Hood (OR)
F	Middle Columbia River Steelhead	2-Sep-05		?	R6	Columbia River Gourge (OR), Malheur (OR), Mount Hood (OR), Ochoco (OR), Umatilla (OR), Okanogan-Wenatchee (WA), Umatilla (OR)
F	Upper Willamette River Steelhead	2-Sep-05		?	R6	Willamette (OR)
B	Northern Spotted Owl	1992	?		R6	Columbia River Gourge, Deschutes Fremont-Winema, Gifford-Pinchot, Mount Baker Snoqualmie, Mount Hood, Okanogan-Wenatchee (WA), Olympic, Rogue-Siskiyou, Siuslaw, Umpqua, Willamette
B	Marbled Murrelet	1996	?		R6	Gifford-Pinchot (WA), Mount Baker Snoqualmie (WA), Olympic (WA), Rogue River Siskiyou (OR), Siuslaw (OR)
B	Western Snowy Plover	2005	?		R6	Siuslaw (OR)
I	Oregon Silverspot Butterfly	3-Jul-80	450		R6	Siuslaw (OR)
P	*Sidalcea oregana* var. *calva*	6-Sep-01	2,280		R6	Wenatchee (WA)
	Region 8 Southern					
F	Conasauga Logperch	5-Aug-86		3	R8	C-O (GA), Cherokee (TN)
F	Amber darter	5-Aug-86		7	R8	Cherokee (TN)
F	Smoky Madtom	26-Oct-84		3	R8	Cherokee (TN)
F	Yellowfin Madtom	22-Sep-77		?	R8	Cherokee (TN), George Washington-Jefferson (VA)?
F	Spotfin Chub	22-Sep-77		?	R8	Nantahala-Cherokee-Pisgah-Jefferson (VA), Sumter (SC), Cherokee (NC)?
F	Slender Chub	22-Sep-77		?	R8	George Washington-Jefferson (VA)?
F	Gulf Sturgeon	19-Mar-03		?	R8	Apalachicola (FL)
F	Leopard Darter	27-Jan-78			R8	Ouachita (AR)
I	Fine-lined pocketbook	1-Jul-04		6	R8	Cherokee (TN)
I	Orange-nacre mucket	1-Jul-04		?	R8	Alabama (AL)
I	Alabama Moccasinshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Coosa moccasinshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Ovate clubshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Southern clubshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Dark pigtoe	1-Jul-04		?	R8	Alabama (AL)
I	Southern pigtoe	1-Jul-04		6*	R8	Cherokee (TN)
I	Triangular kidneyshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Southern pearlshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Upland combshell	1-Jul-04		6*	R8	Cherokee (TN)
I	Cumberland elktoe	31-Aug-04		550	R8	George Washington and Jefferson (VA)
I	Oyster mussel	31-Aug-04		550*	R8	George Washington and Jefferson (VA)
I	Cumberlandian combshell	31-Aug-04		550*	R8	George Washington and Jefferson (VA)
I	Purple bean	31-Aug-04		550*	R8	George Washington and Jefferson (VA)
I	Rough rabbitsfoot	31-Aug-04		550*	R8	George Washington and Jefferson (VA)
I	Purple bankclimber	15-Nov-07		?	R8	Apalachicola (FL)
I	Fat threeridge	15-Nov-07		?	R8	Apalachicola (FL)
P	Hudsonia montana	22-Oct-90	62		R8	Pisgah (NC)

Table B (continued)						
ESA Critical Habitat Designated on National Forest System Lands, by Species, FS Region, and Forest						
Life Form	Species	Final Rule In Federal Register	# Acres Designated	# Miles Stream/Shore Designated	Forest Service Region	Forests/Grasslands with NFS Lands Designated
	Region 9 Northern					
B	Piping Plover	7-May-01		13	R9	Huron-Manistee (est.) (MI)
B	Piping Plover	7-May-01		2	R9	Hiawatha (est.) (MI)
M	Virginia Big-eared Bat	30-Nov-79	1,000		R9	Monongahela (WV)
	92 Species, Totals *		7,355,759	807.6		
	? = National Forest acres/miles have been designated as critical habitat and are known to the National Forest					
	Involved, but the exact number of acres/miles on each Forest has yet to be identified in this Table.					
	* Mexican Spotted Owl acres include some non-National Forest System land acres.					
	* Region 9 2004 mussel critical habitat designations include some non-NFS miles.					
	Vacated Critical Habitat	Federal Register rule for following species is no longer in force as result of court order				
B	Southwestern Willow Flycatcher	22-Jul-97	180		R3	CH set aside by 10th C.Court 5/11/01
F	Loach minnow	25-Apr-00	?		R3	Court vacated CH 31 Aug 04
F	Spikedace	25-Apr-00	?		R3	Court vacated CH 31 Aug 04
	Life Form definitions					
	A = Amphibian M = Mammal					
	B = Bird P = Plant					
	F = Fish I = Invertebrate					

Dicks Question 56. The research branch has received funding increases for new research efforts on global climate change. What have you done with that funding and how does it relate to your overall program efforts on this issue? What is in the FY 2010 request related to climate change research?

Answer: Forest Service Research and Development used funding increases for climate change research to develop basic knowledge usable to forest land managers and to implement research tools in the general areas of: (1) **assessment** of climate change impacts to forest ecosystems, including carbon cycle science, social impacts & policy, and climate change impacts to water cycles; (2) **mitigation** of climate change through carbon sequestration research, including carbon inventory research, carbon management research, bioenergy and biomaterials research, and decision support tools to support mitigation; (3) **adaptation** to climate change, including ecosystem responses to climate changes & air quality effects; and decision support tools to support adaptation; and (4) **integration**, including training programs and synthetic information available to forest managers.

Funding allocation by general climate change category (dollars in thousands):

Funding	Base	FY 2008 Increase	FY 2009 Increase	Total FY2009
Assessment	$8,600	$700	$1,200	$10,500
Mitigation	$7,200	$100	$1,600	$8,900
Adaptation	$3,600	$1,000	$800	$5,400
Integration	$0	$700	$1,400	$2,100
Total	$19,400	$2,500	$5,000	$26,900

Forest Service scientists provide data, information and tools to help managers and policymakers address the effects of climate change on forests and grasslands. Research on the possible impacts of climate change on forests in the U.S. and the development of adaptation and mitigation strategies have been the focus of continuous research efforts. Forest Service climate

change research is directly linked to the Forest Service Strategic Plan Goals: 1) restore, sustain, and enhance the Nation's forests and grasslands; 2) provide and sustain benefits to the American people; and 7) provide science-based application and tools for sustainable natural resource management.

An interactive map displaying what the Forest Service's Research and Development program is doing about climate change in each region of the country can be found on the following website: http://www.fs.fed.us/climatechange/

Examples of specific accomplishments with funding increases in FY 2008 and FY 2009 as driven by the 5-year climate change critical focus area (formerly growth platform):

- Initiated national soil carbon data bank
- Initiated tool kits for western land managers
- Initiated software to design wildlife corridors and identify vulnerable species
- Initiated carbon offset life cycle analysis for managers
- Initiated Climate-smart Forest Vegetation Simulator (FVS)
- Completed white paper on forests and carbon storage
- Initiated curricula, web sites, and teaching materials for GC certification program

The FY 2010 request (level at $26,900,000) will be used to sustain the current program and to address key climate change issues facing the nation's forests.

Dicks Question 57. Your budget request cuts the Alaska subsistence management program by 48%. Please provide a 10 year table of the funding history of this program. For those years where there was no direct appropriation, please estimate the cost to the Forest Service of managing this program. Why are you reducing funding for it this year? What would be the impact of eliminating this program? Is the U.S. Fish and Wildlife Service also reducing support for this effort? Why doesn't the state of Alaska take care of these fish and wildlife management costs?

Answer: Subsistence hunting and fishing is both the livelihood and a way of life for many rural residents of Alaska and is protected by the 1980 Alaska National Interest Lands Conservation Act. The federal jurisdiction over subsistence hunting and fishing applies to 60 percent of Alaska's land base, including the Tongass National Forest in southeast Alaska and the Chugach National Forest in south-central Alaska. The 1980 Alaska National Interest Lands Conservation Act (ANILCA) Title VIII provides rural Alaskan residents a subsistence priority to harvest fish and wildlife on Federal lands over sport and commercial uses.

Originally it was envisioned that the State of Alaska would manage this priority, which it did until 1990, when the Alaska Supreme Court found the statute in direct conflict with the State Constitution, which prohibits granting a preference to one specific segment of Alaska's residents. As a result, the Federal Government assumed responsibility for subsistence management on Federal public lands in 1990, and, as a result of court ruling, expanded its responsibility to federally reserved navigable waters in Alaska in 1999. This decision resulted in federal

management of subsistence fisheries in waters associated with federal lands and waters where the federal government has reserved water rights, and significantly expanded the responsibilities and costs of Federal Subsistence Management. There are no current efforts in the State of Alaska to modify the constitution to provide for the requirements of ANILCA Title VIII.

Currently, the Forest Service cannot legally eliminate this program. ANILCA requires the Secretaries of Agriculture and the Interior to manage fish and wildlife for the rural subsistence priority on federal lands and waters. The Secretary of Agriculture has delegated a Forest Service employee to serve on the multi-agency Federal Subsistence Board. The Board establishes hunting and fishing regulations for subsistence harvests on federal lands and waters in Alaska.

The proposed budget includes a 48 percent reduction in specific funding for this program. The Agency would use other Forest Service funds to accomplish this work. Responsibilities under ANILCA will continue at a similar level of management, though the Subsistence Fish and Wildlife Resource Monitoring Program may be scaled back. This program provides contracts to rural tribal governments to gather population data.

The U.S. Fish and Wildlife Service funding is expected to remain stable between FY 2009 and FY 2010. Their funding is embedded within their Resource Management and National Wildlife Refuge System funding. Fish and Wildlife Service's budget justification has a separate line item for the Alaska Subsistence program.

The following chart displays recent funding history for Forest Service implementation of ANILCA responsibilities.

Fiscal Year	Funding level
2009	$5,000,000
2008	$4,974,000
2007	$5,009,000
2006	$4,975,000
2005	$5,879,000
2004	$5,467,000
2003	$5,506,000
2002	$5,488,000
2001	$5,488,000
2000	$3,000,000
1999	$1,000,000 (estimate)

Obey Question 1. The two FACE (Free-Air CO_2 Enrichment) Sites – one at Rhinelander, WI and the other in North Carolina – are planned for decommissioning. With the focus on climate change, it does not seem reasonable that these excellent sites that examine the effects of elevated greenhouse gases on forest ecosystems would be discontinued. What is the reasoning for this decommissioning? What level of investment would be required to keep each of the two sites operational to address future science gaps in climate change?

Answer: : The sites will be decommissioned because the US Department of Energy (DOE), the principle sponsor of FACE research, will discontinue funding upon completion of the first phase of planned research. The rationale used by DOE is they are reallocating support away from the science at the FACE sites to other research priorities, including the affects of air temperature on vegetation. To keep the sites operational will require about $3 million annually. This includes $1 million for the site at Rhinelander, WI and $2 million for FACE site in North Carolina.

Obey Question 2. The proposed budget calls for $301,612,000 for Research and Development – a modest increase of $5,232,000 over the current program ($296,380,000). What will be the focus of this proposed increase?

Answer: An increase of $1,169,000 will be provided for the Forest Inventory and Analysis program. These funds will continue to support FIA work in 47 states and initiate work in Hawaii. The remaining increase will be used for pay costs and other expenses.

Obey Question 3: The Forest Inventory and Analysis (FIA) Program is critical to understanding the health and sustainability of America's forests. The proposed budget includes a funding level of $66,939,000, including the $5,000,000 from the State and Private Forestry component. What level of funding is required to have a fully deployed FIA program, including all states efficiently enrolled in the annualized inventory program?

Answer: The President's funding request of $66,939,000 is the amount required for FIA to continue annualized inventory in all current fully implemented states. Interior Alaska, Hawaii, New Mexico, Nevada, and Wyoming are not currently participating.

Obey Question 4. The Northern States Research Cooperative has been a very effective program to help sustain the forests in the northeast through leading-edge science. What is the level of funding being proposed for this Cooperative in 2010? What is the required level of funding to meet the planned actions of the Cooperative?

Answer: The Northern States Research Cooperative (NSRC) is a competitive research grant program designed to encourage and support collaborative, cross-disciplinary research to help sustain the *Northern Forests* of Maine, New Hampshire, New York, and Vermont. Congress authorized creation of the NSRC in the 1998 Agricultural Research Act (Public Law 105-185). The 2010 proposed budget calls for $2,100,000 to continue most of the current NSRC program. The funds in the proposed budget will be limited to Maine ($300,000); and, New Hampshire

($900,000) and Vermont ($900,000). New York will not receive NSRC funds in the 2010 proposed budget. New York came on-line in 2008 with $197,000 but was not specifically designated for funding in 2009. In transitioning from the program, New York was provided some funding in 2009 to finalize previous commitments.

Obey Question 5: The Emerald Ash Borer is a major threat to the health of our forests in the east. What is the proposed level of research funding for this pest in 2010? What is the required level of funding to meet the science needs to effectively control and manage this insect?

Answer: The FY 2010 proposed budget includes $2,923,000 to help control and manage the emerald ash borer ($1.428 million for research and $1.495 million for control activities). The proposed budget will address high priority core management activity. USDA's Animal and Plant Health Inspection Service is the lead agency for emerald ash borer, though other agencies such as Agricultural Research Service have partnered. Overall, USDA has requested $37.7 million to control and mange the spread of this insect.

Obey Question 6. The threat of destructive invasive species is a serious threat to the economies of states that depend upon healthy forests, like Vermont. What science is currently underway in Vermont to reduce this threat? What additional research is required to better control and manage the major forest pests in Vermont?

Answer: Under the FY2010 budget request, Forest Service Research is addressing the control of destructive invasive species in Vermont, including the hemlock woolly adelgid, emerald ash borer, Asian longhorned beetle, oak wilt and sudden oak death. Improved tools to predict and prevent introductions, detect and eradicate new infestations and manage and mitigate the impacts of established populations are being developed. Scientists have produced climate and species-based risk maps for invasive pathogens like sudden oak death. Knowledge gaps exist in the areas of biocontrol measures, genetic improvement including conservation of resistant trees, treatment of infested material, and guidelines for managing affected forests.

Obey Question 7. Climate change is having significant impacts on our trees, forests and forest ecosystems. At the same time, well-managed forests can help mitigate the impacts of climate change by controlling excessive green house gases. What is Forest Service research doing about climate change? What is the level of funding in the 2010 proposed budget? What additional investments are required in 2010 to build on the +$7.5 million provided for by Congress since 2008? What are the most significant science gaps facing the Forest Service in climate change management?

Answer. The Forest Service's research activities include studying the effects of climate change on carbon cycling, nutrient cycling, socio-economics and biodiversity. The level of funding in the 2010 proposed budget totals $26.8 million, including the additional $7.5 million that was provided by Congress during the last two fiscal years.

The most significant science gaps in climate change facing the Forest Service include a more complete understanding of the impacts of elevated greenhouse gases and temperature increases on vegetation and wildlife at the landscape level. This information will allow the Forest Service to deploy the best possible management practices to ensure America's rural and urban trees, forests, and forest ecosystems are sustained and this environmental health contributes to healthy communities.

Obey Question 8. In 2008, Congress provided about $2.5 million for science in climate change management. What are the total science funding requirements of the Forest Service identified in the *Growth Platform* for climate change adaptation and mitigation? What level of science funding is required in 2010 to more effectively take the next step toward addressing the major goals of this strategy?

Answer: With the increases in climate change provided in 2008 (+$2.5 million) and 2009 (+$5.0 million), the base program is now $26.8. The requested level of $26.8 million provides an effective program that will provide the decision-support tools necessary to help mitigate adverse impacts of climate change.

Obey Question 9. We understand there is a Northern Forest Futures Project being conducted by the Forest Service units in the northeast and Midwest. What is the objective of this project? When will it be completed? How much has been invested to date and what level of funding is required to complete the project?

Answer: The Northern Forest Futures Project (NFFP) is a window on tomorrow's forests, revealing how current trends and choices can change the future landscape of the Northeast and Midwest. This effort starts with existing assessments and inventories of trends and public issues, builds alternative futures based on those trends and analyzes what those futures mean for people and forests. Ultimately, the NFFP informs decision-making about the protection and sustainable management of public and private forests in the northern United States. The NFFP is a 3-year venture. To date, the Agency has spent about $350,000 and plans to spend an additional $1,650,000 within base program allocations provided to the units to complete the project over the coming years.

Obey Question 10: The Forest Service has a research Growth Platform designed to improve the lives of people through better urban natural resources stewardship. What specific science will be accomplished in this Growth Platform and what are the investments levels required to implement this strategy?

Answer: Research *Growth* will focus on work that includes a suite of decision support tools that can be implemented at the parcel level for homeowners and natural resource professionals to address issues such as energy, ambient temperature, water, carbon, aesthetics, safety, and quality of life.

Obey Question 11. Effective fire control continues to be a major focus in the Forest Service. We understand that a national science applications program consisting of modeling, social science and analysis of real time fire control information could reduce the size and rate of large fires. Is this statement true? What are the investments required to deploy a science applications effort of this type?

Answer: Forest Service research has been instrumental in helping land managers control fires more effectively by understanding fire behavior and developing better, safer control tactics. Further, science-based information has allowed managers to better understand how to "work with fire" to help restore fire-adapted ecosystems so the impacts and costs of future fires will be smaller. With our decision support tools, managers are provided with more complete information for fire planning and timely analysis of how effective fire control measures are currently working. Science does play an important role in reducing fire suppression costs—even if climate, vegetation growth, and population sprawl combine to perpetuate fire on the landscape—now and in the future. This is the aim of the science applications, not to reduce the size and rate of large fires.

The Forest Service is conducting a national Research, Development and Application (RD&A) Program to enable the fire fighting program to become safer, more cost-effective, and deal more scientifically with the multiple risks of fire.

Question 12. The Forest Service research laboratories across the country are in disrepair, including outdated equipment. What investment levels would be required to bring the science laboratories up to a safer, effective standard of operations?

Answer: A good measure of research laboratory upgrades needed is the Infra database which tracks the facility condition index for the entire Agency. We continually work to identify facilities that are excess to need or are underutilized. In addition, thanks to the leadership of this Committee, the Forest Service has authority to dispose of certain facilities that are excess to needs and retain the proceeds to improve the condition of agency facilities. Through this process, the agency continues to improve efforts in reducing disrepair of laboratories and other facilities.

Obey Question 13. In your May 12 testimony, you state, "The Forest Service is using [ARRA] funds to create over 20,000 new private sector jobs and promote economic recovery, especially in those areas which the recession has impacted most." Some of the projects being funded by ARRA funds are commonly performed by large firms that bring in temporary workforces to perform the work. In such a case, the ARRA funds would not be distributed to the local citizens and communities targeted for stimulus. For projects delivered by contact, how will you ensure ARRA-funded work is awarded to local firms that employ local citizens?

Answer: ARRA legislation requires that we, to the maximum extent possible, award contracts on a competitive basis. It doing so we cannot predict nor directly control who is the successful bidder. We do, however, award based on best value, and part of the best value evaluation is the

economic impact on small local communities. This impact can be as a result of direct employment, subcontracts, and purchase of supplies from local sources.

On March 10, 2009, the Director of the Forest Service Acquisition Management Staff sent a letter to Forest Service leadership asking that they be innovative in preparing projects for contracts, grants, or agreements funded by the Recovery Act. The letter stated the following:

"The Forest Service is in a unique position to focus our spending in communities near public lands, which are unlikely to receive funding from other agencies. Many of these communities have high poverty rates and chronically high unemployment rates. The closure of just one or two businesses in these areas can spike local unemployment rates.

I encourage you to be innovative in your approach to project design and layout, project packaging, solicitation methods, and awarding of grants and agreements in order to maximize economic benefit for the hardest hit communities."

Obey Question 14: On February 26, 2009, your Washington Office sent guidance to the field on implementation of the American Recovery and Reinvestment Act (ARRA) which stated, "The focus of this program is to stimulate private sector employment... The following priorities for appointments should be used when hiring becomes necessary to support the administration of contracts, grants, and agreements, or other means of stimulating the private sector: (1) Temporary, (2) Term, (3) Permanent/SCEP." In the initial round of ARRA-funded projects released in March, consistent with this guidance, most projects were identified for delivery by contract; a few by grants and agreements. None were identified for delivery by the hiring of local citizens using temporary or term hiring authorities. Is it your intent to avoid hiring local citizens from these hard-hit areas to perform field work funded by the ARRA?

If not:

- What specific actions have you taken to ensure that temporary or term hiring is used when this is the most efficient way to perform the work and the most effective way to deliver stimulus funds to those hard-hit areas identified as in need of these funds?
- Have projects selected based on this guidance to limit hiring to administrative support of contracts, grants, and agreements been re-evaluated to determine what mode of delivery best meets the objectives of the ARRA to inject funds into targeted communities while effectively accomplishing mission work?

Answer: The release of the first 10 percent of ARRA projects projected how the work would be accomplished. The projections were an estimate. The Forest Service will continue to release projects for implementation as they are approved by the Secretary of Agriculture. The type of project and nature of work will determine if temporary or term employees could be used instead of contractors or performing the work through grants or agreements. In some cases, management may determine that the use of temporary or term appointment authorities may be the most appropriate way to accomplish the project and stimulate the economy. There are many factors, both positive and negative that the local line officer will need to consider when hiring employees including the impact of OPM regulations and residual project dollar costs such as OWCP and

unemployment compensation when applicable. Temporary and term employees can be hired to perform ARRA duties and they count as jobs created, however they must be used exclusively on ARRA projects. As the projects are implemented the final decision of how the work will be accomplished will be made by the local line officer.

As we continue to implement the projects, we are requesting that local line officers work in collaboration with their local union representatives to determine the best ways to deliver these projects.

Obey Question 15. 5 CFR 213.104 sets limits on the duration of temporary appointments; however, it excludes positions involving intermittent or season work totaling less than 1040 hours in a given year from these limits. We have received reports of employees who have been re-hired for multiple years under this exception. In fiscal year 2008, how many individuals were hired as temporary employees who have previously served under temporary appointments for over five years? For over ten years? For over twenty years?

Answer: The following table shows the number of employees who were hired under temporary appointments multiple times in the last 15 years (we cannot access data further back than 15 years). Note that not all of these employees were serving under a temporary appointment in 2008—these are cumulative totals for the 15-year period of FY 1993- FY 2008. So, for example, a person counted in the "7" row, was hired a total of 7 times during the 15 year period, though not necessarily consecutively.

Number of Years Hired In a 15-year Period	Count of employees
1	38,820
2	18,834
3	8,547
4	4,292
5	1,780
6	654
7	203
8	88
9	18
10	0
11	0
12	12
13	13
14	0
15	0

Price Question 16. The proposed Forest Legacy Program budget of $91 million, representing an 84 percent increase over FY 2009, will allow the Forest Service to work with numerous states – including North Carolina - and communities to protect economically and environmentally valuable forestlands from development.

In FY 2009, the USFS received 84 project proposals from 44 states and territories that would have protected 288,350 acres. Implementing these proposals would have required over $363 million, but the FY 2009 budget for the Forest Legacy program was under $50 million. Although the FY 2010 budget represents a tremendous increase, which I wholeheartedly support, it is still not enough to keep pace with the demand. The Forest Service's inability to meet demand for the program will have a long-term impact on the multiple public benefits that can be derived from forests – clean water, wildlife protection, climate impacts (sequestration), public access to recreation, economic development, and sustainable forestry.

Q: Given the growing backlog of project proposals, what is your long-term vision for the program? How can the Forest Service close the gap between the need and the funding availability? If the Administration's FY10 budget request is enacted, how many proposals (including the number of acres protected) would you anticipate the Forest Legacy Program funding in Fiscal Year 2010, and how many proposals do you anticipate would be unfunded?

Answer: The FY 2010 Budget has identified 47 Forest Legacy Program projects totaling 200,000 acres for funding. Of the 84 projects submitted to the FY 2010 competition, 37 would go unfunded. The long term vision for the program is to identify issues and trends affecting forests in regions across the country to guide development of long-term goals and annual priorities and select projects that most efficiently protect their forests threatened with conversion to nonforest uses. In meeting this vision, we will continue to nurture our partnerships with the States, conservation organizations, and other Federal agencies to expand our ability to leverage funding to accomplish more conservation on the ground. Climate change is bringing many of the land and forest protection goals of our partners into alignment, strategic partnerships are expanding to include a diversity of partners and coalitions. These partnerships are key to closing the gap between need and funding availability.

Price Question 17. Why did the Administration, which has demonstrated support for increasing other land acquisition efforts, recommend a decrease in funding for Forest Service land acquisition? In the absence of adequate funding for Forest Service land acquisition, how does the Forest Service plan to complete pending high-priority acquisition projects such as Rocky Fork?

Answer: The President's Budget request for Land Acquisition was reduced by $21 million primarily due to the elimination of funding from prior years Congressional earmarks for specific requests and to meet multiple priorities within overall budget constraints.

The Rocky Fork property continues to be a priority for the agency. To date, over 2,200 acres have been acquired. In FY 2009 the agency received $5 million for continued acquisitions and an additional $3 million has been requested in FY 2010.

Backcountry airstrips

Simpson Question 18. You know that Idaho is a largely rural state with wide open spaces. We have many backcountry airstrips used primarily by the general aviation community. There has been a history of the Forest Service closing these airstrips without engaging the local community in an open, transparent process that allows for public input. Congress included an appropriations rider in the 2001 Interior Appropriations bill that prohibited both the Department of Agriculture and the Department of Interior from using funds to close these airstrips. Subsequent to that, after receiving a letter from the Idaho delegation, the Secretaries of Agriculture and Interior agreed to change their approach to these airstrips. Unfortunately, that agreement did not stick and quite a few strips have closed including Reid Ranch Airstrip in McCall, the Big Creek 4 in Challis, and Moose Creek and Seminole Creek in Grangeville. The general aviation community has understandably been up in arms about this. Is there something we can do to address this issue by working together or do you believe that legislative language is necessary to address this situation?

Answer: The Forest Service is actively engaged with the aviation community in Idaho through the Idaho Airstrip Network (IAN) which includes the Idaho Division of Aeronautics, private aviators and federal and state land managers. Through the IAN Action Plan, the Forest Service has coordinated airstrip classifications, management schemes, and maintenance schedules with affected interests. The Forest Service is currently in the process of developing further national policy regarding backcountry airstrips and does not believe that legislative language is necessary.

The Forest Service has not expended any funds on the closure of airstrips pursuant to Section 345 of the FY 2001 Interior and Related Agencies Appropriations Act. The current status of the airstrips mentioned is as follows:

- Reed Ranch, McCall - Recently acquired by the Forest Service through a land exchange. The Forest is currently in an ongoing analysis with the Idaho Division of Aeronautics to determine the future status of the Reed Ranch airstrip. Identical to its previous classification when under private ownership, Reed Ranch is currently classified on the Idaho Aeronautical Chart as "Restricted" where prior permission is required before the airstrip can be used.

- Big Creek 4, Challis - Mile-Hi, Dewey Moore, Vines, Simonds airstrips are not closed but are managed for emergency purposes as per the Frank Church-River of No Return Plan. These strips are classified as "Hazardous" under the IAN Action Plan.

- Moose Creek, Selway-Bitterroot Wilderness - Open to the public.

- Seminole Ranch, Grangeville - Acquired by the Forest Service several years ago and is located approximately 1/2 mile north of the Moose Creek airstrip. The airstrip has never been a public airstrip and because of the close proximity to the very popular Moose Creek airstrip, potential conflicting incursions of airspace with Moose Creek, and the hazardous nature of the Seminole Ranch airstrip, the management decision remains to not open it to the public.

OMB's role in USFS budget development

Simpson Question 19: As I mentioned in my opening statement, I'm really concerned about the extent to which the Office of Management and Budget (OMB) is playing a role in not only setting your annual budgets, but specifically overruling people in the Forest Service who best know your agency's needs. It's puzzling to me that the Department of Interior has 100 percent of its pay and fixed costs covered by the President's budget request while the Forest Service (under the Department of Agriculture) has roughly 60 percent of pay and fixed costs covered. I don't imagine that you submitted a budget to OMB that only partially covered these costs. Can you explain this? Does this budget request reflect your priorities or does it reflect OMB's priorities?

Answer: The President's FY 2010 budget request for the Forest Service, which reflects a combination of priorities important to both the Nation and the Forest Service, includes $60 million for pay cost increases. Responsibly budgeting for wildfire, protecting the National Forests, conserving new lands, and acting to save and create new jobs are good for both Forest Service and the land and public we serve. Fully funding the 10-year suppression average and providing the wildfire contingency reserve, in particular, will help address long-standing budget and programmatic challenges in wildland fire management. The proposed budget will focus funds on the highest priority work while providing fixed costs increases as possible within total funding available to the agency.

President's New Initiative ("Protecting the National Forests")

Simpson Question 20: Your budget request includes $50 million for a new initiative—"Protecting the National Forests"—in the Capital Improvement and Maintenance account, an area of the budget that received a significant share of funding under the American Recovery Act. By contrast, the National Forest System portion of your budget which funds key law enforcement, forest product, and vegetation and watershed management functions received no ARRA funding and is funded in the budget request below last year's levels. What is the specific purpose of the President's new initiative? Can you explain the thinking that went into flat-lining the National Forest System budget?

Answer: In FY 2010, the President's Budget includes a $50,000,000 new Presidential Initiative. This initiative will be utilized on integrated place-based projects. These large-scale and highly visible projects, selected through a national competition, would focus on addressing a suite of activities (facilities, roads and trails) in a comprehensive fashion.

The selected projects would contain multiple elements of the following priorities:

- Protect the investments made through the American Recovery and Reinvestment Act of 2009 by maintaining and improving facilities, roads and trails associated with assets considered national in scope. National assets include national recreation areas, national monuments, national trails, national fire facilities, high profile visitor information facilities, and other facilities which have a national profile. Funds will be used to reduce deferred maintenance and improve energy efficiency.

- Provide for implementing travel management plans, with a significant emphasis on decommissioning roads not identified as needed in the plans. This will allow the Agency to "right-size" our transportation system for the future, and reduce long-term deferred maintenance costs. In addition the road decommissioning work will help restore landscapes and improve water quality.

- Address urgent health and safety needs at facilities. This would be limited to significant needs which, if left unaddressed, would result in facility closure.

These funds would be used on a broader scale and in a more integrated and holistic way than traditional Capital Improvement and Maintenance funds in Facilities, Roads, and Trails.

The FY 2010 budget request for NFS provides increases for pay costs and will provide for the planning, assessment, and conservation of ecosystems while delivering multiple public services and uses.

Fire suppression budget/contingent fund

Simpson Question 21. With fire suppression costs now consuming almost 50 percent of the Forest Service budget, we all realize that steps must be taken to better address these escalating costs. The present system, no matter how well-intentioned, simply does not work. Robbing Peter to pay Paul is clearly not the answer. Fortunately, a series of legislative proposals are now being considered. The House has recently passed the FLAME Act. And, the President has proposed a contingency fund with $282 million in Forest Service funds to assist in fighting major fires. Is the creation of a contingency fund the best way to protect non-fire-related portions of the Forest Service budget? If you were tasked with creating a solution to this challenge, what would you do?

Answer: Yes. The agency is very pleased with the President's Budget for FY 2010. It provides funding at levels that equips the agency to help restore and manage the Nation's forests. It also recognizes problems with how fire suppression has been funded. The Administration developed a proposal as part of the Forest Service's budget addresses the fire transfer problem by adding a contingent reserve of $282 million and provides funding increases commensurate with the increase in the 10-year average suppression costs.

Fire suppression budget/10-year average

Simpson Question 22. Annual fire-suppression budgets have largely been determined by calculating the 10-year average of wildland fire costs. This has historically proven to be a less-than-accurate indicator of real fire needs in any given year. What is the history of using the 10-year average to determine fire budgets? Should other approaches be considered since fire budgets based on the 10-year average have fallen far short year after year?

Answer: A practice used by three Administrations and appropriated by the Congress, the 10-year average of wildfire suppression costs has been used for the past twenty years for developing outyear suppression budget requests. As noted in two GAO audits (April 1991, Budget Issues – Funding Alternatives for Fire-Fighting Activities at USDA and Interior; and, June 2004, Wildfire Suppression – Funding Transfers Cause Project Cancellations and Delays, Strained Relationships, and Management Disruptions), "estimating the costs of wildfires is inherently difficult because of their unpredictable nature, size, and intensity." The agencies have examined alternative approaches to the 10-year average, including various modeling approaches and a 5-year average. There are advantages for some of these approaches, but each alternative approach has trade-offs. The 10-year average is used because no one can accurately predict at the time of current year budget formulation what actual suppression costs will be in the budget year in which they will later occur. The 10-year average has been used because it provides a reasonable method of budgeting for an activity that is unpredictable and incurs wide variance in year-to-year obligations. The 10-year average takes into account short-term variability in suppression spending and, since it mitigates short-term fluctuations, provides a clear view of the longer-term trend in suppression obligations. This is particularly true since the 10-year average is calculated on the basis of inflation-adjusted dollars. The 10-year average is consistent with the way other Federal agencies—including within USDA—budget for disasters and emergencies where future costs cannot be predicted in the present. It is, in effect, a moving average (MA) model. In addition to disasters and emergencies, MAs are used extensively in the federal government to develop forecasts of many economic time series such as the gross domestic product, exports, and so on. MAs are also used in the private sector by companies to develop forecasts of product sales and by the financial market to analyze stock trends.

Fire behavior pilot program

Simpson Question 23. The Forest Service has recently undertaken a pilot program—using real-time tools for predicting fire behavior—designed to improve decision making with regard to large, mega-fires. These are the most dangerous and the most expensive fires. I understand that you are focusing on a list of 30 so-called "Mega-Fire Forests" including four forests in my home state of Idaho.

Can you briefly outline your goals for this pilot program and how does it work? How will success be measured?

Answer: A very small percentage of the agency's fires, approximately 0.25 percent, represent a disproportional percentage of our suppression expenditures, approximately 60 percent. Improved strategic and tactical decisions on this small set of fires could result in significant suppression savings. Therefore, we have taken steps to manage costs and are adopting techniques to apply before and during fire incidents that work assertively to advance risk-informed fire management, operational efficiencies, utilization of research and technology, and targeted program implementation to reduce fire-related impacts. These changes focus on safe, effective, and accountable outcomes.

The changes include establishing a corporate decision support unit, the National Fire Decision Support Center, with improved science support and focusing on improving risk informed decisions on the small subset of fires that historically have occurred on these 30 Forests. Specific actions for this subset of fires include:

- Utilizing our National Incident Management Organization (NIMO) teams to work collaboratively with national forests to build capacity through strategic pre-planning and training;
- Utilizing our NIMO teams to manage those fires with the most potential relative to firefighter exposure, values at risk, and cost;
- Conducting after action peer reviews and emphasizing continuous learning; and,
- Piloting risk management protocols for decision making and critical incident operations that allocate resources in a manner that reflects risk and a high probability of success within available timeframes.

The agency is also working aggressively to develop and pilot science-based performance metrics that would measure and monitor fire resources' effectiveness and exposure and suppression expenditures relative to capability and performance. These new factors, combined with other considerations, will form the basis for measuring our success.

Land Acquisition (LWCF)

Simpson Question 24: Created in 1965 to acquire land, water, and conservation easements, the Land and Water Conservation Fund (LWCF) has received over $13 billion in federal appropriations over the past 45 years. The President has committed to fully funding the LWCF at $900 million by 2014. Compared to the 2009 enacted level, that works out to be a $596M increase over the next five years. For the Forest Service in 2010, the President is proposing a net investment *increase* in the LWCF of $20.5 million, but that includes a *DECREASE* in national forest land acquisition of $21 million to partially offset an INCREASE of $41.6 million in private forest conservation easements through the Forest Legacy program. What is the rationale for such disparate funding changes to the land acquisition and Forest Legacy accounts? What is your funding strategy for the outyears? What is the science telling you about climate change and how is that impacting your LWCF funding and project decisions?

Answer: The difference in funding between land acquisition and Forest Legacy reflects the Administration's priorities in land conservation via the "Conserve New Lands Initiative". This initiative seeks to conserve private forest lands, and complements existing Federal land acquisitions in order to address large-scale conservation issues such as adaptation to climate change, conservation of water resources, reduction of wildfire risk, protection of at-risk species, and opportunities for outdoor recreation. Climate change science is pointing to the need to have healthy landscapes that can both adapt to a changing climate and mitigate the buildup of green house gasses. LWCF funding and project decisions for land acquisition and the Forest Legacy Program are addressing the large, landscape scale conservation issues that will allow forests to adapt to climate change and continue to provide a broad array of critical ecosystem services. The funding strategy for the out years is to continue to work with partners to identify and conserve critical lands that best serve the public relative to climate change and other resource needs.

LWCF long-term strategic planning

Simpson Question 25. If we're going to go down this road of significantly increasing LWCF spending, we ought to be strategic about where on the landscape we're going to be making these investments. There's only one map of the United States, which is to say that the Forest Service and the other land management agencies ought to be working in concert with the states and the rest of the land and water conservation community to develop strategies and set priorities. Is that happening now, and if so, can you describe for us please how your land acquisition and Forest Legacy programs fit into larger landscape conservation strategies?

Answer: The Forest Service Land Acquisition strategy is addressed in the Forest Service Strategic Plan for 2008 - 2012 under the Conserve Open Space Initiative. In addition, the Conserve New Lands initiative is also providing a long term strategy for land acquisition. The Forest Planning effort on each of the National Forests addresses land acquisition and develops priorities based on ecosystem enhancement.

The 2008 Farm Bill requires States to create a State Forest Resource Assessment and Response Strategy that will identify priority forest landscapes across all ownerships - private, State and Federal. This Assessment will be the planning document for the Forest Legacy Program and other State and Private Forestry programs.

As we move forward, the Legacy and Land Acquisition programs are developing closer working relationships and will be looking at acquisitions on a landscape basis. While Land Acquisition and Forest Legacy Program funds are often part of large landscape level conservation projects with other Federal and State partners, presently there is no one comprehensive multi-agency strategy working with the States to identify and conserve important lands and waters. However we recognize the value of close coordination with our partners, and remain committed to exploring how we can improve this process.

Moving Forest Service to Interior

Simpson Question 26. There are no less than five federal entities that provide wildfire suppression funds—the Forest Service within USDA, and four bureaus within the Department of Interior—the National Park Service, the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the Bureau of Indian Affairs. In a hearing earlier this year, with the benefit of a recent GAO study, our subcommittee explored the pros and cons of moving the Forest Service to the Department of Interior to achieve better efficiencies. Do you believe this is an idea that ought to be more seriously considered? Short of moving the entire Forest Service, is there merit to the idea of combining the fire-related functions of each agency under a single umbrella and creating, in essence, a National Fire Service?

Answer: Moving the Forest Service to the Department of Interior would lessen the critical role the Forest Service plays in state and private forestry, significantly disrupt business practices, and modify the Forest Service mission. The transition would disrupt relationships with and services to partners and other agencies such as state foresters, the Natural Resources Conservation

Service, and the Animal and Plant Health Inspection Service. The reorganization would fail to provide significant efficiencies in the short-term and it would significantly upset reporting, budgeting, and human capital practices that are still adapting to recent efforts to centralize these processes. Additionally, the Forest Service mission – *to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations* – is not completely aligned with the Department of Interior's mission – *to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian Tribes and our commitments to island communities.* As it has for over a century, the Forest Service can most successfully fulfill its multi-faceted mission housed within the Department of Agriculture.

Combining the fire-related functions of the Forest Service and Department of Interior agencies would not have a material effect on either the effectiveness or the cost of firefighting because the agencies already operate under a unified command system. Fire management operations and firefighting resources and crews are integrated. There are strengths in our current approach; on the fireline DOI and USDA employees work interchangeably. At the National Interagency Fire Center in Boise, representatives of the five Federal agencies collaborate with State and local representatives on key strategies and decisions. The agencies' wildland fire management programs have strong ties within their respective agency as land stewards and rely on their employees to assist in providing emergency responses. Further, since fire is a natural occurrence within fire-adapted ecosystems that characterize much of our Nation's forest and rangelands, integration of the management of wildfire is an essential element in meeting land and resource management objectives and mission responsibilities of the agencies. A National Fire Service could be counterproductive to these interrelationships.

Calvert Question 27. Through hearings earlier this year, this Subcommittee learned that by 2012 many of the Forest Service's air resources will be grounded and no longer available for fighting wild fires. Until that point, maintenance costs for the fleet are expected to increase annually as the aging fleet continues to show its age. However, funding for fire-preparedness, which funds the maintenance of firefighting equipment such as the air fleet, in the FY10 budget stays stagnant at FY09 levels; effectively this is a 2% decrease.

Given this reduction in funding for fire equipment maintenance, can the Forest Service still guarantee full the availability of its limited but vastly important aerial resources for the 2010 fire season?

Answer: Yes, the agency will ensure adequate funding to provide a comparable level of aviation assets and capability in FY 2010, subject to vendor aircraft availability.

Calvert Question 28. The number and severity of wildfires has increased in recent years, as has the cost of fighting them. One proven way to limit the severity of wild fires is through responsible fuels management before the fire season. The budget for FY10 proposes a 5% cut in hazardous fuels management even though we've heard before this committee that previous funding levels for fuels management have proven insufficient. Won't unmanaged fuels ultimately contribute to the severity of a wild fire and increase the cost of fighting it?

Answer: Unnaturally high levels of wildland fuel can contribute to severity and intensity of a wildfire. Other factors include site specific conditions like topography and weather and availability of firefighting resources. The proposed reduction in hazardous fuels funding is balanced with other funding available to accomplish the goals of improved forest conditions, hazardous fuels reduction and expanded economic opportunities. The American Recovery and Reinvestment Act of 2009 will allow the agency to increase its hazardous fuels treatment program over the next couple of years. ARRA appropriated $500 million to the Forest Service for wildland fire management. This increase will help mitigate the potential severity and cost of wildfires.

Calvert Question 29. How does the Forest Service plan on making sure that this 5% cut to fuels management doesn't turn into a significantly increased suppression costs during the fire season.

Answer: As indicated in Question 28, the agency will increase its treatment of hazardous fuels over the next few years. In addition, the agency is taking immediate and aggressive actions to address rising suppression costs. These actions include new strategic and operational protocols, improved oversight, and use of a risk management framework that ensure fire management resources are appropriately focused.

TUESDAY, MAY 19, 2009.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

LISA P. JACKSON, ADMINISTRATOR

OPENING STATEMENT OF CHAIRMAN DICKS

Mr. DICKS. Good morning, Ms. Jackson. On behalf of the subcommittee, I want to welcome you and congratulate you on becoming the twelfth EPA administrator. I know I speak for the committee when I say we are looking forward to working with you.

Today we will review and discuss the fiscal year 2010 budget proposal for the U.S. Environmental Protection Agency. It is a healthy budget, with significant increases. Your budget includes large initiatives and major increases, like those for the State revolving funds.

Before we get into the details of the budget, I would like to mention a number of actions you have taken in the few short months of your tenure.

This subcommittee has had a long-standing interest in many of these issues and programs. First and foremost, you made the decision to propose an endangerment finding under the Clean Air Act that greenhouse gases contribute to climate change and may endanger public health and welfare. This proposal has significantly moved the ball forward on the climate change debate.

And now we have your most recent announcement here on the automobile situation. I read somewhere that upon the announcement of your decision, an environmental advocate said, "Duh." It may not be a scientific term, but it applies here.

I disagree. Given the debate this decision has engendered and potential regulatory structure it might create, I know you did not make this decision lightly, and I am sure it was made with the utmost scientific scrutiny.

I also want to mention recent incorrect press reports that suggest OMB found fault with the proposed finding. I was glad to see that Mr. Orszag addressed that misconception.

We are pleased to see that you recently issued the first list of pesticides to be screened as endocrine disrupters. You will note that this subcommittee has encouraged, directed, and pushed your agency to act on endocrine disrupters. We hope that you will continue to expedite this important work.

In addition, you have initiated careful and thorough reviews of the Army Corps of Engineer permits for mountaintop removal of coal. This is long overdue. I understand that these issues may delay issuance of permits; however, a thorough scientific and legal review is certainly within the bounds of reason, given the extreme environmental impacts caused by this practice.

I also hope that you are working with the Corps and Congress to resolve the confusion caused by the Supreme Court decision on wetland permits. This subcommittee has supported programs to encourage and promote partnerships with other levels of government, the public, and industry. However, we agree with your decision to review the Performance Track partnership program and other programs that rely on voluntary compliance while you look for opportunities to improve these programs. We firmly believe programs that promote voluntary compliance with the law are valuable, but they should augment, not replace, the regulatory framework.

This committee, through the 2009 omnibus bill, prohibited the use of funds to implement the previous administration's changes to the Toxic Release Inventory Program. We are pleased to see that you have replaced those less stringent rules with the requirements that were originally in place. As you take other actions on rules and regulations issued by the previous administration, I would ask that you keep this committee informed.

Finally, I applaud the extent to which your budget request recognizes the importance of our great water bodies and the imperative that we protect these resources from further pollution. We will, of course, have to carefully review your plans for spending all of the requested money. We must have a credible science plan for each of these massive efforts and an action agenda so that money spent actually implements the scientifically credible action agenda.

Your request of 3.9 billion for the clean water and drinking water State revolving funds will provide significant protection of our most important water bodies. This request shows that the administration recognizes that American communities simply cannot afford to repair and rehabilitate water systems alone. The Federal Government helped build many of these systems in the 1950s, 1960s, and 1970s, and it is time that we stepped up to the plate to help maintain what we helped to build. Just last month this subcommittee received over 1,200 requests to assist American communities with funding this need. I think it is important that we continue to provide this assistance in the form of both loans and grants.

As you know, many small, rural, or disadvantaged communities cannot afford the loans offered by the revolving funds. This is why in the Recovery Act this committee provided additional subsidies for up to 50 percent of the funding appropriated for these two programs. I would note that the 2010 request for the water and wastewater infrastructure, coupled with the 2009 appropriations and the 6 billion in the Recovery Act, will provide over 11.4 billion for infrastructure in less than 1 year.

Finally, I understand that the total increase for your base program is only 3.8 percent. I cannot help but wonder if that is sufficient, given all you have on your plate right now.

Again, we are pleased to have you here before us today, and I want to turn to Mr. Simpson for his opening comments.

OPENING STATEMENT OF MR. SIMPSON

Mr. SIMPSON. Thank you, Mr. Chairman.

And thank you Administrator Jackson for coming here today to testify before our committee. I appreciate our recent conversation in my office, and know that you will face many potentially difficult

choices in your new role. I remember very clearly, and agree with your comment that no one becomes EPA administrator to be the most popular person in town. Nevertheless, you have risen to the challenge of leading a key agency at a critical time in our Nation's and our world's history. I applaud your courage and your resolve.

Earlier this month, in a memo to EPA employees, you stated, "Science must be the compass guiding our environmental protection decisions; we cannot make the best decisions unless we have confidence in the integrity of the science on which we rely." Well said. I could not agree with you more.

I would also humbly and respectfully encourage you to embrace collaboration as the agency moves forward. While some environmental problem challenges we face are severe and perhaps even dire and while regulation is a necessary tool, we should not regulate our way to environmental solutions. I believe that true, lasting solutions will come from empowering people to do the right things when they know what to do and can reasonably afford to do so.

Our primary Federal investment ought to be in financial and technical assistance to citizens, landowners, small businesses, communities, States, tribes, and other nations. And to paraphrase a proverb made famous by a former President, the EPA carries a big stick, but collaboration can oftentimes preclude the need to use it.

Mr. Chairman and Administrator Jackson, as you well know, this Nation and most of the world is facing an unprecedented combination of environmental, societal, and economic problems. Every day we learn more about how intertwined these problems are. So too should our solutions be intertwined.

Our Nation's current economic and financial crisis is still front and center. In a January 2009 study by the Pew Research Center, which asked a random sample of adults to prioritize 20 policy issues of concern, the economy and jobs topped the list, as you might well expect. Global warming ranked last. While I do not necessarily agree with that and while the study is perhaps not a definitive statement of the people, it does support the notion that we must find reasonable and prudent solutions to our environmental problems.

The President's 2010 budget for the EPA is nearly $10.5 billion, by far the largest amount in the Agency's 40-year history and a 37 percent increase over last year. The increase includes 3.9 billion for the Clean Water and Drinking Water State Revolving Funds, a 157 percent increase over last year.

At the same time, our Nation is spending more than any other time in our history, borrowing nearly 50 cents on every dollar, and running an annual deficit this year of $1.8 trillion. As a fiscal conservative, I am deeply troubled by our rate of spending, particularly with no clear plans in place and no reasonable estimates for the return on our investments. However, as a lifelong conservationist from a western State, I am acutely aware of the value of our environment and the water crisis we now face that only threatens to worsen in the future.

Difficult decisions await this committee, this Congress, this administration, and this Nation. I am honored to be a part of the deliberation, and look forward to working with you. Thank you again for being here today.

Thank you, Mr. Chairman.

Mr. DICKS. Thank you, Mr. Simpson.

Administrator Jackson, we will put your entire statement in the record, and you may proceed as you wish.

OPENING STATEMENT OF LISA JACKSON

Ms. JACKSON. Thank you.

Good morning, Mr. Chairman and Ranking Member Simpson and members of the committee. Thank you for inviting me to appear here.

Mr. DICKS. Is it on? Yeah, there, now it is on.

Ms. JACKSON. There we go.

Mr. DICKS. If it is red it is on.

Ms. JACKSON. It is always red. This is red.

Thank you again, and thank you for accommodating a timing change in order to allow me to join the President at his announcement later with respect to autos. I do appreciate it very much. I will be very brief.

The President's budget requests $10.5 billion for fiscal year 2010 to carry out EPA's mission to protect human health and the environment. That reflects the challenges and promise that we face at this critical time in our Nation's history. For far too long the American people have been offered a false choice of either economic prosperity or environmental protection. We believe we can do better. In fact, we believe that clean energy, clean air and water, and a healthy environment have powerful economic potential.

You will see that in this budget. Economic recovery and environmental protections go hand in hand here.

The President's budget starts work needed to transform our economy and to put Americans back to work, while at the same time helping our communities, our children, and our health. It also provides a substantial increase in support to address public health and environmental challenges that can no longer be postponed. Water infrastructure, fresh water resources, climate change, critical research, and chemical management all require urgent action.

As you mentioned, Mr. Chairman, the most significant investment in this budget is $3.9 billion for Clean Water and Drinking Water State Revolving Funds that support water infrastructure projects for States, for tribes, and for territories. These investments will prepare us to match the success we had in the 1970s and 1980s when EPA construction grants helped build much of the infrastructure that dramatically increased our Nation's water supply and its safety. We estimate that this 157 percent funding increase in the revolving funds will finance 1,000 clean water and 700 drinking water projects across America and create well-paying American jobs.

At the same time, the President's budget focuses on vulnerable and unique ecosystems that are especially affected by poor water quality. Through initiatives aimed at ecologically important water bodies such as the Great Lakes, Puget Sound, and the Chesapeake, this budget request combines strong science, real metrics of accountability, and detailed planning and coordination with the funds necessary to get the job done. EPA's fiscal year 2010 budget also supports efforts to develop a comprehensive energy and climate

change policy with measures to increase our energy independence, move into a low carbon economy and reduce greenhouse gas emissions. There is a $19 million increase to help EPA implement its greenhouse gas inventory that will ensure we are targeting major sources of emissions, without overburdening small businesses.

Just as we need to address climate change, we need to manage the risks associated with the chemicals we use. The budget requests $55 million, an increase of $8 million over fiscal year 2009 levels, to fund an enhanced toxics program. This 17 percent increase will help EPA complete hazard risk characterizations and initiate regulatory action, when needed, on more than 6,700 organic U.S. chemicals.

The President's budget also contains an increase of $24 million for the Superfund program. The budget also includes a proposal to reinstate the Superfund fee that expired in 1995. Beginning in fiscal year 2011, the so-called Polluter Pays measure would generate $1 billion a year, rising to $2 billion a year by 2019.

Along with increases in Superfund, the budget provides a total of $177 million for the brownfields program, a $5 million increase from 2009 for States, tribes, local communities, and other stakeholders interested in economic redevelopment and safely cleaning up and reusing brownfields. Revitalizing these properties helps communities by removing blight, by limiting urban sprawl, by enabling economic development, and finally, improving quality of life.

Mr. Chairman and members of the committee, the fiscal year 2010 budget request sets EPA on a clear path to addressing the pressing environmental challenges facing our Nation. It enables us to accomplish important work that Americans support, and has clear benefits to the economic, environmental, and human health of our communities.

Thank you again for your time, and I am happy to answer your questions.

[The information follows:]

TESTIMONY OF
LISA P. JACKSON
ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

May 19, 2009

Mr. Chairman and Members of the Committee, I am delighted to appear before you today to discuss how the proposed FY 2010 Budget request for the Environmental Protection Agency is designed to address our environmental challenges and contribute to the country's economic recovery.

The President requests $10.5 billion for FY 2010 to carry out EPA's mission to protect human health and safeguard and improve the environment. This budget represents a 37 percent increase over our FY 2009 Budget -- the highest level ever for EPA. It reflects both the challenges and promise we face in an era of higher energy costs, global climate change, and economic crisis. We recognize that now is the time to make the environmental investments to support a cleaner energy economy and a more sustainable future.

This budget starts the work needed to transform our economy through investment in cutting-edge green technologies, repairing crumbling infrastructure and strengthening our core regulatory and scientific capabilities to make the Nation's water, air, and land cleaner for our communities, families, and children. This budget keeps EPA on the job protecting the environment. It helps states, tribes, and local governments stay on the job by providing critical partnership assistance. And, it helps put Americans back on the job.

The FY 2010 budget request provides a substantial increase for EPA programs, reflecting greater opportunity for EPA to address public health and environmental challenges that can no longer be postponed, in areas such as water infrastructure, protecting our freshwater resources, laying the foundation to address climate change, and addressing gaps in research as well as chemical management.

This FY 2010 budget reflects President Obama's commitment to usher in a new era in environmental stewardship and puts us on a clear path to a cleaner and safer planet.

Mr. Chairman and Members of the Committee, I now would like to provide a bit more detail about the major environmental protection priorities addressed in this budget.

Invests in Water Infrastructure

The most significant investments in the FY 2010 budget include $3.9 billion total for the Clean Water and Drinking Water State Revolving Funds to fund water infrastructure projects for states, tribes, and territories. This budget includes $2.4 billion for the Clean Water State Revolving Fund and $1.5 billion for the Drinking Water State Revolving Fund. These investments will help the Nation build, improve, and repair the infrastructure that provides us with reliable and safe sources of water.

We estimate that this 157 percent funding increase in the State Revolving Funds will finance 1,000 clean water and 700 drinking water projects across America – projects that will upgrade and update the nation's aging water infrastructure, assure compliance with Safe Drinking Water Act requirements, make water delivery more efficient, and create American jobs that pay well. These investments channel critical funding for water system pipe replacements

and help address an estimated 240,000 water pipe breaks that occur across America each year and waste millions of gallons of water.

The Clean Water and Drinking Water State Revolving Funds provide grants to states to capitalize their own revolving funds, providing infrastructure financing to communities, making water infrastructure more efficient, and supporting green jobs in the 21st century. Because repayments and interest are recycled back into the program, these State Revolving Funds generate funding for loans even without Federal capitalization. We estimate that for every Federal dollar invested, approximately two dollars in financing are provided to municipalities.

The Administration will make these water investments with an eye to the future. EPA will continue to work with state and local partners to develop sustainability policies, including management and pricing, conservation, planning adequate long-term funding for future capital needs, and providing equitable consideration of small system customers. As President Obama has said, now is the time to make long overdue investments in clean energy and new infrastructure to create a platform for entrepreneurs and workers to build an economy that will lead us into a better future. This significant investment sends a clear message to American taxpayers that the water infrastructure, that all of us rely on every day, will be repaired, maintained, and modernized for the 21st century.

Accelerates Great Lakes Restoration

The Great Lakes Basin is a national resource treasure that is home to 34 million people in the U.S. and Canada. It holds 20 percent of the world's fresh surface water, has 10,000 miles of coastline, and contains a diverse array of biological communities. EPA's FY 2010 budget

requests $475 million for Great Lakes restoration programs and projects that strategically target the most significant problems in the region, such as aquatic invasive species, nonpoint source pollution, toxics in sediment, and habitat and species loss.

This restoration effort represents the federal government's commitment to significantly advance Great Lakes protection. The Great Lakes Initiative will use outcome-oriented performance goals and measures to target the most significant problems and track progress in addressing them. EPA and its Federal partners will coordinate state, local, tribal, and industry actions to protect, maintain, and restore the chemical, biological, and physical integrity of the Great Lakes.

In the FY 2010 budget we include other geographic priorities, such as Puget Sound, San Francisco Bay, and the Chesapeake Bay. The Chesapeake Bay restoration effort is funded at $35 million, a $4 million increase over FY 2009, and will support projects to further address nutrient and sediment pollution in the Bay.

Initiates a Comprehensive Approach to Slow Global Warming

EPA's FY 2010 Budget supports efforts to develop a comprehensive energy and climate change policy to increase energy independence, move toward a greener economy and to reduce greenhouse gas emissions. There is not a moment to lose in confronting the rapid advance of climate change.

Greenhouse Gas Emissions (Cap and Trade Program)

The FY 2010 Budget includes a $19 million increase to support the President's effort to develop a comprehensive energy and climate change plan to transition America to a clean energy economy, reduce oil usage, and slow global warming. It will allow us to work on a greenhouse

gas emissions inventory and work with industry sectors to report high-quality greenhouse gas emission data that is the foundation of an effective climate policy. This funding supports design, development, and testing the data management system, developing guidance and training materials to assist the regulated community, conducting industry-specific workshops and developing source measurement technologies for greenhouse gases.

This budget provides funding to develop environmentally sound methodological approaches needed to implement a possible cap and trade program, including offsets, and to strengthen climate partnership programs. EPA will develop protocols to measure the effectiveness of offset projects, and provide advice on effective, environmentally sound approaches to offsets.

Chemical Risks

Just as we need to address climate change, we also need to manage chemical risks. The FY 2010 Budget requests $55 million, an increase of $8 million over FY 2009 levels, to fund an enhanced toxics program to screen, assess, and reduce chemical risks. This 17 percent increase will fulfill U.S. commitments under the Security and Prosperity Partnership of North America to complete screening-level hazard and risk characterization and initiate action as needed on more than 6,750 organic U.S. chemicals.

Research and Development

The Research and Development programs are funded at $842 million for the Science and Technology appropriation, and increase of $52 million from FY 2009. This funding will support the rigorous, peer-reviewed scientific analyses that we must use as a basis for our environmental

decisions. It will allow us to assess, develop and compile scientifically rigorous tools to inform decision-making and assist in incorporating green infrastructure into existing practices.

Computational Toxicology

The FY 2010 Budget includes a $4.5 million increase over the FY 2009 enacted level for Computational Toxicology Research. This increase will enhance EPA efforts to provide regulatory offices with detailed hazard assessment profiles on thousands of chemicals of concern, as well as information on human exposure potential, including chemical screening and prioritization, and toxicity pathway-based risk assessment. This funding will also provide for the high-throughput screening of up to 200 additional chemicals and the deployment of this information in EPA databases with supporting analysis tools, via computer programs and EPA websites.

Integrated Risk Information Systems

The FY 2010 Budget includes $14.5 million, a $5 million increase over 2009, to enable the Integrated Risk Information System (IRIS) to increase assessment production and reduce our backlog of assessments for chemicals previously identified as priority needs.

Biofuels

The FY 2010 budget includes $5.6 million, an increase of $5 million over FY 2009, for biofuels research and sustainability analysis mandated by the Energy Independence and Security Act of 2007. Biofuels lifecycle and sustainability research will provide better information to

decision makers on the trade offs and opportunities associated with increased biofuels production.

Green Infrastructure Research

The FY 2010 budget provides $3.6 million to expand green infrastructure research to assess, develop and compile scientifically rigorous tools and models that will be used by the Agency's water and other programs, states, tribes, and municipalities to help advance the deployment of green infrastructure. This research will help EPA and its non-Federal partners further their understanding of the benefits it provides, and aid in integrating green infrastructure into water pollution control programs at the Federal, state, and local level.

Air Toxics

I believe EPA has a particular duty to inform America's most vulnerable populations about the environmental risks we face. I recognize that for the nation's vulnerable populations – the disadvantaged, the elderly, children, and historically disadvantaged communities –are least able to bear additional increments of environmental risk.

Therefore, the budget also includes $3.3 million for air toxics research to protect and improve the quality of the air that each of us breathes. Air toxics research studies the effects to human health of toxic air pollutants and includes evaluating risk assessment methodologies to support the development and implementation of regulatory programs that assist state and local governments and tribes develop clean air plans. The FY 2010 budget also supports improvement of risk assessment tools, including National-Scale Air Toxics Assessment; analytical support to

states as they enhance air toxics monitoring near selected schools, and 5 FTE in EPA's Regional offices to provide technical assistance and coordination.

These combined scientific efforts do more than build our understanding of environmental programs; they remind us all of the need for transparent, clear communication of the facts and risks of the environmental challenges we face together.

Strengthens Environmental Enforcement

EPA's FY 2010 budget proposes the largest enforcement and compliance budget in history -- $600 million, an increase of $32 million from last year. The $600 million enforcement budget reflects the President's strong commitment to enforcing of our Nation's environmental laws and ensures that EPA has the resources necessary to maintain a robust and effective criminal and civil enforcement program. Specifically, the request includes an increase of nearly 30 additional positions primarily for civil and criminal enforcement. In addition, we will enhance efforts to integrate environmental justice considerations in EPA's programs and policies as well as fulfill environmental requirements with respect to other federal agencies' projects funded by the American Recovery and Reinvestment Act. Experience has shown that investing in our enforcement program yields tangible pollution reductions and fundamental behavioral change in the regulated community. The FY 2010 Budget will advance EPA's mission, and do so with unparalleled transparency. The success of our efforts depends on earning and maintaining the trust of the public we serve by upholding values of transparency and openness in conducting EPA operations.

Superfund

The $1.3 billion Superfund budget contains an increase of $24 million over FY 2009. Funding in the budget will enhance enforcement and removal work as well as support the Superfund program. The budget also includes a proposal to reinstate the Superfund tax that expired in 1995. Beginning in FY 2011, the taxes should generate $1 billion a year, rising to $2 billion a year by 2019 – all to fund needed cleanups across America. These efforts focus on ensuring that contaminated sites are ready to be returned to beneficial use by our communities.

Brownfields

The 2010 budget provides a total of $175 million for the Brownfields program, a $5 million increase from 2009. This includes $149.5 million for Brownfields State and Tribal Assistance Grants to continue to provide Brownfields assessment, revolving loan fund, clean-up, and job-training grants. The Brownfields program is designed to help states, tribes, local communities and other stakeholders work together to assess, safely cleanup, and reuse Brownfields. Revitalizing these once productive properties helps communities by removing blight, satisfying the growing demand for land, helping limit urban sprawl, enabling economic development, and improving quality of life.

Leaking Underground Storage Tanks

The FY 2010 budget requests $128 million for the Leaking Underground Storage Tanks program, including $113 million for the LUST trust fund. The Leaking Underground Storage Tanks program promotes rapid and effective responses to releases from Underground Storage Tanks containing petroleum and hazardous substances by enhancing state, local, and tribal enforcement and response capability. EPA supports state and tribal underground storage tank

programs to clean up contaminated sites, promote innovative and environmentally friendly approaches in corrective action to enhance and streamline the remediation process, and measure and evaluate national program progress and performance. Almost 80 percent (or 377,019) of all reported leaks have been addressed to date, leaving a backlog of almost 103,000 cleanups that have not yet been addressed. In FY 2010, EPA will continue to work with the states and tribes to complete LUST cleanups in an effort to reduce the remaining backlog.

All three of these programs – Superfund, Brownfields, and Leaking Underground Storage Tanks – focus on cleaning up contaminated sites to ensure these sites are ready to be returned to beneficial use by our communities, putting both people and property to work.

Partnerships

Next, I want to discuss how this budget will help our partners stay on the job. States, localities, and tribes are the front line in many environmental programs – they implement major portions of many EPA programs. As the recession drastically lowers tax revenues, states and localities are looking at deep cuts in all their programs – cuts that could hinder environmental progress on a wide range of issues.

Categorical Grants

In FY 2010, EPA requests a total of $1.1 billion for "categorical" program grants for state, interstate organizations, non-profit organizations, and tribal governments. EPA will continue to pursue its strategy of building and supporting state, local and tribal capacity to implement, operate, and enforce the nation's environmental laws. In this way, environmental goals will ultimately be achieved through the actions, programs, and commitments of state, tribal

and local governments, organizations and citizens. Highlights of EPA's FY 2010 categorical grants include:

Air Quality and Radon Grants

The FY 2010 request includes $248 million for grants to support state, local, and tribal air management and radon programs. These funds provide resources to multi-state, state, local, and tribal air pollution control agencies for development and implementation of programs for the prevention and control of air pollution and implementation of National Ambient Air Quality Standards. EPA will continue an initiative to measure levels of toxic air pollution near selected schools across the country and ensure that deployed monitors collect high-quality data. This partnership will help EPA maximize its monitoring and analytical capabilities. This budget also includes $8.1 million for radon grants that focus on reducing radon levels in existing homes and promoting the construction of new homes with radon reducing features.

Water Pollution Control Grants

The FY 2010 Budget request includes $229 million for Water Pollution Control grants. These grants assist state and tribal efforts to restore and maintain the Nation's water quality. EPA will also work with states to implement the new rules governing discharges from Concentrated Animal Feeding Operations. EPA encourages states to continually review and update the water quality criteria in their standards to reflect the latest scientific information from EPA and other sources.

Non-Point Source Program Grants

In FY 2010, EPA requests $200.9 million for Nonpoint Source Program grants to states, territories, and tribes. EPA's goal is to reduce annually the amount of runoff of phosphorus, nitrogen, and sediment through our Clean Water Act section 319-funded projects by 4.5 million

pounds, 8.5 million pounds, and 700,000 tons, respectively. These grants enable states to use a range of tools to implement their programs including: both non-regulatory and regulatory programs, technical assistance, financial assistance, education, training, technology transfer, and demonstration projects.

Hazardous Waste Financial Assistance Grants

In FY 2010, EPA requests $106.3 million for Hazardous Waste Financial Assistance grants. These grants are used for implementation of the Resource Conservation and Recovery Act hazardous waste program, which includes permitting, authorization, waste minimization, enforcement, and corrective action activities. In FY 2010, EPA expects that 100 hazardous waste facilities will put in place new or updated controls to prevent releases.

Public Water System Supervision Grants

In FY 2010, EPA requests $105.7 million for Public Water System Supervision (PWSS) grants. These grants provide assistance to implement and enforce National Primary Drinking Water Regulations to ensure the safety of the Nation's drinking water resources and to protect public health. In FY 2010, EPA will emphasize that states use their PWSS funds to ensure that drinking water systems of all sizes meet new and existing regulatory requirements.

Tribal General Assistance Program Grants

EPA's budget request includes $62.9 million for the Tribal General Assistance Program to help federally-recognized tribes and intertribal consortia develop, implement and assess environmental programs. In FY 2010, 100 percent of federally-recognized tribes and intertribal consortia will have access to environmental assistance.

Pesticides, Toxics Substance, and Sector Program Grants

The FY 2010 request includes $25.6 million to build environmental enforcement partnerships with states and tribes and to strengthen their ability to address environmental and public health threats and assist them in the implementation of compliance and enforcement provisions of the Toxic Substances Control Act and the Federal Insecticide, Fungicide, and Rodenticide Act. Under our Toxic Substances Compliance Grant program, states receive funding for compliance inspections focused on asbestos, polychlorinated biphenyls (PCBs), and lead-based paint. States also receive funding for implementation of the state lead-based paint certification and training, and abatement notification compliance and enforcement program. Under the Sector program grants, EPA builds environmental partnerships with states and tribes to strengthen their ability to address environmental and public health threats, including contaminated drinking water, pesticides in food, hazardous waste, toxic substances, and air pollution.

Lead Grants

The FY 2010 request includes $14.6 million for lead grants. This funding will support the development of authorized programs, including work under the new Lead Renovation, Repair, and Painting Rule, in both states and tribes to prevent lead poisoning through the training of workers who remove lead-based paint, the accreditation of training programs, the certification of contractors, and renovation education programs. In FY 2010, EPA will continue to award targeted grants to reduce childhood lead poisoning and keep EPA on target to eliminate childhood lead poisoning as a public health concern.

In addition to these grants, the FY 2010 Budget continues EPA's funding and Beaches Environmental Assessment and Coastal Health Act and Wetlands grants to protect our coastal shorelines and improve water quality in watersheds throughout the country.

Homeland Security

EPA has a vital role in homeland security. The Agency has been called upon to respond to five major disasters and nationally significant incidents in the past seven years. In the coming years, EPA's homeland security roles and responsibilities will continue to be of the utmost importance as the Agency enhances its preparedness.

The FY 2010 Budget requests $160 million to support the Agency's homeland security efforts. The emphasis for FY 2010 is on several areas: applied research for decontamination methods and agents; ensuring trained personnel and key lab capacities are in place to be drawn upon in the event of multiple large-scale catastrophic incidents; and enhancing critical water infrastructure security efforts.

EPA's FY 2010 Budget provides an increase of $9 million to fully fund five Water Security Initiative pilot cooperative agreements. The Water Alliance for Threat Reduction Activities. The Water Security Initiative will include continued design and demonstration, of a system to test, and evaluate the appropriate response to drinking water contamination threats. Adoption of effective water security guidance on contamination systems will be issued upon completion of these projects.

Inspector General

This budget also reflects another key concern of Congress and mine – making sure we manage our resources responsibly. This budget includes increases to the Inspector General to help ensure that we protect public dollars from fraud, waste, and abuse.

Conclusion

Mr. Chairman and Members of the Committee, the FY 2010 budget request sets EPA on a clear path to accomplishing the important work Americans support to address the pressing environmental challenges facing our nation. We are honored to have the job of protecting human health and the environment. And, we are proud that this $10.5 billion funds investments in both our environmental and economic future.

LISA P. JACKSON
Administrator
United States Environmental Protection Agency

As EPA's Administrator, Lisa P. Jackson leads a staff of approximately 18,000 professionals dedicated to protecting the public health and environment of all Americans. She was nominated to lead the Agency by President Barack Obama on December 15, 2008 and confirmed by the Senate on January 23, 2009. She is the first African American to serve in that position.

Administrator Jackson lists among her priorities reducing greenhouse gas emissions, improving air quality, managing chemical risks, cleaning up hazardous waste sites, and protecting America's water.

Before becoming EPA's Administrator, Jackson served as Chief of Staff to New Jersey Governor Jon S. Corzine. Prior to that, she was appointed by Governor Jon S. Corzine to be Commissioner of the state's Department of Environmental Protection (DEP) in 2006. While Commissioner, Jackson was known for her advocacy for reducing greenhouse gases, aggressively addressing pollution, and having an open and honest dialogue with stakeholders in the public policy process. She was also noted for ensuring that underserved communities received fair environmental protection under the law.

Jackson joined DEP in 2002, serving as Assistant Commissioner for Compliance and Enforcement, then Assistant Commissioner for Land Use Management, before becoming Commissioner. Prior to joining DEP, she worked for 16 years as an employee of the U.S. EPA, initially at its headquarters in Washington and later at its regional office in New York City. During that time, she was involved in directing hazardous waste cleanup operations and helping to direct the region's enforcement division.

Governor Corzine said of her after her confirmation to head the U.S. EPA, "The American people have gained a tireless public servant and a tenacious guardian of the environment."

Jackson is a summa cum laude graduate of Tulane University's School of Chemical Engineering and earned a master's degree in chemical engineering from Princeton University.

She was born in Pennsylvania and grew up a proud resident of New Orleans, Louisiana.

Jackson now resides in Washington D.C. and East Windsor, New Jersey. She is married to Kenny Jackson and is the proud mother of two wonderful sons, Marcus and Brian.

ENDANGERMENT FINDING

Mr. DICKS. Today's Washington Post reports that you have plans to propose tough new standards for tailpipe emissions from automobiles. This would be the first nationwide regulation of greenhouse gases. If you finalize your proposed endangerment finding that greenhouse gases threaten the public health and welfare, then the next step would be to regulate emissions from automobiles. Please explain to me how today's announcement relates to EPA's work on the endangerment from greenhouse gases.

Ms. JACKSON. Right.

The endangerment finding that is out for public comment is a precursor to EPA's having the authority to regulate. So if and when that endangerment finding is finalized, then EPA is authorized to regulate. The announcement today caps off a significant amount of work EPA has been doing with an eye towards the potential for future regulation of automobiles.

The President tasked us and the Department of Transportation with coming up with a national strategy, a national roadmap, if you will, so that automakers who are already suffering economically would have one clear set of national standards. Today's announcement embodies a lot of work. It says that EPA and DOT have agreed that they will propose a joint set of standards that addresses fuel economy, which is DOT's responsibility, greenhouse gas emissions, which could become EPA's responsibility, and it loops in the State of California, which presently has a waiver request pending before the EPA as well.

CALIFORNIA WAIVER REQUEST

Mr. DICKS. According to the Post, you plan to grant the California waiver request in June.

How will today's proposed rule affect California's ability to set more stringent fuel economy standards in the future?

Ms. JACKSON. We have made no announcement, Mr. Chairman, with respect to the waiver request. Congress has asked us to act by June 30th, and we intend to meet that date one way or the other. Assuming it is granted, California has agreed, for their part, that the agreement that has been reached between EPA and DOT and the standards that would be embodied in the joint rulemaking would satisfy them; therefore, although they would have the waiver, they would agree that——

Mr. DICKS. They would not exercise it?

Ms. JACKSON [continuing]. They would not exercise rulemaking pursuant to it from now until 2016. Thank you.

ENERGY EFFICIENCY

Mr. DICKS. I saw Carol Browner on the Today Show, and she said that there would be some increase in the cost of the automobiles, but that would be offset by the energy efficiency, the savings on fuel.

Do you agree with that?

Ms. JACKSON. That is right. EPA's analysis shows, working with DOT, that there was already an increase in auto prices as a result of the existing fuel economy requirements. I believe it was $700 per

auto. This adds another $600 per automobile, but it is offset in about 3 years by the savings in fuel and fuel prices.

Mr. DICKS. Mr. Simpson.

DRINKING WATER—ARSENIC STANDARDS

Mr. SIMPSON. Thank you, Mr. Chairman. Let me first ask about a couple issues that are kind of important locally to Idaho.

One is, Idaho's geology creates naturally occurring arsenic in our drinking water. Several years ago the EPA, as everyone is well aware, lowered the arsenic standard from 50 to 10 parts per billion, and many of our smaller communities could not afford the upgrades required to meet the new standards.

The 2010 budget proposal includes 1.5 billion for the Drinking Water State Revolving Fund, a $671 million increase over 2009, and I applaud your efforts in that area. While I agree that the Federal Government must help States and local communities to comply with the Federal drinking water standards, help cannot only be in the form of loans. Small communities simply cannot afford these loans; in fact, that is one of the real problems we have.

I met a couple of weeks ago with the city council and the mayor of a small community that is attempting to address this issue. They simply cannot afford it even under a loan program. Do you plan to address that in any way?

And I think the chairman mentioned in his opening statement the difference between loans and grants. And there are some small communities that, you know, we can put all the loans out there we want to, they still cannot afford to address it.

Ms. JACKSON. Yes. Thank you, Mr. Simpson.

I think you and I spoke in your office that small communities deserve the same caliber and quality of water as larger ones. They just have fewer people amongst whom to split up the costs, and so it is more per homeowner; and oftentimes they and small businesses cannot afford it.

I think it is a very important issue. I think it is one that is ripe for discussion. EPA would like to work with Congress to come up with a solution that makes clean water affordable for rural communities, smaller communities across this country.

PESTICIDE LICENSING PROGRAMS

Mr. SIMPSON. I appreciate that. I look forward to working with you on that.

In this particular case, something like 60 percent of the residents are on fixed income—retired there, have lived there their whole life, and they are faced with not being able, literally, to be able to pay their water bills. So I look forward to working with you on that issue.

In January 2009, the Sixth Circuit Court of Appeals ruled that pesticide residuals and biological pesticides are pollutants regulated under the Clean Water Act, striking down a 2007 EPA exemption for those who apply approved pesticides in accordance with the law. Despite urging from the Congress and Department of Agriculture to seek a rehearing, EPA instead filed a motion for stay of the mandate for a period of 2 years.

How does the EPA intend to address this issue during the stay? Do you anticipate a significantly increased workload in order to implement the court ruling? Of the 137.5 million in the 2010 budget for pesticide licensing programs, how much will EPA invest in this issue? And will you ensure that all Federal stakeholders will be brought into the process for resolving this matter from the beginning?

Ms. JACKSON. Yes. I will start with your last question.

I think key to a successful resolution is bringing in the other Federal stakeholders, obviously USDA being a very important one there. EPA's decision to ask for a stay, rather than a remand, was based on the legal advice, the best legal advice we could muster from the Department of Justice as well as our own internal counsel. There is a request for remand still pending, and so EPA will wait to see what the court says, but will not wait in the meantime to start the process of pulling together States, the USDA, other stakeholders to look at a regulatory scheme that works.

There is certainly an increased workload, and it is not only for EPA. It would be for the States, many of whom implement pesticide licensing and pesticide permit programs right now. So this would be an increased workload to them.

We are going to have quite a bit of work to do in the next 2 years to come up with a regulatory scheme that is reasonable, that addresses the worst potential for agricultural nonpoint source runoff—because there is evidence that that is a significant source of water contamination—but does not put an undue burden without resulting in environmental protection on the regulated community.

CARBOFURON

Mr. SIMPSON. Thank you. In the last administration, Chairman Dicks and I jointly voiced concern over the way in which the EPA was proceeding on a regulatory matter involving the insecticide Carbofuron—I knew I would get one of those words in there somewhere; you would think having a B.S. in chemistry would address that—which has been used on potatoes and other crops in our region for over 40 years. What is important to us with this regulatory procedure is that the EPA follow what we call around here "regular order."

I am concerned that Friday's announcement that the EPA is revoking all food tolerances for this product before the cancellation procedures under the FIFRA Act are completed is out of the normal sequence. I believe it is important that the USDA findings that this product still has important benefits be included, but the decision announced on Friday did not leave any room for discussion of benefits.

Recognizing that this is a recommendation that you inherited from what the chairman likes to call a "previous administration," can you discuss this issue and explain how the EPA intends to consider these types of decisions within the FIFRA process so that benefits are considered?

Ms. JACKSON. Yes. I agree there are more chemical names to keep track of. The Carbofuron decision Friday has provoked quite a bit of concern from—it is a small population, but I believe it is primarily sunflower growers and a few other crops that——

Mr. SIMPSON. Potatoes. Idaho.

Ms. JACKSON. Potatoes? How could I not get that right?

So our decision to cancel and revoke all tolerances, I have heard some concerns about proper procedure. I will look into those. I will commit to looking into those and getting back to you, Mr. Simpson.

[The information follows:]

REVOCATION OF CARBOFURAN FOOD TOLERANCES

EPA is following the statutory processes necessary to cancel all carbofuran uses under FIFRA and to revoke all tolerances under the FFDCA. The tolerance revocation process addresses dietary risks of a pesticide's residues in food and water. EPA is required to revoke tolerances when EPA finds that they do not meet the FFDCA safety standard. The cancellation process addresses both whether the pesticide meets the FFDCA standard for dietary risks as well as whether the occupational and ecological risks are reasonable, when weighed against the pesticide's benefits.

Under both the FIFRA and the FFDCA processes, dietary risks are evaluated the same way. Benefits are not relevant to a dietary risk finding under either statute. Whether we proceeded under FFDCA or FIFRA first, the way those issue are handled would be identical - a food use could not meet the FIFRA standard if residues resulting from that use could not satisfy the "reasonable certainty of no harm" standard. Neither FFDCA nor FIFRA imposes any requirement as to the order in which the Agency is to proceed with the revocation of tolerances and the cancellation of uses. In addition there is no comparable precedent that suggests a particular order to proceed with the two actions.

In assessing the risks of carbofuran, the Agency determined that human dietary exposures are unsafe, particularly for children consuming fruits and vegetables with carbofuran residues and who reside in areas where drinking water is obtained from groundwater or surface water that is vulnerable to carbofuran contamination. Given the unacceptable, acute dietary risks, the Agency determined it was prudent to proceed with the tolerance revocation to ensure protection of children could be realized as quickly as possible.

Further, the tolerance revocation is a transparent process that allows for broad public participation, and includes consideration of comments from growers and the public. To revoke the tolerances, EPA must first publish a proposed rule, on which any member of the public can comment. EPA then must publish a final rule, on which any member of the public can raise objections. In addition, any member of the public can support the retention of a tolerance. By contrast, the public participation is more limited in a FIFRA cancellation hearing. A cancellation hearing will only be held if the registrant requests it, and even then, the public can only participate in a cancellation hearing by intervening in (*i.e.* attending) the hearing in Washington DC.

Once the tolerance revocation process is completed, the Agency will proceed with the cancellation process and address the remaining non-food uses and their associated occupational and ecological risks and benefits. The overall time table to complete the revocation of the carbofuran tolerances and the cancellation of the carbofuran uses is comparable; however, the Agency determined, in this case, that protection of children was the first priority and proceeded with the tolerance revocation as the initial step.

Mr. SIMPSON. I appreciate it. Thank you.
Thank you, Mr. Chairman.
Mr. DICKS. Mr. Obey.
Mr. OBEY. Thank you, Mr. Chairman.

GREAT LAKES RESTORATION INITIATIVE

Let me talk about the Great Lakes. In your budget you have a very large new initiative, or expanded initiative, to deal with the challenges facing the Great Lakes. And I obviously appreciate that.

We have a huge number of issues. We have got the issue of how you deal with the ballast water problem, which is causing fierce problems. You have got pollution all over the lake. You have viral hemorrhagic septicemia, which threatens the entire fisheries of the region. You have got mercury deposits. You know the list.

You have got eight States, 80 percent of the fresh water or more in the country in that region. And so I am certainly pleased about the administration's request, and I do not want to look a gift horse in the mouth, but nonetheless, I would like to make sure—and I know because I have had conversations with the Chairman here—I would like to make sure that the money that is spent is actually going to do something, because it is a lot of money, and it is a big problem to deal with.

So I guess my question to you is this. I know there have been various studies by various agencies, but in the end it is crucially important that an initiative, which costs as much as this one does, have a basic underlying basis of sound science. And to do that, I think it is important that we not just have episodic studies by agencies or scatter-dash studies, it is important that we move from tactics to strategy.

And so I guess my question is, what actions do you think can be taken to assure that we have a substantial, coordinated, disciplined, detailed plan, not just a series of goals? And do you think that there needs to be perhaps outside scientific review of what the individual agencies do in order to make sure that we have the most effective approach possible for this problem?

Ms. JACKSON. Thank you, Mr. Obey. I just want to point out a couple of things.

The Great Lakes Regional Collaboration Strategic Plan was developed after a year-long effort amongst hundreds of stakeholders. The Great Lakes are big not only in their geographic size and the amount of water they hold, but the number of entities that actually have some stewardship responsibility over that system. So there is a strategy planning document which will guide EPA spending of the $475 million that is in the President's proposed budget.

That said, I think you know as well as I do that that plan called for a $20 billion investment in the Great Lakes. So literally one could say, even though it is a half a billion, that is still a drop in the bucket. You want to make sure it is not lost in the noise of all the work that needs to be done. I think that is a valid concern, and one that I share.

The chairman expressed it to me as well. I am certainly going to take that seriously. I see this as a real opportunity, and one that I would like to make sure EPA has nothing but A-plusses on after we are done, because it is an opportunity to put real significant

amounts of money on projects that will actually accomplish something in a reasonable period of time and demonstrate to the stakeholders around that system that when you invest in clean water, you get clean water back.

In developing our plans for invasive species, the areas of concern with toxics, near-shore health and nonpoint source pollution, habitat and wildlife protection, and accountability, monitoring and evaluation, and partnership, I have asked my staff to emphasize that we will not accept projects that do not demonstrate measurable improvements. We want to see improvements, even though we know that real, long-lasting improvement will take sustained effort over many years.

I would welcome review of those projects to the extent there are monitoring or scientific reviews that can be done to ensure that we are not fooling ourselves or the American people about results so that we are honest brokers of information and not inflating results. I am happy to do that. The only thing I would say is that I have also asked for a preference to spend money on engineering projects quickly, on work projects.

To the extent that we can, I am happy to have engineers or practitioners review those projects. But a scientific or a peer review I would like to leave for the science questions. The engineering questions, I want to make sure we are getting the best return on our investment.

CLEAN WATER ACT

Mr. OBEY. Okay. One other question. Well, actually, one request and a question.

A year-and-a-half ago we tried to put some additional money in the budget to deal with viral hemorrhagic septicemia. We were laughed at by some people in the Congress who claimed that we were providing funding for a tropical fish study. In fact, that is not what it was at all. And I simply think that—given the immense threat that it is to Great Lakes fisheries—it would be helpful if your Agency, along with others, can help to make people understand that this is not something to mess around with.

Beyond that, I would simply say that one of my great frustrations has been clean water. I came here in 1969, a disciple of Gaylord Nelson. The very first bill I voted on was amendments to the Clean Water Act. It was supposed to get us fishable, swimmable waters.

It has been 40 years since then, and we still have lots of streams and lakes that are messes. Why do you think it has taken so long to produce so few results in comparison to what people were hoping for in 1968 and 1969?

Ms. JACKSON. It has taken a long time, but I would say that the results are not small. We moved to a system of point source regulation of pollution in this country that has literally changed standards of sanitation with respect to wastewater, that has made huge strides forward in drinking water quality, and changed our rivers from being streams where we used to dispose of material to valued resources again.

I would never in any way downplay the extraordinary work of your first piece of legislation that you voted on, because it has been remarkable. The Clean Water Act is a remarkable statute.

That said, the challenges, as we have learned, have evolved, as well, over 40 years. Nonpoint source pollution now, whether that be agricultural runoff, which is a serious issue and one we have to deal with, is hard to do, but we will have to figure out how to do it or the products of development. Runoff from communities is now the next big frontier for us and I think we need to redouble our effort.

I think efforts like the Great Lakes or Puget Sound or Chesapeake Bay, those place-based efforts are the way we are going to learn what is the key to unlocking the next quantum leap forward on water quality.

There are frustrations when we hear about communities that do not now have clean drinking water. That is a frustration that most people do not understand. We have also learned a lot more about what makes water unclean: arsenic, a naturally occurring material; or radon; or now, as we are finding out, some synthetic organic chemicals that are showing up in our water, sometimes deposited by air, sometimes deposited by the very plants that we built which do not remove them.

So we learn more, we learn about the new threats. We need to be proactive, we need to be ready for the next 40 years. As much work as we have to do, I have to tip my hat to all the tremendous work that has been done by States, by tribes, by Congress, by the Federal Government.

Mr. DICKS. Would you yield just for a quick second?

Mr. OBEY. Sure.

GRANTS VS. LOANS

Mr. DICKS. Do not you think the fact that we gave up on the grants—this was a congressional decision—has hurt us, that we would be in a better place if we had both grants and loans?

And, in fact, we have tried to do that in the Recovery Act. We changed the wording so that States can forgive the loan, make them more affordable.

I know USDA rural development has some grants, but you know, the list we get of communities that need help, many of these communities simply cannot afford, as Mr. Simpson said, to do the projects with loans alone. The rates get so high that the people in local communities cannot afford it.

I really feel that it was a mistake when we walked away from grants. When Bill Ruckelshaus, our mutual friend, was administrator of EPA, he had $4.5 billion in grant money. It was 75–25, 80–20, whatever it was. Now that was a real program. And I worry that just having the revolving funds is not adequate. And you know, the backlog is like $680 billion. When you take safe drinking water and clean water, it is huge. So as much as we appreciate the increases, we are not really addressing the problem in the magnitude that it exists.

Thank you for yielding.

Ms. JACKSON. Thanks.

Yes, I believe affordability and the ability to fund improvements. We have reached a point where some communities are having to say, we do not want to make a choice, but we have to. I think that is an issue that bears some discussion and thinking. Obviously, in any budget tough choices have to be made.

Mr. DICKS. Yeah.

Ms. JACKSON. As we move from a grant program to a loan program, it does force some hard choices in communities. I think that the time is right to have those discussions again.

Mr. DICKS. Yeah.

Mr. OBEY. Thank you.

Mr. DICKS. Mr. Cole.

TRIBAL NATIONS

Mr. COLE. Thank you, Mr. Chairman.

And congratulations, good to have you here. And I want to begin with a comment, having read your testimony. And I really want to say how much I appreciate the fact that at every point in your testimony that you talked about governmental units you included tribes. That is really unusual. And I have special sensitivity and interest there, and I really, really appreciated the emphasis. It was obvious and noticeable.

Along those lines, I want to pick up on a point that both Mr. Simpson and Chairman Obey and Chairman Dicks made, because tribes have the same sorts of problems that, frankly, underfunded local communities do when we deal with match programs. And it is really compounded to some degree because they do not have taxing authority. If they do not have some outside source of revenue, they literally only have Federal dollars, which are matching Federal with Federal, and that is a problem.

So do you have any thoughts about what could be done so that these tribes, particularly the great land-based tribes that are some of the poorest tribes in the country and live under some of the toughest circumstances, could also be in a position to compete for grants and have that resource at their disposal?

Ms. JACKSON. Yes, thank you.

The need to build capacity amongst the tribes has actually grown, not decreased. Although we have begun investing through our general assistance program—and I will get the number for you for next year—it goes up again. As you build capacity you need more capacity. I think that that is a point that is very well taken.

[The information follows:]

What we want is actually for these tribal nations to become real stewards and real shepherds of the environment and their lands. It is so important to them environmentally and for their health, but also culturally, because then they do our job. I mean, they become fellow governments that do the same work we do here. So I do believe that additional increases are important.

TRIBAL GENERAL ASSISTANCE PROGRAM

** GAP budget amount for 2010. The total is $62.875 million.

With respect to water quality, the Recovery Act again made quite an investment in tribal nations. It allocated additional money, and the budget follows suit. The 2010 budget doubles the SRF fund and

raises the tribal set-aside to 2 percent. That was a mark that was set in the Recovery Act. That is another $48 million. There is $26 million for Clean Water Act section 106 grants, $8 million for section 319 grants, all for tribes. So we will continue to invest.

We talked yesterday about ways to invest in things besides water to make sure tribes have drinking water and sanitation and all the same things that we enjoy.

CORN-BASED ETHANOL

Mr. COLE. Well, thank you again. I look forward to working with you on that. And I appreciate the emphasis.

Let me ask you on another, you are going to be leaving shortly to discuss the new emissions standards and fuel standards; and you mentioned this earlier in your testimony. Sometimes when we try and solve these problems, we generate problems at the same time.

There is a lot of controversy now about ethanol that did not exist—corn-based ethanol that did not exist a few years ago. Do you have any plans of looking into some of the solutions, that one in particular where there are a lot of discussions, there is more environmental damage, and there is certainly a lot of market distortion by some of the mandates we put down on corn-based ethanol?

Ms. JACKSON. Yes, we have a couple of actions before EPA now that we will turn to after public comment. We have opened the public comment on increasing the percentage of ethanol allowed in gasoline from 10 percent, which is allowed now, up to as high as 15 percent. We are taking comment and receiving data. We are very interested in receiving data on engine performance, durability, distribution, any concerns that anyone might make along the supply chain about that increase, because obviously we want that fuel, if it is approved, to be workable for the American people.

We just recently put up for public comment a renewable fuels standard that would become effective, once adopted, for the year 2010. That was mandated by law by EISA. One of the major concerns has been the impact of growing corn-based ethanol, essentially when you use a food as a fuel stock on land use, not only in this country but internationally. That is the indirect land use discussion we have seen so much in the paper.

We have it open for public comment now. EPA did propose to take into account indirect land use, because that is what the law requires us to do. We are also peer reviewing our models for indirect land use. There have been some concerns about whether or not those models, are ready for prime time. This has not been tried, and certainly has not been tried from a regulatory standpoint. We welcome the peer review and are working with OMB. I think we have already put together the peer review panel, and that will be commencing simultaneously with the public comment.

SUPERFUND TAX

Mr. COLE. I hope you will keep that emphasis, because I am a big believer in biofuels. I think Mr. Simpson's forests are a prime source, and there is a lot of places.

I am not sure ethanol, in retrospect, will turn out to have been as wise a choice as we thought when we started down this road, but it has quite a political constituency behind it now.

Last question. You mentioned restoring the Superfund tax in your testimony. Could you tell me exactly—I kind of remember it, and then we did not do it in 1995. So could you tell me number one, what that constitutes, who is going to pay it, that sort of thing?

And you did mention, I think you expected a billion dollars—you expected that to rise to $2 billion. What do you see in 5, 10 years, what the level of that tax might be?

Ms. JACKSON. The projections are that the first years would raise about a billion dollars a year. It would rise to $2 billion, I believe it is, by 2019. The President's proposal proposes reinstatement not right away, in recognition of the fact that our economy is, we hope, recovering, on the road to recovery, and giving us additional time for that. That was a tax on chemical feedstocks that then goes into a fund to be used for the assessment and cleanup of Superfund sites. I think there is no doubt that when we put money into the program we get results out the other end in terms of sites where there are cleanups. We also get jobs that Superfund cleanups are, a small part, but a part of the Recovery Act. And we have actually had some wonderful events going around the country to communities that welcome us not just for cleaning up, but for being there and starting up the economic engine of having workers out assessing and cleaning up these sites.

We want Americans to know that, like the SRF, it is an opportunity to invest in our environment in a way that gives us back not only a cleaner site and healthier community, but also gives us jobs.

Mr. COLE. You have done some great work, and it is not in my district, but in Oklahoma a Superfund site around Picher, Oklahoma, which is an old lead mining area. And it has really been a quite a spectacular success thanks to the EPA.

Thank you very much, Mr. Chairman.

Ms. JACKSON. Thank you so much.

Mr. DICKS. I want to call on Mr. Moran, our vice chairman, and I want you to know he has been the leader on endocrine disrupters on our subcommittee.

ENDOCRINE DISRUPTORS

Mr. MORAN. Thank you, Mr. Chairman.

Then I think I will ask a question about that. She has, but I think it is still worthwhile bringing this up, because it has been 13 years since the Congress directed EPA to require that pesticides be tested to determine the potential to disrupt the human endocrine system.

And you have the authorization. If substances are found to have endocrine disrupting effects in humans, I think that it is pretty clear that EPA has that responsibility. And I know you are aware of it.

I am particularly concerned about endocrine disrupters, because we did the study of fish in the Potomac River that, you know, could not be closer to all the folks here in Washington. We see it every day, cross it every day, and yet 90 percent of the Smallmouth Bass

that were studied were intersex, which just is not normal. And endocrine disrupting chemicals, are believed to be the likely cause.

But also we have reason to believe that these chemicals are causing increased rates of cancer, infertility, diabetes, childhood obesity, birth defects. And many of the effects that we are seeing in humans have been observed in wildlife and fish that have been exposed to endocrine disrupters.

You know, you do have an enormous job to do, and you have got to make up for lost time. But—EPA finalized a list of 67 chemicals that would be subject to Tier 1 testing to screen for endocrine effects—and I am very appreciative of that, very impressed—but when will the orders requiring the manufacturers of these 67 chemicals, when will they be required to test them? And do you have all the clearances from OMB? And then how long will the companies be given to submit the required data?

I would like to get some sense of the timeline that we can pursue this. Because that is 67 chemicals, and there are 80,000 chemicals in commercial transactions today that have not been tested. So that is my first line of inquiry, and I appreciate the chairman bringing it up.

Ms. Jackson, can you elaborate on that?

Ms. JACKSON. Absolutely, Mr. Vice Chairman. Thank you for your advocacy on endocrine disruptors. It is important work.

I agree that it has taken too long for the screening. I am happy that we now have the first 67 pesticide chemicals to be screened this summer. The issuance of Tier 1 test orders is expected in the summer, and we are waiting. We need to get OMB approval on the information collection request. I am not sure if it is over there now, so I do not want to blame them for something they may not even have in front of them. But certainly we will have to go through OMB in order to get that out this summer, and we will work with them to do that.

You are right that the actual screening results will take a process of years to result in potential regulatory action, if the testing indicates that additional regulatory action is needed by EPA, under the Food Quality Protection Act, and we will certainly do that. The assay development process was 13—well, 10-years-plus—in the making. I am optimistic now that we have a validated assay by the scientific advisory panel, we can now move forward with more of these. So we will have another list of chemicals coming out in fiscal year 2010.

COAL COMBUSTION: TENNESSEE VALLEY AUTHORITY

Mr. MORAN. Thank you. I am so glad you are. And I have great confidence in your leadership.

Mr. Chairman, I would like to ask one other subject, and that is coal combustion waste. The worst stationary source of air pollution in the whole Washington area is an outdated coal-fired power plant right on the banks of the Potomac River in Alexandria. And part of the problem is that the better we get at preventing the toxins that are emitted from the burning of coal through the smokestacks, the greater the quantity and toxicity of the solid waste products that we have to manage.

In 2007, the last year for which we have data, electric utilities generated 131 million tons of coal combustion waste, and as you know, it contains at least a dozen heavy metals such as arsenic and boron and so on, many of them toxic.

There was an EPA report written in 2002 that found that the cancer risk was 500 times greater from exposure to arsenic in drinking water for residents living near unlined landfills containing coal ash and coal refuse. Last December, we had an enormous breach of an impoundment pond in the TVA down in Tennessee, and it destroyed homes and properties; the cleanup costs are going to be about $800 million.

There was a smaller spill in March in Maryland, but enormous costs to drinking water, the fish, the wildlife, and several national parks, including the C&O Canal and the Chesapeake Bay.

There is little role now in this coal combustion waste for the Federal Government, but the regulations that are governing these disposal requirements, they vary from State to State, and then there are some multiple agencies within a State. It seems to me it is a national problem, and yet we do not really have a Federal policy to regulate it. But it does seem that wet storage of disposal of coal combustion waste is difficult to manage and presents a continual risk to health and the environment.

So would you address that concern, Ms. Jackson?

Ms. JACKSON. Yes, I am happy to.

I have committed that by the end of this calendar year, by December, we will propose rulemaking to govern coal combustion waste.

Mr. MORAN. Great.

Ms. JACKSON. EPA is presently evaluating current disposal practices, as well as all the information we have, so that that rule is based on the best science we have and follows the law.

I do agree—the other thing that you mentioned is the catastrophic spill down in Tennessee. EPA issued an order on May 11, 2009 to basically take over and work in partnership with the State of Tennessee that had been doing yeoman's work on the cleanup. I believed it was important because that is a Federal facility; it was a Tennessee Valley Authority (TVA) impoundment. TVA has stepped up, they have been doing it, but this is going to be a very expensive cleanup. As you said, it could easily top a billion dollars, and we wanted to bring EPA's technical expertise, its enforcement might, to the table if it becomes necessary to enable the cleanup.

So as we move forward, obviously—I think you mentioned the facility in Alexandria, the Potomac River generating station; there we have a particular chemical. We are waiting on a health consultation from ATSDR on the—I forgot; I know it starts with a T—trona, that we will be reviewing that as we get the consultation from ATSDR.

Mr. MORAN. Wonderful. Thank you very much. Very impressive.

Thank you, Mr. Chairman.

Ms. JACKSON. Thank you.

Mr. DICKS. Mr. Chandler from Kentucky, who is very concerned about mountaintop mining.

MOUNTAINTOP MINING

Mr. CHANDLER. Welcome, Ms. Jackson. I want to congratulate you on your position. I think I should congratulate you, although maybe condolences might be more in order, because you really do have your work cut out for you. I do not remember a time where we have had so many issues all at once that the EPA has got to deal with, and I wish you the greatest of luck. And I know you have got a lot of folks here on the committee who want to help you.

I also want to thank you for the statement you just made about the coal ash ponds and the difficulty there. It has been a concern to a lot of people around the country that the EPA was not in a position to regulate that, and it is wonderful that you are going to get involved in it. Thank you for that.

A couple of questions. I appreciate the chairman's mention of mountaintop removal, and I would like to pursue that a little bit with you.

First of all, have you had the opportunity to do a flyover of the Appalachian Mountains?

Ms. JACKSON. I have not yet, but it is on my list of things to do.

Mr. CHANDLER. Very good. I would like to be a part of facilitating that for you, if I could. The chairman's been on one, and I think he can say that it is enlightening.

Mr. DICKS. Definitely.

Ms. JACKSON. Okay.

Mr. CHANDLER. I also appreciate that the EPA under your leadership has recently begun to take a more careful look at mountaintop removal mining and valley fills.

Prior to the Bush administration, under the Clean Water Act, as I am sure you know, waste material was not allowed to be used to fill streams. Now, that was not enforced necessarily, but the rule was such that it was not allowed. As a result of a Bush administration rule, waste now may be placed in the streams.

Will you reconsider or think about revising this rule?

Ms. JACKSON. Yes. Thank you.

Actually, the Department of Interior under Secretary Salazar announced recently that they are looking to rescind that rule, and looking at new rulemaking to govern surface mine, mountaintop mining, and stream—that was the so-called "stream buffer rules." So they have agreed to roll that back.

Mr. CHANDLER. And they are going to move in that direction?

Ms. JACKSON. That was the announcement. EPA has been working with them through the White House Council on Environmental Quality to beginning the discussions of what environmentally sound mining should look like and how to ensure that there are not undue impacts on water quality.

"FILL MATERIAL" DEFINITION

Mr. CHANDLER. What I am actually talking about is something that is under the Clean Water Act, which is a little bit different.

Ms. JACKSON. Yes.

Mr. CHANDLER. It has to do with what is, in fact, the definition of "fill material."

Ms. JACKSON. Okay.

Mr. CHANDLER. There had been a change under the Bush administration about the definition of "fill material," and what I was wondering is whether that would include waste or not.

Ms. JACKSON. Okay.

Mr. CHANDLER. So a little bit different take on that particular issue.

Ms. JACKSON. Okay. Yes, I think maybe I should agree to get back and talk to you on that plane ride out to Appalachia, because I think we have some work to discuss on that particular regulatory issue.

[The information follows:]

MOUNTAIN MINING

The issues related to "fill material" and "discharge of fill" are very technical matters. I will address them briefly, and offer to follow-up with more detail if you wish. Since 2002, EPA and the Corps have had a common "effect-based" test, which considers any discharge to waters of the United States that have the effect of replacing an aquatic area with dry land or of changing the bottom elevation of a water body as "fill" under Section 404 of the Clean Water Act. However, the term "fill" does not include pollutants discharged into the water primarily to dispose of waste, which are regulated under section 402 of the Clean Water Act 33 CFR 323.2(e)(2001). I will also acknowledge that there have been legal challenges to the issuance of Clean Water Act (CWA) section 404 permits for valley fills for mountaintop mining operations and for other mining operations. While the validity of the Fill Rule itself is no longer directly at issue, it is likely that upcoming decisions in the courts could affect our interpretation of "fill."

Mr. CHANDLER. Well, it is an important issue, and it is covered in a bill that Representative Pallone has had up here in Congress for a number of years. You might want to have a look at that bill too; it has got quite a number of cosponsors on it.

On another matter, the budget request that you have put in for criminal enforcement is the largest ever. According to your budget, it looks like you will be able to finally employ 200 criminal investigators, as authorized by the 1990 Pollution Prosecution Act.

Can you describe for us the level of success that EPA criminal enforcement has had in the past few years and your feeling about where that criminal enforcement has been and where it needs to go?

Ms. JACKSON. The commitment of EPA to ramp up its criminal enforcement resources and its cases has been a bright spot on the landscape, I think, for environmental enforcement.

You know, I was a long-time enforcer at the Federal level and then at the State level, and I know full well that enforcement has two effects. It deters future bad behavior, but it also levels the playing field for business, you know, business cannot see one company making a larger profit because they choose to ignore the laws of our land.

Criminal enforcement—there is nothing like the threat of jail time or criminal prosecution to really make management, all the way up to the highest levels of a company, realize that they are, indeed, responsible for corporate behavior.

EPA has had some noteworthy cases. As I was on my way over here today, I was looking through the clips. There was an article about a fugitive who has been doing illegal asbestos tear-out and disposal, you know, that EPA's criminal team is looking to find and prosecute.

So I think it sends a very strong message about the seriousness of our country's commitment to enforce the environmental laws that we work so hard——

Mr. CHANDLER. And I guess you have been deeply concerned about the lack of resources in the past that have been available to the Agency to do this work?

Ms. JACKSON. Yes. As you said, the idea that we will be able to finally get up to the funding that was anticipated by Congress in the Pollution Prosecution Act is very, very good news.

Mr. CHANDLER. Okay. Thank you.

Mr. DICKS. Mr. Hinchey of New York.

Mr. HINCHEY. Thank you very much, Mr. Chairman.

And, Administrator Jackson, thank you very much. It is very impressive to listen to you and, particularly, listen to the answers that you provide to the questions that are given to you. You are doing some very, very important work with regard to the safety and security of people all across this country and their health, as well.

And just to start off, I want to express my deep appreciation to you for the attention that you focused on the PCB problem, polychlorinated biphenyls, in the Hudson River and the cleaning up of those PCBs—I am happy to see you smiling about it—the cleaning up of those PCBs, which has been delayed, as you know, for decades. And there were some administrations, like the Clinton administration, which moved forward on it, but then it was blocked by the Bush administration, and nothing happened for 8 years.

But now you are moving forward on it, and I very much appreciate what you are doing. You are going to make a big difference in the quality of that river and the quality of health and a whole host of other things. So I just want to thank you very much for that.

Ms. JACKSON. Thank you.

TCE—TRICHLOROETHYLENE

Mr. HINCHEY. There is a number of concerns that we are dealing with. One of them is TCE, trichloroethylene, and the suspected carcinogen and neurotoxin effects of exposure to that particular chemical and how it was used so broadly decades ago and how it is still lying out there in a lot of places, and the way in which there are no national health safety standards for this kind of material.

I have been working with your operation and a number of others over the last several years, and some progress has been made. And I am just hoping that—and I am sure that you will be doing some things that are going to be very important.

Back in January of this year, the Bush administration finally put out a statement with regard to what should be done with regard to TCEs, but it was fairly weak. And now I see that your agency has withdrawn that memorandum, and I believe that you are considering a different standard. And I am just wondering if you are planning to issue a revised memo on TCE toxicity levels and the health risks that they pose.

Also, in July of 2006, the National Research Council recommended that the human health risk assessments for TCE be, you know, just finalized, something clearly be done about it, as

they said, and I quote, "with currently available data so that risk-management decisions can be made expeditiously."

So does EPA have a schedule for completing that risk assessment?

Ms. JACKSON. EPA is working to develop a schedule for TCE and a number of other, I call them, "marquee contaminants," ones people have heard of but which EPA has yet to speak on, in terms of putting out a risk assessment that the American people can rely on.

There are two places where we deal with TCE. Obviously, one is the Superfund program; you mentioned that first. A recommendation will be made in the fall of this year regarding non-cancer TCE cleanup values that can be used out in the field by States and the Federal Government and tribes to do cleanups.

[The information follows:]

TCE RISK ASSESSMENT NUMBER

On April 4, 2009, the Office of Solid Waste and Emergency Response (OSWER) withdrew a guidance memorandum that had been issued to EPA Regional staff and managers on January 15, 2009, entitled "Interim Recommended Trichloroethylene (TCE) Toxicity Values to Assess Human Health Risk and Recommentations for the Vapor Intrusion Pathway Analysis." The Agency withdrew this guidance to further evaluate the recommendations regarding the noncancer TCE toxicity value for use in risk assessments of inhalation exposures.

In the interim, toxicity values for TCE should be determined consistent with the National Contingency Plan (e.g., 40 CFR 300.430(e)) and the 2003 Toxicity Hierarchy (OSWER Directive 9285.7–53, December 5, 2003). The Directive provides guidance on a hierarchy of approaches regarding human health toxicity values in risk assessments, and provides guidance for regional risk assessors to help them identify appropriate sources of toxicological information that should generally be used in performing human health risk assessments at Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") sites. This hierarchy of approaches is also appropriate for human health risk assessments at Resource Conservation and Recovery Act (RCRA) corrective action sites.

In the meantime, there is an assessment, and I do expect that we will be moving forward with a risk assessment number for TCE. I don't have a date for you today.

Mr. HINCHEY. I hope so. And I know you are focused on that. It is very important that you are. There are a number of places, just in the district that I represent, the city of Endicott, for example, on the southern tier, just above the Pennsylvania border; another city, the city of Ithaca. In the city of Endicott, there are about 500 homes, families who are exposed to the gasic effects of TCE coming up into the air.

So what you are doing is very critical, and I am hoping that you move forward on it very effectively. If there is anything that I can do or we can do or the chairman can do, I am sure we will do everything we can to help.

Ms. JACKSON. Thank you. I will look into that.

HYDRAULIC FRACTURING

Mr. HINCHEY. One other thing I wanted to talk about was the hydraulic fracturing and water supply issues. There is a lot of attention now, with the price of gas having gone up, to drill for gasoline, including the Marcellus shale area that stretches across Pennsylvania and New York. But this hydraulic fracturing which is carried out shoots vast amounts of water, sand, and chemicals—some

chemicals, including things like benzine—down into the ground, and then drills along horizontally.

And, unfortunately, in that legislation that was passed back in 2005, that Energy Policy Act, Congress exempted hydraulic fracturing from the Safe Drinking Water Act, which was designed to protect people's water supply from contamination from these kinds of toxic chemicals.

So we have now, in many places across the country, more than a thousand cases of contamination that have been documented by courts, by State and local governments, in places like New Mexico, Alabama, Ohio, Texas, Pennsylvania, Colorado, and elsewhere. In one case, there was a house that exploded after hydraulic fracturing created underground passageways and the methane seeped into the residential water supply and just blew the place up.

So, obviously, there is a lot of damage and danger that is potential here, and this is something that really needs to be addressed. So I wanted to just ask you a couple of questions.

Is EPA aware of and monitoring the reports of water contamination related to hydraulic fracturing of gas wells in those States that I mentioned, including Pennsylvania?

And, in 2004, EPA's study concluded that fracturing—amazingly concluded that fracturing did not pose a risk to drinking water. However, the contamination incidents I referred to have cast a lot of obvious, significant, different attitudes about that, making it clear that this is a very serious problem. The report's own body contains damaging information that wasn't mentioned in the conclusion. In fact, the study foreshadowed many of the problems now being reported in all of those places, all of those States across the country.

So, given this new information, what do you think EPA should be doing? Should it reconsider its earlier findings on fracture risks in drinking water? Should something more effective and aggressive be done here to deal with this serious problem?

Ms. JACKSON. Well, obviously, as new information comes in, you bring up some startling cases of places where EPA should, at a minimum, even though we are forestalled by law in acting except when there is diesel fuel from hydrofracting, we could certainly play a role in starting to track and keep information and data on these issues as they come up.

I do think that it is well worth looking into. I am happy to do that in conjunction with you or through this committee. At EPA's prior testimony, I think the last time EPA spoke on this was October of 2007 when, at that point, EPA's position was that there was no need for any additional concern. I think it is probably time to look at that again.

Mr. HINCHEY. Well, I hope this Congress, frankly, corrects all of the serious damage which was done—the one I mentioned, but others, which were done in that 2005 Energy Policy Act. That is something that we are going to have to do. And I am very happy to be able to work with you, and I very much appreciate what our chairman is doing on these issues. So please keep in touch with us about these circumstances and let us know what we can do, what you are doing, what kind of help that we may be able to give to you.

And I thank you very much for everything that you are doing.

Ms. JACKSON. Thank you. I will.

Mr. HINCHEY. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Olver from Massachusetts.

SENATE CONFIRMATION

Mr. OLVER. Thank you very much, Mr. Chairman.

Ms. Jackson, this is the first opportunity—well, easy opportunity that I have had to congratulate you on your arrival at the Administrator position and your confirmation.

Your arrival marks a very significant change in the kind of budget that we are seeing this year. There are some very large increases. Rarely does one see an agency get more than a one-third increase in its proposed budget. At the same time, there are some quite significant reductions or removals that also show up.

Let me just ask you, how many administrative people in your agency require Senate confirmation?

Ms. JACKSON. I believe the number is 14, including myself.

Mr. OLVER. Fourteen, including yourself. How many of them have been confirmed now, other than yourself?

Ms. JACKSON. I believe it is three. Three, yes.

Mr. OLVER. How many of the remaining—including yourself, you and two others have been confirmed?

Ms. JACKSON. No, no, no. Four altogether.

Mr. OLVER. You meant four in total. So how many of the other 10 names have already been sent up for confirmation?

Ms. JACKSON. I believe there are three.

STATE REVOLVING FUNDS

Mr. OLVER. So there is still half of your total crew here, 5 months into the administration, whose names have not gone up for confirmation. Okay.

Coming here down the line, I have just a lot of things that I would like to, sort of, comment on quickly and maybe come back for a second round, if we have a second round.

One is, I, too, am very pleased that you are noting the needs of tribes. The question of capacity of tribes is paramount in so many different areas. I happen to chair the Housing and Urban Development and Transportation Subcommittee of the Appropriations Committee. We do 98 percent of the housing that is done on reservations. Two percent of it is done by the BIA, which is also part of the Interior Subcommittee. And, of course, your water issues are all here in this committee.

And, in these areas where grants are available and tribal capacity is critical to be able to access those grants, and the use of them, once they have gotten them, the effective and expeditious administration and completion of the grant process is also critical to being in line for the next time. If you don't have a good history, you are going to be less likely to get the money the next time.

So the capacity in my subcommittee and the capacity in this subcommittee are really critical, but it is also important in other places. I don't need to go into the other places. So I, along with Mr. Cole, am very interested in how one builds that capacity and maintains it, sustains it, and makes it grow.

I commented that there are very large increases. The amount in the Recovery Act for the STAG grants is a very large increase. It is two and a half times what has been appropriated year by year; comes in in the Recovery Act. And the amounts for the Clean Water Fund, the revolving funds, which are basically loan funds, those are huge increases, in any case. So there are very large increases there.

But I do want to note, as has been done by a couple of the other members, including Chairman Obey and Ranking Member Simpson and the chairman of this subcommittee—probably others have made it, too—the problem that occurs in those increases for the very small communities.

There were, in the loss of funds, the inclusion of the Rural Water Program for communities of under 3,000 population and the program under the National Rural Water Association. The sum total of those programs is less than $15 million, but it represents a huge need.

We have thousands of communities in this country which are losing population. When they are losing population, they are almost certain to have lost their capacity to maintain service programs and to pay water shares. And in moving over to the STAG grant program and the revolving fund programs, there is a 20 percent match at the State level. Most of the States are undergoing very severe economic problems and would have serious difficulty this year in coming up with those monies. The ARRA funds are 100 percent—that process has been waived for the Recovery Act.

And in the case of grants, that is not a problem. But in the case of loans, especially going to the very smallest communities, many of which—you know, the thousands of communities that are losing population are huge numbers in certain parts of the country, but there are communities in every State. In upstate New York, there are communities that are losing population. In my original home State of Pennsylvania, there are a substantial number of communities losing population. And they fall, often, in that lower range.

So I am kind of curious. See, they lose economies of scale. The capital cost per product that comes out is much higher in such small communities because there is just no economy of scale.

How does the way you have structured, with the huge increases in the basic grants, STAG grants, and then in the revolving funds—which are grant increases. I mean, I think that part of the answer to why we may not have made as much progress over the years, as Mr. Obey was commenting, why that has been in his mind half-empty and in your mind half-full, the glass, it is that we haven't put enough money into it to keep up these programs. And the ARRA program has put a huge amount of money in, more than the whole year's for each of the 2 years in a couple of those programs.

And I am sort of curious, how are you going to substitute for these two rural programs—which were called earmarks, when in fact not a single community was designated for any of the money. They were all competitive after they got to the two agencies that were using those monies. And yet they were serving a group that I don't see where they are going to be served appropriately in the situation that has been set up.

Mr. DICKS. Why don't we let her comment?

Do you want to comment on that?

Ms. JACKSON. Sure, Mr. Chairman.

I think and share your belief that the National Rural Water Association and the Rural Community Assistance moneys went to good purpose, that they were moneys well spent. Yes, in the principled elimination of earmarks, they are two of the programs that are not in the President's proposed budget. EPA will do the very best it can to ensure that the large increases in SRF are distributed fairly to communities.

I do believe that the ongoing discussion that is happening now in Congress—certainly, the Senate EPW has had lots of discussion about reauthorization of the revolving funds. I think there is a place where now is a good time to ask ourselves questions about affordability, about small communities, about the economies-of-scale issue that you mentioned, about the original intent of those infrastructure improvements. And so I am happy to have those—

STATE REVOLVING FUNDS

Mr. OLVER. Do you have actual capacity to—I thought that the revolving fund dollars and the STAG grants—well, the STAG grants probably go out on a competitive basis, don't they? They don't go out by formula to each of the States. But the revolving funds go out by formula to the States, don't they?

Ms. JACKSON. The revolving funds are distributed by formula. Actually, the STAG grants go to State governments, and they often are distributed—

Mr. OLVER. They go to the State governments, and those go by formula to the State governments, as well. How do you then take into account—what authority do you have to tell them how they are going to then expend the moneys in the way that you described you might?

Ms. JACKSON. Well, right now we follow the law, and the law basically says that States have to give to EPA an intended use plan every year. And that plan is largely the province of the States to decide how best and where to put its money. And, obviously, if a community can't afford to make the match or can't afford the loan, then there is an issue there. It is not one that we can address without, probably, some legislative changes, though.

Mr. DICKS. Would the gentleman yield?

Mr. OLVER. Certainly.

Mr. DICKS. We changed the language so that the same kind of authority that we had under the Drinking Water Revolving Fund now applies to 50 percent of the Clean Water Revolving Fund. So we have already done that. Chairman Oberstar, in his bill, has exactly the same language.

So, there now is a way to help these communities. But, again, I am hopeful that at some point we can get back to a grant program. Now, even in a grant program, you have to have a State match, as I understand it. But we are making some progress. There is some of the money that goes back to your State of Massachusetts that allows some forgiveness on the repayment. And so it is like a grant.

And that has been there in the Safe Drinking Water for many years, but we have now put that in the clean water SRF program. And we intend, though it is not in the administration's request—it may have been overlooked—to put it in the bill for 2010, as we did in the stimulus.

Mr. OLVER. If I could reclaim my time, is that a 1-year authorization because it is within an appropriation bill, as the ARRA?

Mr. DICKS. Yes, that is correct. Unless we made it permanent.

Mr. OLVER. Does that have to be authorized to continue in the long run?

Mr. DICKS. But Mr. Oberstar's bill, which is now going over to the Senate, has the same language in it. So this is a fix. And, as I said, I am not sure it is totally satisfactory, but it is a fix.

Mr. OLVER. Have you had input into the bill which has been described that has gone over, it has not yet occurred, so that you would see that that is going to solve the problem in an appropriate way? Or is there authority in that legislation for you to do the oversight that would make certain that it would happen?

Ms. JACKSON. Yes, well, once the legislation, if passed, changes the requirements and allows for grants rather than loans, then I do think a lot of those communities are going to raise their hands and stand up and say, yes, of course we would like to have clean water; we can now afford it.

And, yes, EPA staff have been—I will personally take a look at the issue. In fact, I just the other day mentioned to my staff that it is time for us to roll up our sleeves. Because the 1-year fixes are much appreciated, Mr. Chairman, and the work that this committee did in the Recovery Act has made all the difference to many communities, they have said that, and was a nice marker down. And I do think that if we can resolve it going forward, that would be——

Mr. OLVER. My last comment on that is that you almost need capacity-building again in very small communities. They have a very hard time standing up and making their voice heard at State levels as well as at national levels if they don't have a major organization that is behind them.

Ms. JACKSON. I can agree.

The only thing I have to point out, obviously, in these fiscal times, is that a revolving fund doesn't revolve if we give the money out in grants. So that is a serious issue, in terms of financing a grant-based program. It is one that certainly I am going to have to sit down with OMB on.

Mr. DICKS. Now, the previous administration told us day after day—I know this pains some—that the revolving funds had all the money they needed; I mean, they could reduce the revolving funds. So that wasn't totally accurate?

Ms. JACKSON. Well, I wasn't there, I don't know exactly what they said. I am saying, if we switch the revolving funds to a grant program they revolve because loan repayments pay back the money, and, obviously, to the extent you increase more—we all know that there are literally hundreds of billions of dollars of need out there. One of the things about the Recovery Act that I can honestly say is that there has been a clamoring from communities

across America to get their hands on revolving fund money that is in there.

Mr. DICKS. And if you are going to do the Chesapeake Bay, the Great Lakes, and Puget Sound in San Francisco, they need these projects. In other words, you are not going to get the cleanup of these great bodies of water or other bodies of water if the local communities adjacent to those great bodies can't fund the projects. So it is part of the solution to the issues we were talking about earlier.

Mr. Pastor of Arizona.

Mr. PASTOR. Thank you, Mr. Chairman.

First of all, congratulations and welcome.

Ms. JACKSON. Thank you.

CONGRESSIONALLY DIRECTED PROJECTS REDUCTION

Mr. PASTOR. My interest is in the 404 permitting process. But, as questions were being asked of you, one kind of popped up. As I was preparing for the testimony this morning and I saw that in the U.S.-Mexico border program, that in the 2009 omnibus bill, we had about, I don't know, half a million, maybe a little bit more, of congressionally directed funding that you eliminated—or somebody eliminated in the 2010 budget. And Chairman Olver brought up the issue of earmarks in, I guess, the Rural Fund.

It is a debate we are having and have had with other administrations. So what is your philosophy of congressionally directed projects? And how would you treat them—as you say, following the law is the law comes with you—with possibly a few congressionally directed projects?

Ms. JACKSON. Well, sir, I have taken an oath to uphold the law. If Congress directs me to do something, I am going to do it to the best of my ability.

Mr. PASTOR. But what happened to following the law in the omnibus bill when you reduced all these projects? Those weren't the law?

Ms. JACKSON. In the President's budget, you mean, in his proposal?

Mr. PASTOR. As I understand, in the omnibus for 2009, for the U.S.-Mexico border program, you basically eliminated all the congressionally directed projects, 640,000. This is according to the papers I received.

Mr. DICKS. This is in the 2010 budget request. The ones that are in the 2009 bill will be funded.

Mr. PASTOR. Well, I guess what my question more generally is, since that happened in the past—and I don't know whether the law was followed or not—what is going to be your future action on congressionally directed projects for the 2010, 2011 bills?

Mr. DICKS. I think she answered that. I think she said——

Mr. PASTOR. I don't think she has.

Mr. DICKS [continuing]. She will follow the law. If we pass the bill and the money is in there, it will be just like it has always been.

Mr. PASTOR. Well, maybe I am hard of hearing. Maybe I didn't hear her say that.

Mr. DICKS. It is just not in the budget request.

Ms. JACKSON. Right. It is not in the President's budget——

Mr. PASTOR. Well, the question, I think, is more general than that. Once we do our bills, there will be congressionally directed projects in your bill. Since past action, at least from what I have seen, in the omnibus bill you reduced all the earmarks on that particular program.

Is that going to be what you are going to be doing in the future? Or what are you going to be doing in the future? Because you are going to get them; they are going to come to you.

Ms. JACKSON. I understand the question now, Mr. Pastor. I am sorry, I didn't mean to be so thick there.

Ms. PASTOR. No, no, it is fine.

Ms. JACKSON. Yes, the administration reduced the amount of money that was set aside in the omnibus bill. It may well make decisions like that going forward. Those discussions are ones I am happy to have with you.

On the larger issue of whether the U.S.-Mexico border program needs funding and needs attention, I would say, absolutely, it does.

Mr. PASTOR. Actually, it is more general than that. If you reduced them because they were congressionally directed earmarks and you felt that you were following the law or you could put them aside, you are going to get more congressionally directed projects in various programs in the bill that deals with EPA.

I guess the question is, in general, how are you going to view them? Are you going to follow the law and accept them, or are you going to give and take? So I guess, as a new administrator there, what is going to be your position?

Ms. JACKSON. This one is a new area for me. I would work with the Office of Management and Budget and the administration to carry out the wishes of the administration, understanding that Congress has spoken through the appropriations process.

404 PERMITTING

Mr. PASTOR. Thank you.

On the 404 permitting, probably right now is a good time to relook at that.

In the past, the Corps of Engineers got the permitted request, they went through a series of studies, reviews, et cetera, and they either approved or disapproved. But before they could do that, EPA—Region 9, at least; that is my experience—would relook at it and then decide whether or not they agreed with the Corps, there was disagreement, et cetera.

And two issues that I learned from that experience: One is that, coming from the arid Southwest, sometimes creeks, rivers, et cetera, carry water maybe once or twice a year, at best, if there is rainfall, and yet they are treated in a fashion that may reflect what may be the general description. And much to the consternation of the people that were submitting the 404 permitting, they felt that EPA, for whatever reason, was either second-guessing or trying to develop their own definitions. And so the process was extended longer than possibly was economically feasible.

And so the question is, is EPA going to continue looking at these 404s? And if you are, what are you going to do to work with the Corps of Engineers so that possibly the time for their approval or

denial will be shortened, in order so that the applicant has a better idea of knowing to proceed or not proceed in that?

And right now is probably the time to do it, because many of the developers are not developing right now, and maybe this is a time to look at that process.

Ms. JACKSON. Certainly.

You bring up a good point. The regulated community just wants certainty. They want to know that a permit application is going to be reviewed in a timely manner, that they will get an answer that is an answer that will stick.

I am committed to working with the Corps of Engineers on 404 permits in general, on field permits, to try to give one consistent set of guidance. Obviously, there are times when EPA's review, which is focused on water quality, brings to bear new or different information than the Corps's review may. That is why we are there; that is why the laws and regs were set up that way.

That being said, I do think the process can be improved. We should coordinate well and in a timely fashion.

Mr. PASTOR. Because I think if there was initial coordination when the applicant came in and as the Corps was reviewing the application, if there was some involvement with EPA, that possibly you could streamline the process so the applicant would have a determination in a quicker amount of time.

But I thank you, and congratulations.

Ms. JACKSON. Thanks.

Mr. DICKS. Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

WATER/INFRASTRUCTURE AND RESEARCH

Madam Administrator, let me add my congratulations, and welcome to the subcommittee. I am glad to see you here and appreciate your testimony.

This is an ambitious budget that you have submitted, the highest in EPA's 39-year history. But it is not just a big budget; I think it is also, in most ways, a very discriminating budget. And I compliment you on the work that has gone into it.

I want to ask you questions about two major aspects: water infrastructure and research.

Virtually everybody this morning has mentioned the revolving funds and the major increase that you are highlighting there, 157 percent increase, I believe it is, in the 2010 budget request for the Clean Water and Drinking Water State Revolving Funds. When you add that to the $6 billion provided in the recovery bill, we are talking about major increases in these funds, admittedly against a fairly low base because we have not done too well with those funds in recent years. But they are on their way back, and this is very promising.

I do have one question about the way this is going to be administered. As I understand it, you have had a requirement in the recovery bill that States are required to provide at least 20 percent of their grants for green projects, including green infrastructure, energy or water efficiency, and environmentally innovative activities.

I wonder if that is a method the Agency plans to replicate with the regular-year funds. And whether you are or not, what is your

experience thus far in terms of the States' ability and determination to apply their funds in these ways?

On the research budget—and I will just ask all this at once, and then you can respond in sequence.

Ms. JACKSON. Okay.

Mr. PRICE. On the research budget, here, too, you are making some very promising proposals, I think. I have a particular interest in that budget as the representative of the Research Triangle Park in North Carolina, which is home to the premiere EPA research facility, which I think everybody there knows was a 9-year project to get that funded and built. And we are reaping very rich benefits from that investment as we speak.

Your research increases mainly are focused on green water infrastructure, on biofuels, on integrated risk information systems, and on the Computational Toxicology Research Program. And non-incremental increases in all those areas.

The ecosystem side of the research has not received comparable increases. I am not certain why. That is really what I would ask you about. I know we can't do everything at once, and maybe you can offer me some broader overview of research priorities. But, as you know, the budget for ecosystems research has declined something like 36 percent over the last 8 years, from $111 million in fiscal 1999 to $71 million this year.

Healthy ecosystems is a major goal of the EPA research budget. You are proposing an increase of $5 million for fiscal 2010, which, of course, is movement in the right direction, but rather modest when compared to some of these other research investments.

Again, I am not suggesting we can do everything at once, but I am looking here for your rationale for where the research budget is focused and, in particular, the treatment of the ecosystem component.

Ms. JACKSON. Well, thank you. Yes, I do agree. We will start with research lessons, then we will do the green infrastructure you asked about.

First, it is a matter of priority setting, and we have quite an agenda ahead of us. There are large increases in our research budget, and that money is going to be very helpful in dealing with the issues of the moment. Biofuels, as you may have heard earlier, is an issue of major concern. We will continue to regulate the use of and assess the greenhouse gas and energy implication of biofuels. There is money for that.

There is money for the Integrated Risk Information System, IRIS, which—you heard earlier questions about TCE. It is the IRIS assessments that people are waiting for, and computational toxicology, this idea—that I barely understand—that you can assess chemicals based on non-experimental—you don't have to necessarily experiment on animals or others in order to assess the toxicology; you can guess about whether certain chemicals will be toxic. That guides research and development efforts in the private sector. Green infrastructure gets money, as well.

I do agree with you that an ecosystem-based approach is really the key to sustainability and, sort of, a holistic environmental protection focus. I will go back and look at that, both for the 2010 budget but for the 2011 as well. The need for research is great. Not

only I am eagerly looking forward to the nomination of a head of research and development by the President—but also by outside scientists on our FACAs and other advisory boards.

[The information follows:]

ECOSYSTEM SERVICES RESEARCH PROGRAM (ESRP)

How has the ESRP adapted/adjusted its research priorities in recent years to account for reductions within the program? How have research results been impacted by the decrease?

The ESRP embodies a new generation of thinking about environmental protection by providing information for use in conserving and enhancing the goods and services provided by functioning ecosystems. These services include clean air, clean and abundant water, food and productive soils, fuels, recreation, and culturally important natural areas. ESRP is establishing the scientific foundation needed to make informed choices about trade-offs among EPA's policy and regulatory decisions affecting ecosystem services, including, in some instances, creation of financial markets for public and private investment. Our systems-based approach uses scenarios to reduce the likelihood of unintended consequences, and empirical monitoring to document the Agency's performance in achieving environmental outcomes.

In 2008, the Science Advisory Board (SAB) Environmental Processes and Effects Committee noted about the ESRP, "The SAB strongly supports this strategic direction and commends the Agency for developing a research program that, if properly funded and executed, has the potential to be transformative for environmental decision making as well as for ecological science." As with any transformative activity, broadening and communicating to the client base is critical. However, the loss of extramural funding in recent years has narrowed our research and slowed its implementation. We have less access to expertise, such as to design decision-support tools, and the in-house Program has reduced it scope from multiple pollutants to a single pollutant and has reduced field data collection needed to develop and verify ecological models.

With respect to green infrastructure——

GREEN INFRASTRUCTURE

Mr. PRICE. Let me just interrupt you there. I would appreciate your taking another look at that and maybe furnishing the committee with any supplementary information you might have about the basis on which you have prioritized these items.

I am a new subcommittee member. I don't have as full a sense as I would like to have of what the costs have been, I mean, the research costs, the costs in terms of output of that 36 percent decrease over the last 8 years, and then what it takes to build this back, and, within this budget item, what the priorities are. So I would appreciate your filling that out a bit.

Ms. JACKSON. I am happy to do that, Mr. Price.

With respect to green infrastructure, I will just say quickly that here is another area where the Recovery Act shows a potential path forward that communities and grantees are interested in pursuing.

I don't have much to report yet on that. The green infrastructure requirement is a 20 percent set-aside. States can ask for permission to essentially waive it and use it for traditional, non-green infrastructure projects. Those waivers have yet to come in. We intend to hold a high bar, because we believe that there are communities out there who have already started to look at ways to cut their carbon footprint, their energy use, and have a win-win, because consumers end up paying for energy in their bills over time.

I am looking forward to seeing whether or not that is a model that will take hold, and I appreciate Congress's interest in it.

Mr. PRICE. But your immediate plans for 2010 are not to impose a similar condition or to set a similar threshold; is that true?

Ms. JACKSON. Hang on one second. I am just getting the information from my head of the water program.

There is a 20 percent green infrastructure set-aside as part of the 2010 budget request.

Mr. PRICE. Very similar to what is in the recovery bill.

Ms. JACKSON. That is right.

Mr. PRICE. That is what I was asking. Thank you.

Ms. JACKSON. Thank you.

Mr. DICKS. Mr. LaTourette from Ohio.

Mr. LATOURETTE. Thank you, Mr. Chairman.

And welcome, Madam Administrator.

Is former Administrator Browner at the agency, or does she have some other post? Carol Browner.

Ms. JACKSON. Carol Browner is special advisor to President Obama for energy and climate change.

Mr. LATOURETTE. Okay. So she is not in the EPA.

Ms. JACKSON. No. Physically, her office is in the Eisenhower Executive Office Building.

Mr. LATOURETTE. Perfect.

Mr. Chairman, I just want to ask you one on the last administration. Do you have an anticipated statute of limitations? I noticed, you know, you got about 50 years out of Herbert Hoover, and I am just wondering how long we are going to go with the previous administration, because, quite frankly——

Mr. DICKS. Just as long as it resonates.

Mr. LATOURETTE. I would say, I was interested in Mr. Olver's discussion of the revolving loan fund. And we all remember enacting the 1972 Clean Water amendments, but one of the big problems that cities, at least in my part of the country, have is that, while previous administrations that were not Republicans were delighting in passing new rules and regulations, there was no more money to keep up with the SSOs and CSOs and so forth and so on.

So, just a rhetorical question.

Mr. DICKS. I think this is one where there is bipartisan blame.

Mr. LATOURETTE. Excellent. I just wanted to get that out there.

Mr. DICKS. And truly, we need a bipartisan solution.

Mr. LATOURETTE. Right.

Mr. DICKS. Which I hope we can reach and work together on.

GREAT LAKES INITIATIVE

Mr. LATOURETTE. Mr. Chairman, I am all with you.

Madam Administrator, I know that Chairman Obey asked some questions about the Great Lakes Initiative, and if I repeat those, just put your hand up and tell me to stop asking questions.

But we had the Secretary here last week. And the figure in the President's budget is $475 million. And I did not bring my notes from the Secretary's hearing, but there were apparently some decisions made by the EPA, as the lead agency in that task force or interagency group. And I think it was $10.5 million for the National Park Service; there was money for Fish and Wildlife. And the chairman chimed in and indicated that there was money for the Corps.

And I am just wondering, is all the $475 million accounted for, I mean, in terms of, have you figured out where it is all going to go?

Ms. JACKSON. EPA staff have worked hard with the other agencies to come up with a funding schedule that was based on an agreement that there would be no pre-established allocation, that we would use criteria to get strategic and measurable environmental outcome.

Mr. LATOURETTE. Okay. Who at your agency are you going to task with being the lead decisionmaker in terms of—I think Chairman Obey asked you questions about, will you make sure that they are based upon science. I am sure you will. Who is going to figure out what gets done and what doesn't get done?

Ms. JACKSON. Well, at the end of the day, I will remain personally involved in it. The head of the water program—right now that is Mike Shapiro, the Acting Assistant Administrator. Pete Silva has been nominated by the President but has not yet been confirmed. We are considering in-house the idea of adding someone to advise me specifically on the Great Lakes, given the importance of this initiative.

Mr. LATOURETTE. Okay. Well, I said when the Secretary was here, I really appreciate the President putting this in the budget, because we have sort of limped along with the Great Lakes Legacy Act at $50 million a year. And you know that of the remaining areas of concern in the Great Lakes, the costs are astronomical, in terms of cleaning those up. And $475 million is a lot of money, but it is not enough to get the job done.

And I hope that the administration continues to value the Great Lakes, as the Congress valued the Everglades a number of years ago, with real money, to get the real problem taken care of.

My concern was, as I look at the spreadsheet—and it looks like 49 percent of that money is going to be kept within the EPA. What are you going to do with that money?

Ms. JACKSON. EPA's programs will include cleaning up legacy pollutants. It will also include potential grants for some amount of accountability, monitoring communications with stakeholders and partnerships there. EPA is investing in invasive species work, in near-shore health protection, and habitat and wildlife restoration.

This sounds a little general, and part of the reason for that is that these are initial allocations based on discussions amongst all the agencies about where the money would be best spent, but there are not specific projects yet selected.

Mr. LATOURETTE. Right. No, I know that. I guess I would just voice my concern that, I mean, EPA does wonderful work, but when you are actually talking about—the new expression is "shovel-ready," the Corps has a great responsibility in actually helping in the cleanups and re-establishment of habitats and so forth and so on. And they are only down, if I am reading this chart right, for a little under 10 percent, while the EPA is keeping the lion's share of 49 percent.

Are you indicating that, as you move forward and these additional people get into place, that the EPA is going to get off some of that 49 percent and perhaps give it to the Corps or give it to

Fish and Wildlife or give it to whoever is actually boots on the ground, doing the work?

Ms. JACKSON. Well, these allocations are preliminary based on projects and ideas that people brought forward to a group. Again, my instructions to my staff were that there was nothing preset, there was no general rule that EPA had to keep the majority. In fact, EPA is keeping just under 50 percent, so we don't have the majority. All agencies were asked to bring to the table their best ideas for projects that would make a measurable difference in those waters. We didn't have a favorite agency or a favorite project.

SPILL PREVENTION, CONTROL AND COUNTERMEASURE PROGRAM

Mr. LATOURETTE. I got you.

Last question, the Spill Prevention, Control and Countermeasure Program, we have heard for a while from DOD that they haven't gotten around to enforcing it because they didn't have the funding.

Can you just make a brief comment about how the EPA and DOD are working together to make sure that the compliance is going to be complete by this summer's target date?

Ms. JACKSON. The SPCC rules, I know, EPA has delayed the effective date on until January of 2010. That is because there was a new rulemaking right in December of 2008, and EPA has been reviewing it to determine whether or not it is protective enough.

I don't have any specific information on DOD compliance, but I would imagine DOD right now would be like the rest of the regulated community, who are eagerly awaiting EPA's rulemaking in that regard.

Mr. LATOURETTE. And so, am I incorrect that the compliance date was extended to this July? Are you saying we are going into the next year?

Ms. JACKSON. That is on the rulemaking. I think you may be talking about a specific project. So why don't you and I make sure we coordinate on that, and I will get you an answer to that.

[The information follows:]

SPCC RULE COMPLIANCE DATES

EPA finalized oil spill prevention rule amendments in July 2002 and established compliance dates to allow time for SPCC-regulated facilities to comply with the revised rule. The rule was amended again in December 2006 and December 2008 to tailor and streamline requirements for a variety of facilities and industry sectors. Accordingly, EPA extended the compliance dates to July 1, 2009 to allow facility owner/operators time to understand these amendments. However, the Agency is currently evaluating whether certain changes to the December 2008 final rule should be made.

The effective date of the SPCC amendments promulgated December 5, 2008, has been delayed to January 14, 2010. The Agency is also working on a final rule to extend the July 1, 2009, compliance date to provide facilities sufficient time to determine their compliance obligations under any rule amendments that become effective in 2010. The final rule for the new compliance dates is under review and is expected to be published in the Federal Register prior to the current July 1, 2009, compliance date.

SPCC compliance is the same for DOD installations as for other SPCC-regulated facilities dating back to the initial promulgation of the rule in 1973. DOD installations should continue to maintain their SPCC Plans and revise them in accordance with the revised compliance dates. Due to ongoing regulatory changes and the need for guidance, outreach to stakeholders will continue to be a priority.

Mr. LATOURETTE. I would like that very much.

Thank you, Mr. Chairman.

AIR QUALITY MONITORING

Mr. DICKS. In March, you announced an initiative to monitor air quality and measure levels of toxic pollutants around our Nation's schools. Your 2010 request includes $3.3 million, five FTs, for this effort.

I understand that you will begin the effort this year and that you have already selected 62 schools. Has the monitoring begun at any of these schools, and if so, can you discuss the results?

Ms. JACKSON. Mr. Chairman, the monitoring has begun at only two of those schools. The delay is in selection and purchasing and procurement of equipment. We expect a big slug of that to happen actually in the next 2 weeks, 2 to 3 weeks. There are no results yet to report.

I did commit last week, and I do again today, that, as results come in, we will not hold up individual school results. If there is information that would be of concern to parents or teachers, we would get that out as we could. At some point, when we get results en masse, we can analyze what we are learning about the country as a whole in our schools.

CHILDREN'S HEALTH ISSUES

Mr. DICKS. Last month, this subcommittee held a series of hearings for public witnesses. One of the witnesses represented a group concerned with protecting our children from environmental toxins.

I understand that the Clinton administration issued an order requiring EPA to specifically consider children when it issues regulations, sets guidelines, and produces assessments and research.

Is this order still in effect, and how are you planning to implement it?

Ms. JACKSON. To my knowledge, that order is still in effect, Mr. Chair.

I have personally said that revitalizing and raising the stature of children's health issues within the Agency is important to our credibility with Americans. I have since appointed Peter Grevatt to head the Office of Children's Health at EPA. Peter has been charged with bringing back to me a plan for elevating the stature and a request for whatever resources he might need.

The Children's Health Program at EPA works, first, in concert with all the other programs. To be effective, it really needs to work inside well as an advocate and outside with places like the Centers for Disease Control and NIEHS. Those partnerships will be very important for our success, as well.

CHILDREN'S ENVIRONMENTAL HEALTH RESEARCH CENTERS OF EXCELLENCE

Mr. DICKS. In the past, EPA has funded Children's Environmental Health Research Centers of Excellence. What is the status of this program? And can you describe the research results achieved by these centers in the last 10 years?

Ms. JACKSON. I believe they are considered an unqualified success, not only here but internationally as well. When I was recently

in Italy, members of the G8 pointed to those centers as models that they were using in their own countries. So, obviously, they are probably doing good not only in this country, but abroad.

I don't have the figure directly in front of me for funding them, but it is our intention that they will remain an integral part of our work.

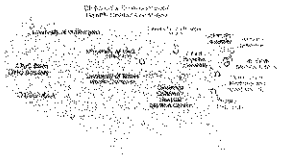
Mr. DICKS. And why don't you put that in the record?

[The information follows:]

CHILDREN'S ENVIRONMENTAL HEALTH RESEARCH CENTERS

The Centers for Children's Environmental Health and Disease Prevention Research were created to better understand the effects of exposures to environmental contaminants on children's health. EPA and the National Institute of Environmental Health Sciences (NIEHS) jointly have been funding these centers of excellence since 1998. The next round of competitions include proposals responding to two new Requests for Applications, which closed on April 30, 2009. Attached is a document describing the accomplishments of the Centers.

EPA/NIEHS Centers for Children Environmental Health & Disease Prevention Research



EPA and NIEHS jointly support the Centers for Children's Environmental Health and Disease Prevention Research (Children's Centers) program. **The Children's Centers apply community-based participatory research (CBPR) to understand children's exposures to environmental hazards and to prevent health disparities.** Rates of many common diseases are higher for minority and low-income populations, and differential exposure to environmental hazards is generally an important factor. **The Children's Centers are developing innovative ways to investigate the role of environmental stressors in important childhood disorders such as asthma, autism and learning disabilities and finding effective strategies to reduce the risks from these exposures.**

ORD has contributed over $70M in support of the Children's Centers program since 1998.

Recent Research Findings

Air Pollution Exposure and Respiratory Health

• Researchers in Baltimore found that disadvantaged asthmatic children in urban areas appear to be at increased risk for both higher residential allergen and elevated air pollution exposure. This combination of asthma triggers in the home appear to contribute to a disparity in asthma burden between inner-city and non-inner city children.

• Young children (up to 2 years of age) living adjacent to major roadways have an increased risk of developing asthma in later years. This is particularly the case for children *without a* family history of asthma. This "roadside effect" was more pronounced in girls.

• Early life exposure to traffic-related pollutants in urban environments may upregulate allergic immune responses, leading to respiratory symptoms in children as young as 2 years old.

• Genetic variations in immune response to air pollutants may offer protection or confer susceptibility to asthma. Some of these genetic differences appear to vary significantly between ethnic groups, potentially contributing to health disparities.

Pesticide Exposure and Genetic Susceptibility to Effects

• Newborns in farmworker communities exposed to several organophosphate (OP) pesticides display broad variability (26-fold-160 fold) in sensitivity to OPs due to variations in a particular gene called PON1. This gene produces enzymes which metabolize many OPs but these enzymes vary in both serum levels and detoxification efficiencies depending on the version of the gene. This is far greater variability than previously predicted.

• Prenatal exposure to pesticides was nearly universal in an urban cohort of pregnant women where exposure to the residential pesticides chlorpyrifos and diazinon was associated with adverse birth outcomes. However researchers found that the recent EPA ban on these chemicals reduced exposure within their study population and positively impacted public health by significantly increasing healthy births within a year of the regulation.

The EPA/NIEHS Children's Environmental Health Centers were featured in *Environmental Health Perspectives*. The issue contains a mini-monograph of seven collaborative "lessons learned" papers from the Centers, prepared for the National Children's Study

Impact: The Children's Centers have developed the state of the science for measuring pesticide exposure, effects and susceptibility. Community-based participation and outreach have contributed to policy change and documentation of children's health protection at local and national levels.

Complex Chemical Exposure and Neurodevelopmental Outcomes

• Prenatal exposure to environmental tobacco smoke and post-partum social stresses experienced by mothers are factors that act separately and synergistically to impair cognitive development at age 2.

• High prenatal exposure to air pollutants (such as PAHs from diesel exhaust and other sources) is associated with 3 times the risk of cognitive delay at age three.

Community Outreach and Translation

• Each of the Children's Centers supports a Community Outreach and Translation Core (COTC) to translate basic research findings into intervention and prevention methods to enhance awareness among communities, health care professionals, and policy makers of environmentally related diseases and health conditions.

The following are examples of COTC efforts in engaging and mobilizing community patterns while raising awareness of children's environmental health issues.

• The University of Southern California COTC operates a program where researchers train residents to use air monitoring equipment. Such capacity building enables residents to participate in the research process.

• The University of Washington COTC partners with a Pediatric Environmental Health Specialty Unit to conduct continuing education courses for health care professionals who work with children and parents.

• The Columbia Center applied its research findings to an Integrated Pest Management (IPM) intervention in New York City low-income public housing, convincing city officials to replace traditional extermination methods in public housing with less toxic techniques.

• COTCs inform families in their studies and throughout local neighborhoods of their research and other health findings through print materials written to be easily understood, which also offer tips for reducing exposures to harmful environmental pollutants at home and in the community.

Policy Impacts

• Research findings and subsequent testimony on integrated pest management by Mount Sinai investigators influenced the passing of:

- NYC Pesticide Reduction Law (Intro 329A): promotes alternatives to pesticides in all city owned and leased properties, banning all EPA Class 1 chemicals by Feb 2007
- Neighborhood Notification Law (Intro 328A): requires 48-hour notification to adjacent neighbors before spraying non-residential, outdoor insecticides.

• Providing evidence of the take-home pathway, the findings of the University of Washington's Exposure Pathway's Project were influential in EPAs decision to phase out azinphos-methyl (Class 1) by 2011.

• EPA's FIFRA Science Advisory Panel incorporated epidemiological findings on children's birth and developmental outcomes from 3 of the Children's Center cohorts where low-dose exposures to Chlorpyrifos during pregnancy were shown to have adverse effects on childhood development.

Future Directions

By strengthening the community outreach and translation core components of the Children's Centers, NCER will strongly encourage our research partners to inform local, state and federal policy, particularly in incorporating new knowledge of genetic susceptibility to air toxics and pesticides into regulatory decision.

The new Children's Centers program is designed to more rapidly translate molecular evidence of toxic action into bioindicators of exposure or effect which can be used in evaluating policy effectiveness.

For more information, go to http://www.epa.gov/cehc/.

Program contacts: Nigel Fields (fields.nigel@epa.gov) and Rich Callan (callan.richard@epa.gov)

NATIONAL CHILDREN'S STUDY

Mr. DICKS. In the past, EPA also participated in National Children's Studies, which try to assess the link between exposure to toxins and health effects on children. Does EPA still participate in this long-term study?

Ms. JACKSON. We are a lead partner in the National Children's Study. That is a major NIH effort. We have provided funding and partnership and helped them recruit participants this year.

Mr. DICKS. Mr. Simpson.

ENFORCEMENT

Mr. SIMPSON. Thank you, Mr. Chairman.

And just a quick follow-up on a few questions that were asked earlier.

We talked about enforcement earlier and being a former enforcement officer. In a March 2009 report, the GAO stated that, "Enforcement activities primarily occur in EPA's 10 regions which possess considerable autonomy, causing significant variations in enforcement activities from region to region."

As you and I talked in my office, not only enforcement procedures, but also interpretation of regulations and so forth and how those are applied. Companies talk to me and say—companies that have facilities in various States across the country, in different regions—say that one regulation is interpreted one way in one region and another way in another region, and what they really want is some consistency.

Do you agree with the GAO report? Is that a concern of yours? And are you going to address that?

Ms. JACKSON. Certainly it is a concern, Mr. Simpson. You and I talked about the fact that it is the Agency's job as a whole to make sure the EPA means the same thing across the country. That is with respect to enforcement, certainly. It means leveling the playing field, and you can't do that if it is not a common level.

The previous administration had something called the State Review Framework. I think that was a good start at looking at States, making them accountable back to EPA to make sure that their enforcement programs are consistent with the national standard that we set. We need to beef that up. We need to continue to make sure that we are being honest brokers in evaluating States.

SUPERFUND TAXES

Mr. SIMPSON. One other question, to follow up on Mr. Cole's question on the Superfund taxes. In March 2009, the EPA's acting inspector general was prepared to testify before this committee about the high available balances in so-called Superfund site-specific special accounts. According to this draft testimony, the acting inspector general found that one California Superfund site had a special account balance of $117.8 million, including interest. He goes on to say that, "Superfund special account funds often exceed anticipated future site needs and sit idle."

Given the high leftover balances in these site-specific accounts, are you having trouble spending those funds? Because if you are,

we are really good at it. And if there is anything we can do to help, would you let us know?

Ms. JACKSON. Absolutely.

Through the end of fiscal year 2008, special accounts had a non-obligated balance of $1.3 billion. That may sound high, but, as you know, the cost of Superfund cleanups is certainly not going down. The complexity of the cleanups is such that that money almost always tends to be needed.

I would be very hesitant to say anything bad about special accounts. What they are evidence to me of is an enforcement program that is working, of the polluter-pays principle that, at some point, EPA settled with or recovered money and put it in an account to be used, as the Superfund was intended, from those polluters to use to clean up that particular site.

Mr. SIMPSON. Why are they not being used to clean it up then.

Ms. JACKSON. Well, it depends where the site is in the cleanup process. They may be awaiting a record of decision in order to decide on a cleanup remedy. There could be contracting outstanding. Sometimes there is litigation.

So the money is there and waiting and, it is my opinion, preferable to have it there and waiting rather than to have to use appropriated taxpayer money, because that money came from recoveries associated with that specific site.

CAP-AND-TRADE PROGRAM

Mr. SIMPSON. Final question, Mr. Chairman.

Your 2010 budget includes $19 million in anticipation of implementing a not yet authorized cap-and-trade program. Two weeks ago I would have said, I do not know that we are going to get a cap-and-trade bill passed; but it seems like we are creating enough exemptions, whether they are region-specific or industry-specific, that more and more people are buying in to it.

I guess that is how you do that, by not looking at what you are trying to do, but looking at the exemptions that you are going to create.

One of the concerns I have is, first of all, what are you going to do with this $19 million if cap-and-trade does not pass? And secondly, as you and I and many others have talked about, in that same GAO report in March of 2009 when it talked about some of the challenges facing EPA, it said addressing emerging climate change issues.

In the GAO's view, the Federal Government's approach to climate change has been ad hoc, and is not well-coordinated across government agencies. For example, the Federal Government lacks a comprehensive approach for targeting Federal research dollars toward the development and deployment of low-carbon technologies.

This is what really concerns me. I fully believe we need to do what we can in terms of climate change and trying to address climate change and carbon emissions and so forth. But it seems like every budget that comes up here has something to do with climate change, and I do not know how well it is coordinated. And GAO kind of confirmed that for me.

How are you working with the other agencies? National Park Service has $10 million for climate change. Almost every agency

has climate change money in their budgets. You know, several years ago you had to have something related to homeland security, and then you were going to get funded. Now it is, you have to have something related to climate change and it is going to get funded. In fact, I think OMB probably has a requirement that in every paragraph when somebody testifies "green" has to be mentioned a certain number of times. That is how you get funding.

What are we doing to coordinate the hundreds of millions of dollars we are spending on climate change?

Ms. JACKSON. Fair enough, sir. You will never hear me complain about "green" in every sentence or every paragraph. That is actually my job. So that is a good thing from my perspective.

Just to answer the smaller question first, there is actually $19 million for climate-related work, for the greenhouse gas reporting rule, for Energy Star, a very successful EPA program American people have embraced. $5 million of it is for cap-and-trade; and that 5 million is for the offsets program, the idea that oftentimes one of the things that you can do to control costs is offset emissions of carbon from one source with another.

Landfill gas methane comes up; in your part of the country, forestation efforts—afforestation, adding forests, preserving forests, expanding forests, all very good stuff. So EPA will continue to do that work.

In general, EPA's work is more what I would call applied research. It is modeling; it is information that drives or guides our rulemaking. There is some amount of work on climate and energy that might be considered more research and development. The vast majority of that, both in the Recovery Act and in the President's budget, is found and coordinated through the Department of Energy. Unprecedented amounts of money to move us forward, to actually put us not only in the race, but hopefully towards the front of the pack in this clean energy technology that the President has called for.

Mr. SIMPSON. I appreciate that. And it is just—as an example, the arts were up here one day explaining to us what a "green job" in the arts was. And everybody that testifies talks about green jobs. And we tried to get them to explain to us what a green job is in the arts; and I still don't know what it is other than, you mix blue and yellow together.

Ms. JACKSON. You are not asking me to explain that?

Mr. SIMPSON. No, I am not. Thank you for being here today.

Mr. DICKS. You might have a theater that was built to LEED standards. That would be green jobs. Quite simple.

Ms. JACKSON. LEED standards.

Mr. DICKS. Mr. Hinchey.

GREENHOUSE GAS RULE

Mr. HINCHEY. Thank you very much, Mr. Chairman.

I just want to follow up on what was just said on the issue of climate change, and once again just congratulate you on it, everything that you are doing. I think the major steps that are moving on this issue now, to deal with the issue of global warming, is exemplary.

The information today that you are adopting, what appears to be the policy in California to upgrade the issue to deal with emissions from vehicles, all of that is very, very important.

The central feature of the issue here is cap-and-trade. And that is the central feature of the bill that is working its way through Congress here. And this bill seems to be developed in a very effective way, and seems to be going to make a major positive difference, contributing to all the major positive differences that you are making.

You are requesting $17 million in your budget for a greenhouse gas registry to support the cap-and-trade regime. And I am just wondering if that is enough, if you think that is adequate, and if there is any more funding that could be put into place that would be more helpful.

Mr. DICKS. If the gentleman would yield just for a moment.

Mr. HINCHEY. Yeah.

Mr. DICKS. This was an initiative of our subcommittee. We put the original money in for this, I think, last year. So we are pleased to see this increase.

Mr. HINCHEY. Good. Very good.

Ms. JACKSON. Yes, the greenhouse gas reporting rule is out in draft. EPA staff did a great job of first responding to Congress' call to start to have reporting of greenhouse gases. Those rules had not been put out until the Obama administration. We are certainly proud that they are out for public comment and that we tried to do something that some people think eludes us, which is, use some common sense and deal with the largest sources and minimize the burden on small business.

The rule requires reporting by larger entities: those that emit over 25,000 metric tons per year of CO2 or CO2 equivalents. We looked at the trade-off. We do not get 100 percent coverage of every single emission, but we get between 80 and 90 percent, how about that?

We got the maximum amount of reporting, and we did not have to touch small sources.

So, yes, I do believe that we have the resources we need to do it. Yes, we stand ready to do it. And we do believe it is going to be very important. Thanks to this committee for supporting it, because you cannot regulate what you do not measure. You cannot control what you do not have. And so it is a very important piece of the puzzle.

CAP-AND-TRADE

Mr. HINCHEY. Thanks very much for that.

I think that there is another aspect of this issue that is somewhat controversial and always debated on. There are a lot of people who believe that carbon tax would be much more effective than cap-and-trade. So the cap-and-trade issue is moving forward, and I pretty much understand why that is moving forward.

I wonder if you have any comments to make or any insight that you might provide as to, you know, why we are focusing so heavily on cap-and-trade rather than a carbon tax, which might be simpler and more effective.

Ms. JACKSON. Certainly.

There are several things that argue for a cap-and-trade regime. I support it, as the President does; he called for it certainly during his campaign.

First, there is the cap part of cap-and-trade. Cap actually means that there are targets and timelines that address the pollution that we are worried about, in this case, CO2 and its equivalents. We certainly have a proven track record with respect to the acid rain program in the northeastern United States, a smaller program that only deals with utilities. Many of us harken back to the fact that it was actually EPA, it was the United States that came up with the whole concept of cap-and-trade, piloted and used it in the acid rain program.

It allows for a transition period. It allows for a market to be developed that prices carbon. That is what those who make their life's work understanding the economy, economists and people like them, say is necessary to really spur private investment.

True, through the Recovery Act and the budget we are putting public investment in clean energy and renewables. What we really need is for the private sector to know that we are in this game, we are in this race, we are going to—there is profit, money to be made in green and clean energy. I do not want to use "green," because I am going to get in trouble. How about "clean"? "Clean" is good. So that is why we are there.

Mr. HINCHEY. No doubt about it. And it is going to move us in the right direction. I think that is very clear, and I appreciate everything you are doing. And I think this bill is moving forward very effectively.

There are other issues, there are a couple of other——

Mr. DICKS. I want to finish everybody, make sure everybody gets a chance. And I want to get the administrator out of here by 11:30 because she has to be at the White House.

Mr. HINCHEY. Give me 30 seconds.

Mr. DICKS. Go ahead.

AIR POLLUTANTS

Mr. HINCHEY. Black carbon and hydrofluorocarbons, HFCs, are also issues that we really need to deal with.

Ms. JACKSON. Yes.

Mr. HINCHEY. Can you tell us what is going on with them, what kind of initiatives may be taken, or what suggestions you would make for us to move on those issues?

Ms. JACKSON. The hydrofluorocarbons are being discussed first in the context—I think it is still in the legislation. There is a good model out there that I know we are evaluating as an administration, which is the Montreal Protocol, which was used to phase out CFCs, extremely efficient and effective mechanism for doing that. It is going to require an international effort, just like the CFC issue. That is one model certainly being discussed.

Black carbon is an air pollution problem, certainly. Black carbon soot is a greenhouse gas, but it is also a horrible air pollutant in developing countries, where it is an indoor air pollutant, and probably has much more immediate impacts than its global warming potential, which is also significant.

I think you can address it in either way. The current bill does not address black carbon or soot, but I don't think that means we could not partner with many developing countries to address it on a separate track.

Mr. HINCHEY. Thanks very much.

Ms. JACKSON. Thank you.

Mr. DICKS. Thank you.

Mr. Cole.

LEAKING UNDERGROUND STORAGE TANK FUND

Mr. COLE. Thank you very much, Mr. Chairman.

I had not meant to go this way, but I just want to make a quick statement for the record, because I am a tremendous skeptic of cap-and-trade, and that is putting the carbon issue aside.

There is a terrific article by David Sokol today in this morning's Washington Post. And he is chairman of MidAmerican Energy Holding Company. That is a Berkshire Hathaway subsidiary. Last time I looked, the principal associated with that firm was a very strong supporter of the President. And very skeptical about what is going to happen when we get into the marketing and what is going to happen when hedge funds are buying these things and banks are buying these things, and investment—people that actually have no relationship at all with the energy end of it.

I mean, my instinct would tell me, we are going down cap-and-trade because those of us that believe in taxing carbon, frankly, either do not think we can get the votes or do not want to have the vote; and that is why we are going to use cap-and-trade, in my opinion.

It is going to be a big disaster. A lot of people are going to get very rich, and markets are going to get manipulated. There are serious problems in the mechanism by which we have chosen to go about confronting the issue of carbon.

So I would actually argue, my friends who have the concern on carbon, it is a legitimate concern; but look at a carbon tax as opposed to this. But, again, my opinion.

But I did not want us to stray down that line. I actually had another thing I wanted to ask you about that is in your testimony, and that is it seems almost risque to use the term "LUST fund," but I will since it is the Leaking Underground Storage Tank program.

If I am correct, we put $200 million in that fund in the stimulus. Is that accurate?

Ms. JACKSON. Yes, that is right.

Mr. COLE. And I also think that we added $112 million in the fiscal year 2009 omnibus as well.

So I guess I had two questions: One, what is roughly the current balance—because it is a good program; I have no particular problem—and two, given those levels of expenditures, do we really need another $15.4 million for fiscal year 2010? I mean, we have made a pretty big hit here as it is.

Ms. JACKSON. As of September 30, 2008, the fund balance was $3.2 billion. From fiscal year 2003 to 2008, annual new receipts averaged slightly over $200 million.

Mr. COLE. So that would not include the stimulus money or——

Ms. JACKSON. That is right, that was prior to the Recovery Act.

Mr. COLE [continuing]. Or the money from the omnibus?

Ms. JACKSON. States fund the majority of leaking underground storage tank cleanup activities from their own resources. So although that is a huge amount of money, and certainly prior to EPAct, you know, EPA did not have anywhere near those resources. I think that leaking underground storage tanks are a pollution—are a real threat to water quality in this country.

I was looking quickly over here to see if there was any estimate of the total need, but I know it is much greater even than the unexpended balance. So as a manager, I look at that money and ask myself, why it is still sitting there, but I do not have an answer for you.

Mr. COLE. I would appreciate if you could get back to us on that particular point, because a 37 percent increase is a good increase. And I particularly appreciate, frankly, the focus that you have on water and water infrastructure. I think it is absolutely the right place to go with the additional money that you have asked for, and do not disagree with the program.

I actually helped put a program like that together in my home State of Oklahoma, but I am just wondering, given the budget constraints we have, whether or not we really need that $15 million this year, and whether or not that is really just a placeholder more or less for a program.

So I would just ask you to look at that and see if that is a place that, appropriately, savings could be made.

Ms. JACKSON. I will certainly look at it. That fund requires appropriations, so I will definitely look at the appropriation versus the requested amounts.

Mr. COLE. I appreciate that.

Thank you, Mr. Chairman.

[The information follows:]

LUST PROGRAM APPROPRIATION

EPA is not requesting an additional $15 million for the LUST program in FY 2010. The total program resources requested for the LUST/UST program in FY 2010 include approximately $109.5 million from the LUST Trust fund, $2.5 million from the STAG appropriation and $12.4 million from the Environmental Programs and Management (EPM) appropriation, which is a total of approximately $124.4 million. This represents only a slight increase to the FY 2009 Enacted level of $123.5 million in total resources appropriated for the program. Within the LUST Trust fund itself, EPA is requesting approximately $109.5 million for the LUST/UST program, which maintains and slightly increases the FY 2009 Enacted level by about $400,000.

Mr. DICKS. Mr. Olver.

STATE REVOLVING FUNDS

Mr. OLVER. Thank you, Mr. Chairman. Fifteen seconds on my previous comments.

I fully realize that the increase in the revolving funds, the true revolving funds are more than 100 times what the reductions are in those directed—that have been directed to the very rural communities, but I do not know how those rural communities really are going to get much of a hearing in this process. It is very difficult for them to do so. So I wish you would make special attention to that.

Ms. JACKSON. I will.

Mr. OLVER. In your Brownfields program, you have a 175 million, 3 percent increase basically, from previously. And a very large portion of that is in the Brownfields State and tribal assistance grants. From your testimony—I am now reading from your testimony for Brownfields assessment—revolving loan fund, cleanup, and job training grants—what does the revolving loan fund in that instance do?

Ms. JACKSON. As I recall, that is the idea that it can be used as seed money for States and tribes to lend out money to developers or communities, that can then be paid back as the development becomes profitable.

Mr. OLVER. Okay. And how much of it is being used for the revolving loan fund?

Ms. JACKSON. I am trying to see if I have that figure, sir. If I do not, I will get it to you.

[The information follows:]

BROWNFIELDS PROGRAM ASSESSMENT

The Agency will award approximately $13 million to seven Revolving Loan Fund (RLF) cooperative agreements of up to $1 Million each per eligible entity and provide supplemental funding to existing RLF recipients. The RLF program enables eligible entities to develop cleanup strategies, make loans and subgrants to clean up properties, and encourage communities to leverage other funds into their RLF pools and cleanup cooperative agreements as authorized under CERCLA 104(k)(3) and (4).

Mr. OLVER. Well, you can get it to me.

And then later you say that the program designed to help and so forth to assess, to safely clean up and reuse the Brownfields. Well, the reason I ask that question is, in the budget in HUD we have had removed the one program, about $15 million or so, that was specifically used for reuse. Now, apparently we have had this discussion back and forth over—there are lots of Brownfields that could be reused. Your revolving loan fund, the question of how much of that ends up being something that can be used in a revolving way has been the argument, I guess, as to why our reuse fund has been—which was a grant fund—has been removed from consideration.

So I would like to have some discussion—maybe with the person who is in charge of this area, if you would identify him or have him identify himself to me as being involved in that Brownfields fund—to understand what the overlapping is finally, because we have had that argument before.

And the last thing I would like to ask, on your research and development, your development fund is up by 7 percent. And I am kind of curious, I see computational toxicology. Well, I am old enough to think that computers can be toxic. I do not know whether that has anything to do with computational toxicology.

But in any case, in that whole section you also get into biofuels. And I am wondering, do you have research programs, research grants, a competitive research grant program somewhere that gives out some money to do remediation of toxic sites; whether they come from the production of biofuels, since you have a biofuels section there which refers to biofuels research and sustainability, analysis and such, that could deal with remediation of such sites by bioagents, essentially by biological means, which could go, not in the

major nuclear waste sites, for instance—probably could not go, but in small spills and such could be—could be used in some PCB cases.

You know, the cost is huge to do the Hudson River, as my colleague on my left talked about earlier, to do it by dredging and treatment and so forth. For simple cases, there are biological agents that can deal with PCBs, and all these other things that include PCEs and so on, as he put it. All those can be done, including probably some impact in places where there are coal ash situations.

We had a coal ash spill in Tennessee that I do not think can be handled in any reasonable period of time in a biological way.

Mr. DICKS. Why do we not let her answer this?

Mr. OLVER. Okay. Is there such a research program?

Ms. JACKSON. Yes.

Mr. OLVER. And if not, why not?

Ms. JACKSON. Yes. The Superfund Hazardous Waste Cleanup program has a technology innovation staff whose entire focus is to try to move forward how we clean up sites.

A couple things I have to say, calling back on my old—many years in the Superfund program as a cleanup manager, and some of them on PCB-contaminated sites. There are certain types of sites that do not lend themselves to bioremediation, which is what you are referring to. They tend to be sites that have large concentrations of heavy metals. Metals are toxic to bacteria for the most part.

Mr. OLVER. Some of them love them.

Ms. JACKSON. That is true.

I should not speak in generalizations, because there is always an exception, but oftentimes bioremediation is not the first thing you think about if there are heavy metals. It depends on the metal. PCBs, I know, just because I worked in Region 2 where the Hudson River site is, there were, for many years, allegations that you could use in situ bioremediation to clean that up.

I think the region has done a tremendous job of looking at bioremediation and deciding that is not a feasible way of cleaning up that particular site.

PCEs are different, obviously, and may lend themselves easier to a bioremediation effort. We are happy to get you some additional information on specifics.

[The information follows:]

SUPERFUND REMEDIATION RESEARCH

What research is being conducted to support the remediation of Superfund sites?

EPA's Land Research Program (LRP) provides high quality science to the Superfund program and Regions to enable them to accelerate scientifically-defensible and cost-effective decisions for cleanup of complex contaminated sites. Technical support centers provide site specific support to the Superfund program. The research program focuses on important issues such as remediation of contaminated sediments, ground water contaminant transport and remediation, and site characterization. Research to accomplish these goals includes integrating exposure models, ecological effects and remediation research; monitoring the effectiveness of remediation; and evaluating new technologies and methods for the cleanup of sites. This research is vital for determining best management practices related to Superfund sites.

EPA recently:

• Evaluated the amount of sediment contaminants in post-dredging residuals in the Ashtabula River. This data, coupled with PCB bioavailability studies, will improve Superfund site risk assessments.

• Released the PCB residue-effects data base (PCBRES) and BSAF (sediment accumulation factors) data set software.

Is bioremediation being used in the cleanup of PCBs and PCEs?

The LRP has investigated and continues to conduct research on bioremediation for cleanup of soils, sediments, and ground water. Bioremediation can be very useful for contaminated industrial sites, fuel plumes from leaking underground storage tanks, and oil spills. It has been applied at many of these types of sites because benzene and other components in gasoline are relatively easy to biodegrade. However, chlorinated solvents, like TCE and PCE, and some organic contaminants, including PCBs and some polynuclear aromatic hydrocarbons, are quite resistant to microbial attack. In those cases, biodegradation may be too slow or residual levels of contamination may continue to pose an unacceptable risk. Research continues on ways to enhance biodegradation or combine it with other technologies to remediate contaminated media.

Mr. OLVER. Does this fall in the same area as the Brownfields cleanups? Some of those could be done—some of those are relatively small sites, Brownfields. Not when you get to Superfund sites, which may be the cleanup of a whole harbor or some other thing like that.

Ms. JACKSON. Very good point. You are absolutely right, that it does not have to be these huge scales.

I do believe one of the places we see bioremediation used a lot is in underground petroleum spills, where there is a proven history that bioremediation can work—biosparging, different technologies.

Mr. OLVER. Do you have a research program in these areas?

Ms. JACKSON. Yes, we do.

Mr. OLVER. You put out grants in that area?

Mr. DICKS. All right. I appreciate the chairman's very good questions.

I want to wrap this up, and I wanted to say one thing. You know, Mr. Obey brought up the question of the Great Lakes. And I am a supporter of this program. I asked your Gary Gulezian to come in, and he did a very good job of explaining what the program is and a lot of the work that has been done on this.

But I still have concerns. And my basic concern is that I believe that in order to make this thing a success—you and I talked about this—we have to have a credible science plan. And it cannot just be the agencies doing the science plan. It has to be an outside group, an independent group of scientists that look at this.

Now, I understand every 2 years they come in and review what is going on, but I am not talking about that. And that is very helpful and I think everybody could learn from that.

What I want to see done is that we have an independent group of scientists who look at a plan. And I understand that in 2011 you are going to develop a new plan; and I think we ought to do it in the context of the new plan, have a scientific group that reviews it and says, if they in fact do these things, that we will clean up the Great Lakes.

Now, whether you have a plan for each one of the five lakes, that might be an idea, because they are each different and each has different problems. And it is such a huge area. You know, I am leaving that up to you. But I still am not convinced that we have in place a scientifically credible plan.

And also I think we need to be looking at these projects. What we do on our salmon recovery work in the Pacific Northwest is we have an independent scientific review group. Every single one of

the projects that are approved for funding is reviewed by the science group; and the science group says, Yes, this is credible. They turn some of them down. So it is not just a rubber stamp.

So I just want to continue to have this dialogue. We have a few weeks here. You have got a lot of language you want in the bill, and we will have a discussion about that. But again, and as I said, we are going to support the funding, but we want to make sure that we get this thing set up right. We have a long history back to the 1970s, and there has been progress, but not enough progress to really restore the Great Lakes or the Chesapeake or Puget Sound or any of the rest of these great water bodies.

I think we have to keep working on trying to figure out the approach to the problem so that we get it right.

Ms. JACKSON. I appreciate that.

Mr. DICKS. And with that, we are going to adjourn and let you get down to the White House for your announcement.

Ms. JACKSON. Thank you very much.

Questions Submitted for the Record by Congressman Dicks

STATE REVOLVING FUND INCREASES

Dicks Question 1: As I mentioned in my opening statement, I am glad that the President has requested a dramatic increase in the two state revolving funds, a $3.9 billion total request. We must help maintain the critical infrastructure that the Federal Government helped to build.

Let me review the statistics:

- From the late 1960s through the 1980s, the Federal government provided over $60 billion for GRANTS to build, repair and rehabilitate publically owned wastewater treatment facilities.
- Between 1977 and 1980, the average annual appropriation for EPA's grant program to build, repair and rehabilitated wastewater plants was $3.5 Billion.
- That funding was for grants, not loans, and the Federal government paid up to 75% of the cost with the local governments picking up the remaining 25%.
- In 2002, your predecessor, Christine Todd Whitman, issued a report called the Gap Analysis. She reported a $662 Billion [with a B] gap between the funding need and the expected available funding for waste water and drinking water infrastructure over a 20 year period.
- More recently, EPA issued its quadrennial needs surveys for both water and waste water. The picture continues to get worse. Between your 2004 and 2008 Clean Water Needs Survey, the estimated cost of the need rose 9%. The recently issued Drinking Water Needs Survey showed a total national need of almost $335 million.
- Just last month, this subcommittee received over 1,200 requests to assist American communities with funding this need.

These statistics, of course, justify the large increase in your request. Can you tell the Committee how the states are utilizing the authority we provided in the Recovery Act to give communities additional forms of subsidy other than loans with standard interest rates?

Answer: State SRF programs are taking advantage of the full range of additional subsidy options the Recovery Act provides. This includes principal forgiveness and negative interest rates, as well as grants. States have decided which option or options to use based on current State law, which might currently prohibit one or more options. While all States will comply with the requirement to use at least 50% of the Recovery Act funds for additional subsidization, States use various factors in determining how to distribute these funds. Some States may provide 100% subsidization to a handful of projects, while other States may spread the additional subsidization across a wide array of projects. Additionally, many States are combining these funds with traditional SRF loans to further leverage these funds.

Traditional SRF loans do provide funding to communities below the standard, or market interest rate. For both the Clean Water and Drinking Water State Revolving Funds, below-market SRF interest rates provide a subsidy roughly equivalent to a 20% grant.

Dicks Question 2: What is the capacity of the construction industry and the equipment manufacturers to meet the demand of such a large infrastructure program?

Answer: The markets for labor and material inputs suggest there is excess capacity in the sector. Since July 2008 shipments of ferrous metal foundries, fabricated metal products, construction machinery manufacturing, plastics and rubber products were down by more than 13 percent as of March 2009, and shipments of primary metals, iron and steel mills and ferroalloy and steel product manufacturing, petroleum and coal products were down over 44 percent. Inventories of these inputs have also dropped over the same time period.[1] Furthermore, the price of construction materials has been declining.[2] The reductions in cost and inventories of construction materials are strong indicators of falling demand, while the recent and swift reductions in shipments of these materials may indicate excess capacity.

More than 1 million jobs were lost in the construction industry between April 2006 and February 2009. More than 600 thousand of those jobs were lost between June 2008 and February 2009. Employment in water and sewer construction is down as well.[3] These job losses indicate a potentially large labor pool that could fill new positions created by additional funding.

These macro-level data indicate there is capacity in the water sector to absorb the additional funding.

Dicks Question 3: Your request continues language we included in the ARRA that sets aside 20% of the SRFs for green infrastructure projects. Do you believe that the states will have enough of these types of projects to use the entire 20%?

Answer: The EPA believes, and has set a goal, that all States will be able to meet the green projects requirement (Green Project Reserve) for the Recovery Act funds. This requirement is an EPA priority. EPA has developed guidance to help states prepare adequate green infrastructure solicitations and to determine if a project qualifies for the Green Project Reserve. This reserve can be used by States to fund green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. EPA is also holding a series of webcasts to explore each type of project specified in the Recovery Act, answer any question from State partners, and receive feedback on its implementation. States have received more applications for Green Reserve projects than can be funded under the Recovery Act. In addition some of these green projects may not have been ready to proceed under the strict timelines of the Recovery Act, but will likely be able to proceed to construction in FY 2010 and beyond. These types of projects will support the development of a green job workforce and provide long-term benefits that go beyond those associated with traditional projects.

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[1] U.S. Census. 2009. *Monthly & Annual Wholesale Trade*, "Revised (Adjusted) Estimates of Monthly Sales, Inventories, and Inventories/Sales Ratios of Merchant Wholesalers, Except Manufacturers' Sales Branches and Offices: January 1992 Through March 2009," http://www.census.gov/wholesale/ index.html. Accessed May 29, 2009

[2] Engineering News-Record (ENR). *Material Prince Index*. http://enr.ecnext.com/coms2/article_echi 090501matPriceInde. Accessed May 29, 2009. (Subscription required.)

[3] Bureau of Labor Statistics. 2009. *Current Employment Statistics*. http://www.bls.gov/ces/data.htm. Accessed May 29, 2009.

GREAT LAKES INITIATIVE

Dicks Question 4: The request includes a new, $475 million initiative to restore the Great Lakes. These funds would also provide a 20 FTE increase, or 33% above the current year, for your Great Lakes National Program Office. Your request envisions the funds being appropriated to EPA. EPA would have a strong leadership and coordination role for the initiative, as well as distribute funds to the other agencies. EPA would distribute the funds based on recommendations from an interagency task force. Information provided by your staff, indicates that as much as 51% of the funds, or $241 million, could be transferred to other agencies. That is quite a lot for this subcommittee to absorb within its allocation. What mechanism will you have in place to ensure that the Great Lakes Restoration Initiative funding will be used by other agencies in addition to their base Great Lakes funding and not ***in place of*** that base funding?

Answer: That is one of the principles of the Initiative. To ensure that it is followed, base funding and initiative funding will be displayed separately in the Office of Management and Budget's Great Lakes Restoration Crosscut Report to Congress. That Crosscut Report is proposed for completion in late June. EPA will work through the Interagency Task Force to develop a series of Interagency Agreements with other federal agencies which will include a provision requiring that the Great Lakes Restoration Initiative funding transferred to other agencies will not supplant their base Great Lakes funding. Funding information will subsequently be published and available on the Internet, consistent with the President's April 2009 memorandum on Transparency and Open Government.

Question Dicks 5: The five focus areas identified in your initiative are: Toxic Substances, Invasive Species, Non-point Source pollution, Habitat and Wildlife Protection, and Monitoring and Evaluation. In your opinion, what is the highest priority focus area in our efforts to restore the Great Lakes?

Answer: These are the 5 highest priority focus areas and restoration will not be complete without addressing all of them. Funding amounts will vary for each focus area. For FY2010, the Interagency Task Force has made the highest provisional allocation to "toxics and areas of concern" because of human health concerns, the expense of addressing these problems, and the quality and quantity of projects in this area that are ready to go.

Question Dicks 6: A large part of EPA's Great Lakes program has been dealing with toxic sites known as Areas of Concern or AOCs. These 33 AOCs entail long term construction, which is why the Great Lakes Legacy Act authorizes no year funding. Again, this year, you are requesting two- year funding. Please give us the status of your work on these Areas of Concern, and tell us how you will ensure that long term funding for construction is available to adequately cover this work?

Answer: As indicated in the table below, great progress is being made using Great Lakes Lakes Legacy Act funding to address contaminated sediments in the remaining 30 U.S. or Binational Great Lakes Areas of Concern.

Completed Remediation and Assessment Projects	Applicant	Cost (Federal/Nonfederal)	Description*
Detroit River, Michigan: Remediation of the Black Lagoon, Trenton Channel, Trenton, MI	Michigan Department of Environmental Quality (MDEQ)	$8,700,000 ($5,600,000/$3,000,000)	Remediated 115,000 cubic yards of contaminated sediment. Completed in November 2005.
St. Louis River, Wisconsin: Remediation of Hog Island Inlet-Newton Creek, Superior, WI	Wisconsin Department of Natural Resources (WDNR)	$5,700,000 ($3,700,000/ 2,000,000)	Remediated 46,000 cubic yards of contaminated sediments. Completed in November 2005.
Muskegon Lake, Michigan: Remediation of Ruddiman Creek, Muskegon, MI	MDEQ	$14,200,000 ($8,900,000/$5,3000,000)	Remediated 90,000 cubic yards of contaminated sediments. Completed in May 2006.
St. Marys River, Michigan: Remediation of Tannery Bay, Sault Ste. Marie, MI	Phelps Dodge Corp & MDEQ	$8,000,000 ($4,800,000/$2,600,000 from Phelps Dodge and $600,000 from MDEQ)	Remediated 40,000 cubic yards of contaminated sediments. Completed in August 2007.
Ashtabula River, Ohio: Remediation of the Ashtabula River, Ashtabula, OH	Ashtabula City Port Authority	$60,000,000 ($30,000,000/$30,000,000)	Remediated 500,000 cubic yards of contaminated sediments. 25,000 pounds of PCBs were removed from the river. Landfill construction was completed in August 2006. Dredging began in September 2006 and was completed in October 2007. Landfill is scheduled to be capped in Spring 2009.

Projects Underway	Applicant	Cost* (Federal/Nonfederal)	Description*
Detroit River, Michigan: Remedial Investigation and Feasibility Study of the Riverview site on the Trenton Channel, Trenton, Michigan.	MDEQ	$500,000 ($325,000 / $175,000)	Remedial Investigation and Feasibility Study (RI/FS) to develop and select the most appropriate option to remediate contaminated sediments at the Riverview sites on the Detroit River.
St. Louis River, Wisconsin: Evaluation of sediment contamination on the Wisconsin side of the St. Louis River.	WDNR	$600,000 ($390,000 / $210,000)	The project will evaluate the nature and extent of sediment contamination on the Wisconsin side of the St. Louis River.

Buffalo River, New York: Remedial Investigation/ Feasibility Study in the Lower Buffalo River, including the Buffalo Harbor and City Ship Canal, Buffalo, NY.	Buffalo/ Niagara Riverkeeper	$4,000,000 ($2,000,000/$2,000,000)	Project has two components: 1) conduct a Remedial Investigation to identify the extent and magnitude of contaminated sediments in the Lower Buffalo River, including the Buffalo Harbor and City Ship Canal; and 2) conduct a Feasibility Study to establish remedial goals, evaluate remedial alternatives, and select the option(s) consistent with the Great Lakes Legacy Act.
Grand Calumet River, Indiana: West branch of the Grand Calumet River, Hammond, IN.	Indiana DEM and Indiana DNR	$33,100,000 ($21,100,000/$11,600,000)	Remediation plan is to dredge about 82,000 cubic yards, followed by capping of sediment. An estimated 2,026,000 pounds of contaminants would be remediated.
Milwaukee Estuary, Wisconsin: Kinnickinnic River, Milwaukee, WI.	WDNR	$22,400,000 ($14,600,000/$7,800,000)	Dredging of about 170,000 cubic yards of contaminated sediments will commence in Spring 2009.
Muskegon Lake, Michigan: Assessment of contaminated sediment in the Ryerson Creek/Division Street Outfall site, Muskegon, MI.	MDEQ	$600,000 ($390,000 / $210,000)	Sampling and analysis conducted in fall 2005 and reporting completed in fall 2006. Project continues work on the Division Street Outfall with the current phase conducting a feasibility study to assist engineering design work for a potential future Legacy Act remedial action at the site.
Maumee River, Ohio: Contaminated sediment remediation in the Ottawa River, Toledo, OH.	Ottawa River Partnership	$43,000,000 ($21,500,000/$21,500,000)	Project will remediate 250,000 cubic yards (over 5.6 miles of the Ottawa River) with highest PCB concentrations.
Eighteenmile Creek, New York: Contaminated sediment assessment.	Niagara County & Soil and Water Cons. Dist.	$675,000 ($440,000/$235,000)	Assessment of extent of contamination in Eighteenmile Creek and source control identification. Remediation estimated at about $15 million.
River Raisin, Michigan: 100% Site Characterization of the River Raisin site.	NA	$500,000	This site characterization utilizes a new provision in the reauthorization of the Great Lakes Legacy Act that allows for site characterizations at full Federal expense. Work began in May, 2009.

** Costs and sediment remediation volumes are rough estimates based on currently available information.*

EPA plans to continue to request sufficient funding each year as part of the Great Lakes Restoration Initiative to ensure that long term funding for construction is available to adequately cover proposed Great Lakes Legacy Act work. The structure of the Restoration Initiative, which combines all Great Lakes Restoration Initiative funds including those for the Great Lakes Legacy

Act, can also provide the flexibility of using some of that funding for Legacy Act work if it is needed immediately for construction.

Question Dicks 7: I understand that you have requested extensive bill language to authorize the Great Lakes Restoration Initiative. Your proposed language authorizes broader transfer authority, provides stand alone authority for interagency agreements not tied to the Economy Act, and authorizes broader grant making authority than currently found in section 104(b)(3) of the Clean Water Act. Please explain why these new and/or expanded authorities are necessary to implement this Initiative.

Answer: The first clause of the bill lists the principle agencies currently participating in the Initiative and authorizes EPA to transfer, and other agencies to receive, funds to carry out activities that support the Great Lakes Restoration Initiative and the Great Lakes Water Quality Agreement. Activities carried out by another Federal Agency pursuant to this authority would be still be subject to the authorities of the other Federal agency, but would not be constrained by any limitations on EPA's ability to perform the activities. This is because the language authorizes the other federal agency to perform work consistent with its existing authorities so long as such activities would "support" the Great Lakes Restoration Initiative and the Great Lakes Water Quality Agreement.

The second clause provides EPA with "stand-alone" authority for interagency agreements that will authorize EPA to enter into Interagency Agreements with other agencies to carry out activities that support the Great Lakes Restoration Initiative and the Great Lakes Water Quality Agreement. Interagency Agreements using this authority will be more efficient and effective than is possible if the program relied on the Economy Act. The efficiency comes from the ability to waive indirect rates that would apply under the Economy Act and the ability for Federal agencies to clearly recognize a common authority for the agreement. The effectiveness stems from the ability to perform activities authorized for either agency as opposed to the Economy Act which would limit work to that authorized for both agencies.

The third clause authorizes grants for implementation activities necessary to the restoration of the Great Lakes that could not be performed using EPA's existing Clean Water Act 104(b)(3) authority. Section 104(b)(3) provides for grants for research, investigations, experiments, training, demonstrations, surveys, and studies relating to the causes, effects, extent, prevention, reduction, and elimination of pollution, but does not authorize implementation grants.

LOCAL CLIMATE CHANGE GRANT PROGRAM

Dicks Question 8: In the 2009 Omnibus Appropriations Bill, we provided $10 million for a new grant program to assist local communities in addressing climate change. I understand that your Office of Air and Radiation has begun to implement this program. Can you describe for us what types of projects you envision funding?

Answer: The Air and Radiation program envisions funding projects which create sustainable change within communities and can be replicated across the nation. The program has identified the following areas as likely project types:

- energy performance in municipal operations (including municipal energy, water, and wastewater utilities)
- energy performance in residential, commercial, agricultural, aqua-cultural, and/or industrial buildings
- land use, transportation, or community master planning
- reduction of vehicle miles traveled
- solid waste management
- agricultural, aqua-cultural, and natural resource management
- use or supply of green power products, on-site renewables, and other clean energy supply options
- heat island management
- removal of barriers for greenhouse gas management, through the development of effective programs, policies, or outreach
- other innovative activities which generate measurable reductions of greenhouse gases

Critical elements of the selected projects will include their ability to: 1) reduce emissions of greenhouse gases; 2) build capacity within local and tribal agencies to address greenhouse gas emissions within their communities; 3) create lasting programs and management systems to achieve ongoing reductions; 4) link climate change initiatives with broader environmental, economic, health, and social co-benefits; 5) build and leverage partnerships across multiple stakeholder groups; 6) create models of success that are broadly replicable; and 7)integrate the project into a broader climate management strategy.

Dicks Question 9: Because an important component of the 2009 program is the concept that projects be transferable and replicated elsewhere, much of the burden of sharing the ideas and information will fall to EPA. How will you do this?

Answer: EPA will use three new efforts as well as an array of existing resources to share ideas and information both among grantees and between grantees and the larger audience of local and tribal governments.

- Web-based community profiles, quantification guidelines, and reporting procedures that will highlight each recipient, their projects, lessons learned, Frequently Asked Questions (FAQs), etc. EPA will provide a framework for reporting results to maximize consistency and will enable electronic filing to facilitate transparency.
- Annual training/showcase conference to maximize peer exchange and access to experts.
- Ongoing peer-to-peer exchange opportunities, limited to grantees, providing a private venue (conference calls, webinars, and online discussion forums or collaborative workspaces) for discussing ideas in development.

Dicks Question 9a: What will it cost?

Answer: The approximate cost to EPA to support the grant program is $100 thousand in FY 2009 and $100 thousand in FY 2010.

TRIBAL AND TERRITORIAL SET-ASIDES FROM THE WATER INFRASTRUCTURE REVOLVING FUNDS (SRFs)

Dicks Question 10: This Subcommittee is entrusted with funding many of the programs that support Native Americans and the US Territories and this is a sacred trust we take very seriously. Therefore, I was very pleased to see that your request proposes to increase the amounts set-aside from both the Clean Water and Drinking Water State Revolving Funds and for both the tribes and the territories. You propose to increase the set-aside for the territories to 1.5%. What is the current set-aside and will you make special provisions for the territories in the event they are unable to pay back the loans?

Answer: Under the Clean Water Act, territories receive 0.25 percent of the funds available for allotment to the states in the Clean Water SRF. The territories receive these SRF funds as CWA Title II grants and not as loans, therefore no repayment is needed. Under the Safe Drinking Water Act, EPA currently reserves up to 0.33 percent of the funds available for allotment to the states in the Drinking Water SRF to provide grants to territories. Like the Clean Water SRF grants to territories, the Drinking Water SRF grants to territories do not require repayment.

EPA STAFFING SITUATION:

Dicks Question 11: Ten years ago, EPA employed over 18,000 employees. Today that number is closer to 17,000. You are facing a huge work load over the next few years. Do you have plans to rebuild the staff and if so, what will that cost?

Answer: To meet the workload in FY 2010, the budget proposes an increase in staffing. Overall, the additional 132 FTE increases EPA's ceiling from 17,252 to 17,384. Beyond increasing staffing in critical areas the Agency is continuing efforts to look for efficiencies and functional consolidations that will allow it to focus people and resources on the most critical environmental problems.

As part of this effort, EPA is conducting a workload benchmarking study of six major functions that it shares with other Federal Agencies, including Regulatory Development, Scientific Research, Enforcement, Financial Management, Environmental Monitoring, and Permitting.

This study is designed to build EPA's understanding of some critical functions that EPA shares with other Federal Agencies and of the determinants other Agencies consider in setting staffing levels in these functions. The analysis will also help EPA expand its understanding of staffing allocation alternatives and major trade-offs to consider these six functional areas. This enhanced understanding will allow EPA to continue to improve its efficiency, target resources to

the most critical priorities, and provide crucial background for Agency leadership to consider when making budget allocation decisions.

SUPERFUND TAX:

Dicks Question 12: -The Administration has announced that the budget proposes to reinstate the Superfund tax in 2011, which will ensure that once again "the polluter will pay". The delay until 2011 is intended to give the economy time to recover. You estimate that in 2011, the tax will generate revenues of $1.2 billion and up to $2.3 billion within 8 years. Is your proposal different in any way from the tax that expired on December 31, 1995?

Answer: The Administration's proposal is to reinstate the taxes as when they were last in effect on December 31, 1995. These taxes, which financed the cleanup of the nation's worst hazardous waste sites, are proposed to be reinstated effective January 1, 2011, and include the following: (1) a 9.7 cents per barrel excise tax on domestic and imported crude oil and petroleum products; (2) excise taxes on listed hazardous chemicals at rates that vary from 22 cents to $4.87 per ton as well as a specific excise tax on xylene at $10.13 per ton; (3) excise taxes on imported substances that use as materials in their manufacture one or more of the listed hazardous chemicals; and (4) the corporate environmental income tax imposed at a rate of 0.12 percent on the amount by which the modified alternative minimum taxable (AMT) income of a corporation exceeds $2 million.

Dicks Question 13: With the estimated increase in revenues, how many more construction completes will you be able to do?

Answer: EPA currently anticipates achieving 20 construction completions in FY 2009, followed by an increase to 22 in FY 2010.

It is difficult to predict any impact on construction completions from reinstatement of the tax. The revenues from the Superfund taxes will be placed in the Superfund Trust Fund, which have historically been available to EPA only through congressional appropriation. The level of funding enacted in the program is typically funded through the Trust Fund and supplemented by General Revenues as necessary.

CLEAN UP OF DOD HAZARDOUS WASTE SITES:

Dicks Question 14: During the previous administration, EPA and the Department of Defense could not finalize clean up agreements at 11 DOD sites on the Superfund National Priorities List. Almost all of the 11 sites were Air Force sites. GAO recently issued a report recommending that Congress expand EPA's enforcement authority under Superfund, so that you can better enforce clean up of DOD hazardous waste sites. Specifically, GAO recommended that EPA be authorized to impose administrative penalties at federal facilities placed on the National Priorities List, or NPL, if those facilities lack final agreements within the statutorily imposed deadline of 6 months after completing initial assessments. Does that 6 month deadline currently

apply to non-federal facilities on the NPL and do you agree that the Superfund law should be amended to provide EPA more authority over DOD?

Answer: CERCLA Section 120 applies only to federal facilities, so the 6-month deadline does not apply to private sites. With respect to the GAO report, EPA also agrees that the effective use of strong enforcement will help assure timely and protective cleanup of federal facilities.

Dicks Question 15: What is the status your negotiations with the Air Force on those 11 sites?

Answer: Federal Facility Agreements (FFAs) were outstanding at 11 Department of Defense (DoD) Federal Facility Superfund sites, of which, seven are Air Force sites. EPA is making progress in reaching agreements at the remaining DoD sites which do not currently have Federal Facility Agreements (FFAs) in place. The Navy, in March 2009, signed its remaining two agreements at Whiting Field (FL) and the Naval Computer Telecommunications Area Administrative Master Station (HI). With these agreements, there are 9 DoD sites without FFAs.

Negotiations are ongoing at those 9 sites: Air Force Plant 44 (AZ), Andrews Air Force Base (MD), Brandywine Defense Reutilization and Marketing Office Salvage Yard (PA), Ft. Meade (MD), Hanscom Field (MA), Langley Air Force Base (VA), McGuire Air Force Base (NJ), Redstone Arsenal (AL) and Tyndall Air Force Base (FL).

The EPA is also negotiating a 10th Federal Facility Agreement (FFA) at the Middlesex Sampling Plant (NJ) with the Army Corps of Engineers and Army Counsel. EPA expects DoD to work cooperatively to conclude the remaining agreements as quickly as possible and is prepared to take action as necessary to ensure that all federal agencies do comply with the nation's cleanup laws. Finally, EPA listed Ft. Detrick on the NPL this past year and EPA expects the Army to sign an FFA for that facility as well.

GREENHOUSE GAS REGISTRY – CLIMATE CHANGE:

Dicks Question 16: Included in your request for climate change is $17 million for EPA work to finalize and to implement the Greenhouse Gas Registry, something this Committee was instrumental in initiating. The 2009 Omnibus Appropriations Act calls for EPA to promulgate a final rule by June 2009. I understand that you will not make that deadline. When do you expect to finalize the rule and how will you use the $17 million to implement the rule?

Answer: The Administrator signed the proposed GHG mandatory reporting rule on March 10, 2009. The proposal was published in the *Federal Register* on April 10, 2009, starting a 60-day public comment period. Once the comment period closes on June 9, 2009, EPA will review and respond to comments and develop the final rule. The proposal stated that emissions monitoring would start January 1, 2010 with the first reports to EPA due March 31, 2011. The Agency is working very hard to have the final rule published in time to ensure 2010 data collection.

FY 2010 will be a critical year for preparing for the implementation of the greenhouse gas reporting rule, and the $17 million in our budget request will provide us with the resources to complete the intensive preparation process associated with an economy-wide program. Specifically, EPA will devote the resources to: (1) the data management system, (2) implementation, and (3) verification activities for the Mandatory Reporting Rule. The work on the data systems will include: determining requirements; designing the database, software and user interface, with stakeholder input; and developing training tools for stakeholders. The implementation activities will include: developing guidance and training materials to assist the regulated community; responding to inquires from affected facilities on monitoring and applicability requirements; and developing tools on applicability. The verification work will include: developing and finalizing verification approaches and working with Regional staff on verification, compliance assistance, and training. Also, a portion of the budget request will be dedicated to intramural costs to manage the program (e.g., salaries and travel).

Dicks Question 17: Please provide a breakout of these funds by activity.

Answer: See table below.

Activity	Dollars (million)	Estimated Timeframe of Expenditure
Data system: gather requirements, design database, design software and user interface, gather input of stakeholders, develop training tools for stakeholders	$7.0	We anticipate obligating contract funding in two stages - October of 2009 and January of 2010.
Implementation - develop guidance and training materials to assist the regulated community, respond to inquires from affected facilities on monitoring and applicability requirements, develop tools on applicability*	$6.1	We anticipate obligating contract funding for guidance materials after the final is published. We anticipate obligating contract funding for training and outreach during each quarter of FY 2010.
Verification - develop and finalize verification approaches, working with Regional staff on verification, compliance assistance, training**	$2.5	We anticipate obligating contract funding for these activities during each quarter of FY 2010.
Intramural costs to manage program (salaries, travel)	$1.4	Payroll costs for each payroll throughout FY 2010.
Total	$17.0	

CAP AND TRADE - CLIMATE CHANGE

Dicks Question 18: Congress continues to debate the most effective way to reduce Greenhouse Gases. Some in this body believe that a program that caps emissions and then regulates the trading of allowances is the most effective method, while others support a tax on carbon. EPA has experience running a cap and trade program, which it has done for SO_2 emissions that contribute to Acid Rain. How would a cap and trade program for CO_2 differ from the smaller SO_2 program?

Answer: The basic components of a cap and trade system would be the same for SO_2 and CO_2: a legislated cap on total emissions, rigorous emissions monitoring and reporting requirements for covered entities, a system of allocating allowances (either through auctions or allocated freely), an allowance tracking system to register transfers between entities, and compliance provisions. CO_2 emissions come from a larger and more diverse number of sources

than SO_2, so a CO_2 cap and trade program would likely cover more sources (depending on its scope). The Waxman-Markey bill would cover approximately 7,000 facilities and 85% of national greenhouse gas emissions. The Acid Rain Trading Program covers approximately 1,300 facilities (3,500 units) and about 70% of national SO_2 emissions. Generally it is more straightforward to monitor CO_2 than SO_2 if it comes from burning fossil fuel (coal, oil, and gas). Carbon is the main constituent in fossil fuel so CO_2 emissions can be predicted accurately based on fuel analysis, particularly for homogeneous liquid and gaseous fuels. It is more difficult to predict SO_2 emissions, particularly from coal – the dominant source of SO_2 emissions, so EPA has prescribed continuous emissions monitoring for many affected sources.

Dicks Question 19: You are requesting $5 million to support the Agency's efforts to provide technical assistance to the Congress as it formulates legislation to control greenhouse gases. The request would also provide funds for the Agency's implementation of the legislation, once enacted. As I understand it, the funds would be used to develop protocols and methodologies for an accounting of emission reductions from the major categories of emitters regulated under a cap and trade program. Should Congress decide to use a carbon tax to control emissions, would these funds be sufficient to support the Agency's required work under that scenario?

Answer: This funding will support EPA in providing technical assistance and expertise to advise the Administration and Congress on effective, environmentally sound approaches for a GHG cap and trade program. One major area of effort will be offsets, which are a key component of reducing cap and trade costs while leveraging reduction opportunities in uncovered sectors. With these resources, EPA will develop protocols and methodologies that can accurately account for emission reductions from major offset categories, assess and develop options for monitoring and verifying the effectiveness of offset projects, and analyze and develop options to encourage early reductions prior to the start of a federal regulatory program such as cap and trade. EPA also will assess the potential for existing and proposed mechanisms under the United Nations Framework Convention on Climate Change (UNFCCC), such as Reduced Deforestation and Degradation (REDD), to provide cost reductions while guaranteeing environmental credibility.

The efforts the Agency proposes to undertake in FY 2010 are critical even if an approach other than cap and trade is ultimately pursued. Specifically, monitoring and verification, establishment of baselines and performance standards, and assessment of state, federal and international programs are directly relevant to policies such as taxes and technology - or other incentives-based approaches. Work on the international offsets and REDD issues will be needed given the importance of finding effective ways to support developing country action to reduce GHG emissions. The proposed budget of $5 million provides a strong foundation for this work effort.

Dicks Question 20: What activities will EPA undertake to support Congressional efforts to authorize a cap and trade program?

Answer: EPA frequently responds to Congressional requests for technical and economic analysis of climate policy options. As Congressional efforts to authorize a cap and trade

program increase, EPA will continue to draw on its technical, economic, legal and regulatory expertise to provide Congress timely information to support policy decisions.

CHILDREN'S ENVIRONMENTAL HEALTH:

Dicks Question 21: In March, you announced an initiative to monitor air quality and measure levels of toxic pollutants around our nation's schools. Your 2010 request includes $3.3 million and 5 FTE for this effort. I understand that you will begin the effort this year and that you have already selected 62 schools. Most of the monitoring will be done by state and local air agencies. EPA will pay for the monitors and the laboratory analysis. How much will you spend in Fiscal Year 2009 on this initiative?

Answer: In FY 2009, EPA is spending $2.5 million to purchase monitoring equipment, pay for laboratory analysis of the air quality samples from each school, and perform other support actions needed to operate the Schools Monitoring Initiative (e.g., paying for contractors to conduct monitoring in areas where the state or local agency does not have enough staff to conduct the monitoring). Project activities started in FY 2009 will likely continue into FY 2010. This is because: (1) many schools will not have completed monitoring and analysis by the end of the current fiscal year and (2) samples collected and analyzed from each monitoring site will be evaluated to determine if screening monitoring should continue beyond the initial 60 days planned. Therefore, sites starting later than August 1st or continuing to monitor past the initial 60 days will continue to require resources through the first quarter of FY 2010 and possibly beyond.

Dicks Question 22: How many more schools do you plan to monitor and what criteria have you used to select the schools to be monitored?

Answer: Dicks 21 responds to this question.

ENHANCED TOXICS PROGRAM: CHEMICAL RISK REDUCTION:

Dicks Question 23: You are requesting a significant increase in your program to review toxic substances and reduce the risk posed by these chemicals. I understand that EPA has been slow to fulfill its responsibilities to ensure the safety of thousands of chemicals used in commerce today. To undertake this review, you are using your authorities under the Toxic Substances and Control Act, also known as Tosca. There has been some discussion about Tosca, which has not been reauthorized since its initial enactment in 1976. At a minimum, it will be difficult to deal with the new engineered nano-materials under the old and outdated Tosca regulations. Do you support reauthorizing Tosca, and perhaps totally overhauling it?

Answer: A wide range of stakeholders believe that the Toxic Substance and Control Act (TSCA) should be reformed so that the Environmental Protection Agency (EPA) can more aggressively manage and assess chemicals. The Agency is supportive of legislative reform and would look forward to working with Congress on this important endeavor. EPA intends to

strengthen the Agency's chemical management program, using current TSCA authorities, by increasing efforts to identify and act on risks from priority chemicals.

EPA also intends to use current regulatory authorities to fill critical gaps in data on chemical nanoscale materials. EPA is taking these actions to enhance the American public's confidence that the chemicals used in commerce are safe.

ENFORCEMENT:

Dicks Question 24: You are requesting the largest amount ever for environmental enforcement. This Committee has a long history of increasing enforcement resources and we are pleased to see your request. This request includes a net increase of 30 FTE for your enforcement program. The good news is that the increase to the criminal enforcement program will allow you to hire up to 200 inspectors as required by the Pollution Prosecution Act. However, this level also reflects a decrease of 15 FTE to your Superfund enforcement program. Because most Superfund sites are cleaned up by the primary responsible party only after negotiating a settlement, why are you decreasing the number of staff allocated to this important activity?

Answer: We are requesting $173 million and 950 FTE in FY 2010 for the Superfund Enforcement program. Our request represents sufficient resources to ensure that all liable and viable potentially responsible parties (PRPs) perform or pay for site clean up. This request represents an increase of $7 million over the fiscal year 2009 enacted level.

In FY 2010, we are proposing to transfer a modest 14.2 FTE from the Superfund appropriation (of which 7 FTE will come from the Superfund Enforcement program) to support hiring additional staff in the civil and criminal enforcement programs in the Environmental Programs and Management appropriation. We are transferring unfilled positions and this transfer will not negatively impact our ability to maximize the participation of liable and viable parties in performing and paying for cleanups.

WETLANDS REGULATION:

Dicks Question 25: The Supreme Court's decisions in the *SWANCC and Rapanos* cases have had the effect of reducing the range of waters protected under the Clean Water Act. Do you and the Administration support restoring the historic scope of Clean Water Act protection?

Answer: The Administration and EPA believe that it is essential that the Clean Water Act provide broad protection of the Nation's waters, consistent with full Congressional authority under the Constitution. This position was explained in a May 20, 2009, letter addressed to House Transportation and Infrastructure Committee Chairman James Oberstar, co-signed by EPA Administrator Lisa Jackson, along with leadership at the Council on Environmental Quality, Army Corps of Engineers, Department of Agriculture, and the Department of Interior.

As noted in the letter, all of the environmental and economic benefits that aquatic ecosystems provide are at risk if some elements are protected and others are not.

Dicks Question 26: As I understand it, the *SWANCC and Rapanos* decisions were based largely on interpretation of the statutory language of the Clean Water Act. Will it be possible to do what the Administration wants to do in terms of restoring Clean Water Act protections through amendments to regulations and guidance, or will legislation be necessary?

Answer: The U.S. Supreme Court interpreted the statutory language of the Clean Water Act in its decisions in *SWANCC* and *Rapanos*, reducing the Act's protections for certain waters. As a result, existing guidance documents and supporting regulations can be revised to address gaps in aquatic resource protections caused by the decisions only to a limited degree. Enactment of legislation that amends the Clean Water Act to restore broad protection for aquatic ecosystems would go a long way toward addressing the confusion and uncertainty that has arisen from these Supreme Court decisions.

Dicks Question 27: The Supreme Court's decisions in the SWANCC and Rapanos cases require considerably more data and analysis to determine whether particular bodies of water are subject to regulation under the Clean Water Act. Does EPA have the resources it needs to make and supervise these determinations? What steps have you taken to accommodate this increased workload?

Answer: EPA and other Federal agencies have faced significant challenges implementing the jurisdictional standards established under *SWANCC* and *Rapanos*. In addition, U.S. Circuit Courts of Appeal have taken different positions in interpreting the Supreme Court decisions, further complicating implementation. Current Agency guidance implementing the decisions contemplates complex findings that can be time-consuming. Resulting delays are frustrating and costly to persons seeking approval of projects related to these waters. We worked with the Corps in 2008 as they developed a process that allows project proponents to move directly to the permit application process if they are willing to treat all aquatic features on their site as jurisdictional, thereby eliminating the wait for a jurisdictional determination.

EPA coordinates closely with the Army Corps of Engineers on Clean Water Act section 404-related jurisdictional determinations, oversees all other programs under the Act, and has final policy responsibility for determining the scope of "waters of the U.S." that the Act protects. In past years, EPA has met these challenges by redirecting available staff and administrative resources as necessary. For example, in an informal survey of EPA Regional staff, we found that prior to the decision jurisdictional issues required less than ten percent of wetlands staff time, but that six months after the decision more than fifty percent of staff time was spent on jurisdiction. Other functions normally done by these same staff include assessment of environmental impacts of proposed Section 404 permits, compensatory mitigation proposals for impacts, technical support for Section 404 enforcement, and participation in development of new/revised environmental review policies, such as the Regional Wetlands Delineation Manual supplements.

AMERICAN RECOVERY AND REINVESTMENT ACT

JOB CREATION:

Dicks Question 28: Congress provided $7.22 Billion for EPA's environmental programs through the American Recovery and Reinvestment Act. These funds will help to clean our water, protect the air we breathe, and rehabilitate those areas polluted by toxins. Do you have an estimate as to how many American jobs will be created from the appropriation of these funds?

Answer: The White House, Council of Economic Advisors (CEA) released a report on May 11, which includes estimates of the macro-level job impacts of all of ARRA's appropriated funds, and reports the job creation projections in several different ways. The CEA report includes instructions to agencies on an algorithm to utilize for estimating jobs (job-year) created per unit of ARRA expenditure. At this time the CEA estimation is that $92 thousand of direct government spending will create one job-year. Additional guidance with instructions for refinement of the algorithm is expected.

Using the May 11th CEA's rule, EPA's $7.22B in ARRA funds are expected to result in saving or creating as many as 78,500 job-years (one job for one year) in the US economy. This job estimate includes: (i) Direct jobs, which are the job-years created in the actual EPA-sponsored project; (ii) Indirect jobs, which are the job-years created at suppliers who make the materials used in the project; and (iii) Induced jobs, which are the job-years created elsewhere in the economy as increases in income from the direct EPA spending lead to additional increases in spending by workers and firms.

Further information on the methods for job estimation may be found at: ("Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009 (ARRA)," http://www.recovery.gov/sites/default/files/Jobs_Report_Final.pdf)

TRANSPARENCY REQUIREMENTS:

Dicks Question 29: What steps have you taken to ensure transparency and accountability in the management of these funds?

Answer: EPA has addressed the issue of transparency in its management of funds by providing Financial and Activity Reports and Agency-wide Recovery Act Plans on Recovery.gov. This information is updated weekly as reports are provided to the Office of Management and Budget (OMB). Additionally, on the Agency's internet site (www.epa.gov/recovery), EPA is providing the public with detailed plans for each of its programs implementing the Recovery Act and contact information if there are questions related to any of the information disclosed on the website.

EPA has implemented the Recovery Act throughout the Agency using the guidance provided by the OMB and the Office of Inspector General recommendations. EPA has designated a Senior Accountable Official responsible for the Agency's implementation of the

Recovery Act and leveraged senior level management in creating a Recovery Act Steering Committee to oversee the implementation.

The Agency is in process of developing a risk mitigation Stewardship Plan that identifies common risk areas and how the Agency intends to mitigate those risks. Monitoring of operations is being defined to ensure that anomalies are detected and prevented in future.

Dicks Question 30: What work did you do up front with the Inspector General to identify areas of risk before the funds were awarded?

Answer: EPA sought input from the Office of Inspector General (OIG) at the beginning of the Recovery Act implementation. The Inspector General has served as a member of the Agency's Executive Steering Committee for the Recovery Act since its formation prior to enactment of the legislation. Furthermore, early on, OIG and the Office of the Chief Financial Officer met to define working relationships and expectations. The OIG agreed to serve as an advisor to the Agency as it developed its risk mitigation Stewardship Plan. In this advisory capacity, they assisted the Agency in identifying risk areas and methods of mitigating those risks before the funds were awarded.

CLEAN WATER AND DRINKING WATER STATE REVOLVING FUNDS

Dicks Question 31: The vast majority of EPA's Recovery Act funds went out to the states to capitalize their clean water and safe drinking water revolving funds. To expedite the states' ability to use these funds, we waived the standard 20% match required of the states. I understand that the Buy American provisions in the bill have slowed down the process somewhat. Please give us an assessment of the states' ability to get these funds under contract within 12 months of enactment and explain what steps you have taken to deal with the Buy American provisions?

Answer: The states face significant challenges in getting the funds under contract within 12 months. To assist the states EPA has disseminated a great deal of informational and educational materials to states about how to comply with the Buy American provisions of ARRA, and has established a process and controls for projects seeking waivers. On April 28, 2009, EPA issued a memorandum explaining the requirements of the Buy American provisions, and detailing a process for applying for, and approving waivers. EPA has also issued national waivers for projects that are being refinanced by Recovery Act funds, projects for which bids were solicited prior to enactment and in anticipation of funding, and projects which contain de-minimis, incidental, foreign-made components. EPA does not believe the Buy American provisions will lead to missing the 12 month contract or construction deadline.

Dicks Question 32: In addition to waiving the match, we also required that 50% of the funds be provided with additional subsidies. We did this because it is our experience that many local governments and water authorities simply cannot repay a loan with interest. They do not have the funds, nor do they have a rate base to cover those costs. Therefore, we wanted to

"encourage" both you and the states to consider other forms of assistance: forgiveness of the principal or negative interest loans or grants. What forms of subsidies are the states using the most and have the applications for this subsidized assistance met or exceeded the 50% requirement?

Answer: For Recovery Act capitalization grants, EPA has required that every State use at least 50% of the funds it receives for additional subsidization in form of principal forgiveness, negative-interest loans, or grants. Each State SRF program has the authority to determine how to use its funds, including the determination of which projects will receive additional subsidization, what form the additional subsidization will take, and what portion will include additional subsidization so long as the State uses at least 50% of the total capitalization grant for additional subsidization. The States are required to identify all of the decisions regarding additional subsidization in their Intended Use Plans. One of the more important factors that States consider when determining which form of additional subsidization to use is authority under current State law. In order to meet the strict deadlines under the Recovery Act, States have identified which form of additional subsidization to implement. In most cases, principal forgiveness is the obvious choice since it is easily understood by the assistance recipient, and in many cases is not barred by State law.

Dicks Question 33: I understand that in an effort to avoid cost delays and overruns with the Recovery Act funds, you have implemented something called a "Stewardship Plan" to manage common risks. Can you explain what this plan is, how it was developed and how you are implementing it in terms of the Recovery Act projects?

Answer: EPA is developing a Recovery Act Stewardship Plan to assure timely and appropriate use of funds and to meet the Agency's, the Office of Management and Budget's (OMB) and Congressional Recovery Act financial stewardship goals.

The Recovery Act Stewardship Plan identifies major operational, management and stewardship risks and establishes detailed, step-by-step processes for EPA offices to use to address and mitigate these risks in seven major operational areas:

- Grants Management
- Interagency Agreements
- Contracts Management and Procurement
- Payroll/Human Capital
- Budget Execution
- Performance Reporting
- Financial Reporting

Agency teams developing the Stewardship Plan include EPA administrative offices, programs, and Regions, as well as the Office of Inspector General (OIG) in an advisory capacity. For each operational area, EPA subject matter experts are identifying programmatic, financial, procurement, grant, and performance risks and evaluating internal controls based on OMB Recovery Act guidance, OIG written recommendations, and the five Government Accountability Office internal control standards.

The Plan will include monitoring of administrative and programmatic operations of recipient and sub-recipient payment activities. It will specify financial and performance reporting mechanisms. And it will detail how the Agency will continue to reconcile and assure the quality of Recovery Act financial and other data.

DIESEL EMISSION REDUCTION GRANTS:

Dicks Question 34: The Recovery Act also provided $300 million for Diesel Emission Reduction Act Grants, or DERA. That amount is a five-fold increase from the 2009 appropriation, which was only the second year of funding for the program. This is a fairly big increase for this program in a short time. We provided such a large increase because this program is an important component to protecting public health. I understand that by law, 30% of the funds go directly to the States to run state programs and fund grants. You have done a good job of getting those funds to the states quickly. What about the remaining funds? How quickly will you award project grants?

Answer: Based on the statutory authority for the Diesel Emissions Reduction Act (DERA) program and the 2009 American Recovery and Reinvestment Act (ARRA) resources, $300 million has been appropriated to the DERA clean diesel program. Per the statute, up to 2% of these funds are being utilized by EPA to support management and oversight of the program. 30%, or approximately $88 million, goes to the states and D.C. in a non-competitive allocation program. As noted above, these grants have already been awarded (March/April 2009.) 70%, or approximately $206 million, is for the national competitive program. These funds have been allocated to three competitive grant programs under DERA. The three competitive grant programs are: National Campaign Grant Program ($155.8 million); Emerging Technologies Clean Diesel Program ($20 million); and the SmartWay Clean Diesel Finance Program ($30 million).

The National Campaign Grant Program competition closed April 28, 2009. 598 applications were received nationwide, with almost $2 billion requested and over $2 billion in matching funds offered by applicants. Evaluation and selection took place in May and approximately 90 grants will be awarded by EPA Regional offices in June 2009. The Emerging Technologies Clean Diesel grant competition closed May 5, 2009. Thirty-two applications were received, requesting $57.4 million and offering $10.2 million in matching funds. Awards will be made in June 2009. The SmartWay Clean Diesel Finance Program competition closed April 28, 2009. Seventeen applications were received, requesting $165 million and offering $155 million in matching funds. Awards will be made in June 2009.

Dicks Question 35: To further expedite the award of these funds, we directed you to use meritorious proposals received from prior year competitions. Has that been done and how many of those proposals have you funded?

Answer: EPA has chosen to fund several meritorious proposals from the FY 2008 Diesel Emissions Reduction Act (DERA) competitions. Region 4 will fund seven proposals, totaling approximately $4 million, focusing on ports, school buses, truck stop electrification and utility

trucks. These grants should be awarded by mid-June. Region 1 is interested in funding up to two meritorious proposals in their Region, totaling approximately $1.4 million. These grants should be awarded in June.

Dicks Question 36: How much of the Recovery Act funds for the DERA grants will be used to further the "Ports Initiative" requested in the Agency's FY 2009 budget?

Answer: While it is too early for a complete analysis of all awarded grants and the sectors funded by those awards, it is clear that a number of ARRA DERA projects will take place in and around ports. These projects will likely focus on cargo-handling equipment, marine vessels and trucking operations. After all of the grants are awarded this summer, EPA can provide more information regarding sectors, including ports.

BROWNFIELD GRANTS:

Dicks Question 37: I understand that the Brownfields' funding was one area where you could easily use grant applications from prior or existing competitions, because the criteria for Brownfield grants and the goals of the Recovery Act are similar: project readiness and job creation. When will you award these funds and can you estimate for us the jobs created and the economic impact of this funding?

Answer: On May 8, 2009, EPA announced the selection of 146 Brownfields Assessment, Revolving Loan Fund, and Cleanup (ARC) cooperative agreements to be funded under the American Recovery and Reinvestment Act (ARRA). EPA regional staff immediately began working with each entity to prepare the necessary paperwork to award the selected cooperative agreements. We anticipate the cooperative agreements will be awarded by August 2009. The remaining funds will go towards a number of different brownfields programs: (1) supplementing existing, high-performing Revolving Loan Fund cooperative agreements; (2) directly funding Targeted Brownfields Assessments (TBA) through existing Regional contracts and the National Service-Disabled Veteran Owned Small Business TBA Contract; and (3) awarding new Job Training cooperative agreements. EPA plans to award these cooperative agreements and obligate funds to contracts by August 31, 2009.

EPA estimates that an additional $450 million in private investment will be leveraged as a result of the ARRA funding. In May the Council of Economic Advisors issued guidance on how to estimate the jobs created through the ARRA funding. At this time the CEA estimation is that $92 thousand of direct government spending will create one job-year. In following this guidance, EPA estimates that the Brownfields funding will create 1,087 job-years. Additional guidance with instructions for refinement of the algorithm is expected.

Dicks Question 38: Please provide for the record, the number of grant proposals and the dollar amount requested for the Recovery Act funds provided for both the Brownfields and DERA grant programs.

Answer: The Brownfields competitive award program used the existing FY 2009 Assessment, Revolving Loan Fund, Cleanup (ARC) Competition application competition pool to ensure funding would be distributed as quickly as possible in accordance with Recovery Act guidance. Status of Brownfields Awards:

- 697 applications received representing 905 cooperative agreements totaling $295.8 million
- Awards to be made by EPA Regional Offices expected in August, 2009

For the Diesel Emission Reduction Act (DERA) program's three competitive grant programs, EPA received nearly 650 applications requesting approximately $2 billion and offering over $2 billion in matching funds.

- Status of State Clean Diesel Grants:
  - 50 state grants have been officially awarded
  - $86.5 million out of $88.2 million have been obligated
  - $1.7 million designated for Alaska has been approved by the state legislature and awaits the Governor's signature

- Status of National Grants:
  - National Campaign Grant Competition: $155.8 million
    - Competition closed April 28, 2009
    - 598 applications received ($1.7 billion requested, $2.2 billion match)
    - Final number of eligible applications ~ 536
    - Awards to be made by EPA Regional Offices in June 2009

  - Emerging Technologies Clean Diesel Program: $20 million
    - Competition closed May 5, 2009
    - 32 applications received ($57.4 million requested, $10.2 million match)
    - 22 eligible applications ($38.5 million requested, $5.8 million match)
    - Awards to be made by EPA HQ in June 2009

  - SmartWay Clean Diesel Finance Program: $30 million
    - Competition closed April 28, 2009
    - 17 applications received ($165 million requested, $155 million match)
    - 15 eligible applications ($161 million requested, $155 million match)
    - Awards to be made by EPA HQ in June 2009

SUPERFUND

Dicks Question 39: The Recovery Act also provided $600 million for Superfund Remedial work. You had a little more latitude on how you spent these funds than any other appropriation through the Recovery Act. I am interested in how you used these funds and how you made your decision. What is the ratio of funds used to expedite ongoing site work vs. funds used to start new work, and how did you determine the appropriate amount for each?

Answer: EPA focused the Recovery Act funds at Superfund National Priorities List (NPL) sites that were ready to initiate construction projects and at NPL sites with existing construction projects that would benefit from additional funding. Key considerations for selecting the Recovery Act projects included the readiness of the project to quickly create and retain jobs; opportunities for immediate short- and longer-term health and environmental benefits; opportunities to reduce project costs and schedules; and environmental justice concerns and benefits.

Utilizing the criteria described above, roughly 59% of the funds were applied to ongoing, existing construction projects, 38% for new construction projects ready to initiate construction in fiscal year 2009, and approximately 3% for associated management and oversight functions.

NEPA COMPLIANCE

Dicks Question 40: The Recovery Act does not waive NEPA compliance. Your Agency is charged with reviewing Environmental Impact Statements. How many FTE do you have devoted to NEPA compliance in the ten EPA Regions, and is this sufficient to ensure that Recovery Act projects are not delayed because of NEPA reviews?

Answer: The FY 2010 President's Budget Request includes 93.8 FTE for NEPA Compliance activities in the ten EPA Regional Offices. The Agency request includes an increase of 10 FTE which provides sufficient resources to fulfill our environmental review responsibilities which will help with the expeditious approval and implementation of Federal projects funded by the 2009 Recovery Act.

MANAGEMENT CHALLENGES FROM THE GAO AND IG

UNSPENT BALANCES FROM PRIOR YEARS:

Dicks Question 41: I would like to take a minute or two to review a number of management challenges reported to us by the Government Accountability Office and your own Inspector General (IG). I believe you received my letter of March 5 in which I provided their testimony and requested that you be prepared at this hearing to address the issues raised by them.

I was most concerned by Acting Inspector General Roderick's report that EPA is sitting on hundreds of millions of dollars of unliquidated obligations. At the time of the IG audits, they found unliquidated balances of $233 million in the US-Mexico Border program, $78 million in the Texas Colonias Wastewater Treatment program, $21 million in Brownfields grants, and hundreds of millions in Superfund special accounts that had not been spent. All four of these programs are important and provide public health benefits to our citizens. Such high balances are unacceptable.

I know that the Agency has done some work to improve this situation since the IG's report. But there needs to be continued vigilance on this issue. The Agency simply cannot sit on

funds we appropriate and expect to be given more. Now you have only been on the job a few short months and these unspent balances are a result of inaction by your predecessor. So, please tell us what your administration is doing to make spending this money a priority.

Answer: The U.S. Environmental Protection Agency (EPA) continues to improve the timely utilization of appropriated funds to implement the Agency's programs. EPA is reducing unliquidated balances of funds provided for all programs, not just the ones mentioned. The Agency has added new requirements to the annual review of current unliquidated obligations, and is implementing new standards in the grants process to address timely utilization. The Agency has also improved reporting and visibility of areas with identified concerns. For example, senior management reports identifying current balances are now readily accessible on desktops at all times. The Agency's progress on reducing unliquidated obligations for the programs you cited is discussed below.

US-Mexico Border Water Infrastructure Program

Since the IG completed its audit of the US-Mexico Border Water Infrastructure Program in March 2008, EPA has taken serious and focused steps to decrease the unliquidated balance of construction funds at the North American Development Bank (NADB). The program's increased project oversight and use of detailed construction schedules, with associated disbursement milestones, has resulted in a significant decrease in the unliquidated balance. Since the IG issued its report, the unliquidated balance has decreased by 33%, from $233 million to $155 million as of May 27, 2009.

To further expedite the use of appropriated funds and manage the unliquidated balance, EPA is revising its grant awards process for the US-Mexico Border program. Historically, the program awarded US-Mexico Border grant funds for project design and project construction out of the same fiscal year appropriation. Under the new awards process, grant funds for project design and construction no longer will be awarded out of the same fiscal year funding. Under a new process, awards for planning will be followed by awards for construction, to be made once projects are fully designed. By awarding construction funds to fully designed projects that are ready for construction, the program will be expediting the use of program funding.

Texas Colonias Wastewater Treatment Program

Since the IG completed its audit of the Texas Colonias Wastewater Treatment program in June 2008, EPA has taken serious and focused steps to decrease the unliquidated balance of Colonias funds at the Texas Water Development Board. The program's increased project oversight and use of detailed construction schedules, with associated disbursement milestones, has resulted in a significant decrease in the unliquidated balance. Since the IG issued its report, the unliquidated balance has decreased by 41%, from $78 million to $46 million as of May 27, 2009.

EPA places a high priority on disbursing the remaining funds as quickly as possible. The remaining $46 million is assigned to 10 active projects; all 10 are on schedule to complete construction by March 2010. The associated grants are expected to be closed in September 2010.

Brownfields Grants

EPA agrees that we must do more to reduce unliquidated obligation balances for Brownfield grants. In 2008, EPA established a much more rigorous annual review process of unliquidated obligations on all Brownfield grants. For example, EPA issued a guidance memorandum on July 24, 2008 which provided specific definitions of and criteria on how to deal with non-performing or poor-performing grantees. This guidance also provided directions to close out and deobligate funds from grants still open beyond their performance period. Included in this 2008 memorandum were lists of specific grants for review by the Regional Offices. For FY 2009, EPA included the definition of "insufficient progress" in the Fiscal Year 2009 Brownfield grant terms and conditions which will become part of new cooperative agreement requirements. In addition, regular reviews of all grants are conducted to ensure that any unliquidated obligations balances do not remain on a Brownfields grant once the period of performance has ended.

Superfund Special Accounts

Superfund Special Account resources are site-specific reimbursable resources recovered as a result of a successful settlement with a Potentially Responsible Party (PRP) and used to conduct or finance on-going and future response work at a specific site. Superfund Special Account funds can be expended only in accordance with the terms of the agreement with the PRPs which direct use of the resources to only that site. At least bi-annually, EPA develops multi-year funding plans for the use of Special Account funds by identifying specific on-going and future work to be financed with the funds. EPA's policy is to maintain Special Account funds until all Superfund site specific work is complete and all risks are addressed in accordance with the settlement under which the funds were received. Funds remaining in a Superfund Special Account primarily indicate there is still work to be done at that site, and if any Special Account funds remain once all of the work is completed and the risks are addressed at a site, these funds are transferred to the Superfund Trust Fund, in accordance with the PRP settlement agreement, where they can be appropriated in future years to support cleanups at other Superfund sites.

EPA carefully oversees Superfund Special Accounts to ensure that these funds are managed appropriately. At the end of FY 2008, EPA expended approximately $1.4 billion of Special Account resources for site response actions. The FY 2009 mid-year review shows that 100% of the Superfund Special Account balance is planned for future site-specific work. EPA also continues to look for ways to improve the management and use of Special Accounts.

Questions Submitted for the Record by Representative La Tourette

HOMELAND SECURITY – PREPAREDNESS, RESPONSE AND RECOVERY

LaTourette Question 1: I understand that you have a role in Homeland Security – Preparedness, Response, and Recovery, and are requesting $160 million in this area. I recently had a visit from a constituent company demonstrating a new cleanup technology they have developed. In working with various federal agencies to demonstrate their technology, the company's representatives learned that the EPA has the lead in planning for potential nuclear events and that your agency will rely on contractors to carry out any remediation requirements should such an event occur. Is this correct?

Answer: Under the Nuclear/Radiological Incident Annex (NRIA) to the National Response Framework (NRF), the Department of Homeland Security (DHS) has the lead for all terrorism response activities with the Federal Bureau of Investigation (FBI) as the law enforcement lead. Other Federal departments, such as the Department of Energy (DOE), Department of Health and Human Services (HHS), and the Department of Defense (DOD) will be important players in joining with EPA in not only the initial response to an incident but also in carrying out the long-term remediation activities. During the early phases of the response, EPA's primary role, under the NRIA, includes assisting DHS and DOE in characterizing the environmental impacts of the attack and providing recommendations to state and local decision-makers about the actions that may be needed to protect the public. To accomplish this, EPA will rely upon Agency personnel and contractor support. In addition to the approximately 375 primary emergency responders (i.e., On-Scene Coordinators (OSCs) and Special Teams members) and over 1,500 trained Response Support Corps (RSC) personnel, EPA estimates it can access approximately 3,500 field ready contractors ready to respond to an emergency event. With the FY 2010 President's Budget request, EPA will continue to increase the Agency's preparedness level to be able to respond to a broad array of incidents, including a potential large-scale terrorist attack in an urban area.

LaTourette Question 1a: To what extent do you feel confident that your current contractors have an adequate response plan in place?

Answer: Under the Nuclear/Radiological Incident Annex (NRIA) to the National Response Framework (NRF), the Department of Homeland Security (DHS) has the lead for all terrorism response activities with the Federal Bureau of Investigation (FBI) as the law enforcement lead. Other Federal departments, such as the Department of Energy (DOE), Department of Health and Human Services (HHS), and the Department of Defense (DOD), will be important players in joining with EPA in not only the initial response to an incident but also in carrying out the long-term remediation activities. EPA is responsible for the preparation of response plans and when called upon to respond to a chemical, biological, or radiological event, EPA contractors support the response plan by meeting their respective contract requirements. Additionally, EPA and our contractors practice this through exercises and drills.

LaTourette Question 2: With regard to wet weather flow control (combined and separate sanitary sewer systems, stormwater systems), I understand that EPA's 1997 financial capability guidance authorizes the Agency to include in its analysis local factors (including but not limited to poverty level, unemployment, population loss, state and local taxes, shelter costs, etc.) to best reflect a community's ability to pay for wet weather control programs. Because the Guidance does not provide a method to quantify these factors, water and sewer agencies tell me that the EPA routinely ignores these local factors and even refuses to consider extended program schedules beyond 20 years, despite the fact that there is no requirement in the Clean Water Act or any other law that mandates that or any other time frame. What reasons can you give for the Agency refusing to use its considerable flexibility to consider local factors and longer schedules, especially now during this difficult economic situation in our country?

Answer: EPA recognizes that combined sewer overflows (CSOs) pose significant environmental and public health problems and that the infrastructure cost to control these overflows is substantial. The agency also recognizes that financial capability is a real issue for municipalities, particularly small systems, and it must take financial considerations into account when considering the timing of expenditures for infrastructure improvements. The CSO financial capability guidance presents several indicators, with benchmark levels, to use in evaluating a municipality's financial condition. We recognize that these financial indicators might not present the most complete picture of a municipality's financial capability, but they provide a common basis for financial burden discussions. Municipalities are encouraged to submit any additional documentation that would create a more accurate and complete picture of their financial condition. EPA thoroughly considers the information when negotiating schedules for infrastructure improvements. The time frames presented in the financial capability guidance are guidelines, rather than mandated schedules.

Questions Submitted for the Record by Representative Moran

ENDOCRINE DISRUPTOR SCREENING PROGRAM (EDSP)

It has been thirteen years since Congress directed EPA to require that pesticides be tested to determine their potential to disrupt the human endocrine system, and authorized EPA to screen for endocrine disrupting contaminants in drinking water. If substances are found to have endocrine effects in humans, EPA is to take appropriate action to protect public health under existing statutory authority. As I'm sure you know, intersex characteristics have been observed in populations of smallmouth bass in the Potomac River, in some cases affecting 90 percent of the fish studied, and exposure to endocrine disrupting chemicals has been identified as a likely cause. There is increasing concern that environmental exposure to endocrine disruptors may be affecting human health, causing increased rates of cancer, infertility, type II diabetes, obesity (especially among children), and birth defects. Many developmental, reproductive, and carcinogenic conditions for which increased incidences have been reported in humans are similar to effects that have been observed in wildlife and fish exposed to endocrine disruptors.

I realize that EPA was given a big job to do, yet after all this time not a single chemical has been tested for endocrine effects. It was only in April of this year that EPA finalized a list of 67 chemicals that would be subject to Tier 1 testing to screen for endocrine effects. I understand that EPA is still finalizing the tests that must be run on these chemicals and has yet to issue testing orders to chemical manufacturers.

Moran Question 1: When will orders be issued requiring the manufacturers of these 67 chemicals to test them?

Answer: EPA anticipates issuing orders for the first group of chemicals in the Summer of 2009.

Moran Question 1a: Do you have all the necessary clearances from OMB?

Answer: EPA is awaiting completion of OMB's formal review of the Information Collection Request (ICR), as required by the Paperwork Reduction Act (PRA). The Tier 1 orders may not be issued until the ICR is approved by OMB. The ICR was submitted to OMB and the PRA-required 30-day public comment period began on April 15, 2009. Under the PRA, after this 30-day comment period ends, OMB has 30 days to consider the ICR, along with any public comments received and EPA's responses to those comments, and take action on the ICR.

Moran Question 2: How long will companies be given to submit the required data?

Answers: Companies will have two years from the issuance of the order to submit data for the Tier 1 battery of assays, although companies may choose to submit the data earlier.

Moran Question 3: Once EPA receives the data, how long do you anticipate it will take to review and analyze the information?

Answer: It will take approximately one year to review the Tier 1 data submitted in response to test orders.

Moran Question 4: Having reviewed and analyzed the data, how will EPA decide which chemicals should be subject to further testing under Tier 2 of the program to determine the dose that causes endocrine effects?

Answer: The determination that a chemical is or is not likely to have the potential to interact with the endocrine system (*i.e.*, disruption of the estrogen, androgen, or thyroid hormone systems) will be made on a weight-of-evidence basis taking into account data from the Tier 1 assays and/or other scientifically relevant information available to EPA at the time of its review. Chemicals that go through Tier 1 screening and are found to have the potential to interact with the estrogen, androgen, or thyroid hormone systems will proceed to the next stage of the EDSP where EPA will determine which, if any, of the Tier 2 tests are necessary based on the available data. Tier 2 testing is designed to identify any adverse endocrine-related effects caused by the substance, and establish a quantitative relationship between the dose and that endocrine effect.

Moran Question 4a: In the meantime, what will the Agency tell the public about the safety of these chemicals?

Answer: EPA will continue to stress that these 67 chemicals were selected to receive test orders based solely on their exposure potential. Therefore, none of these 67 chemicals should be considered to be an endocrine disruptor or to pose a risk to human health solely because it was included in the screening program. In fact, the statute requires the Agency to screen all pesticides for endocrine effects. As such, any selection of chemicals for Tier 1 screening under the EDSP does not mean that the chemical is an endocrine disruptor.

It is also important to remember that the Agency reviews all pesticides before they are registered for use in the United States. In a process that involves extensive opportunities for public participation, EPA also periodically re-evaluates the scientific information that forms the foundation of its pesticide registration decisions. The Agency routinely requires companies to perform more than twenty different types of toxicity studies to evaluate the potential for a pesticide to cause a wide range of adverse effects, including effects that can result from the interaction of a chemical with the endocrine system. EPA's risk assessments review all available data and fully describe both the types of adverse effects observed and the levels of exposure that produce them. These scientific analyses have led to regulatory determinations that the use of these pesticides, according to the label instructions, meet all applicable statutory standards.

Moran Question 5: What, if anything, will the results of testing these 67 chemicals tell us about the 80,000 chemicals in commerce that have not been tested?

Answer: While screening results are specific to the chemicals being tested, the lessons learned from the first 67 chemicals may result in improvements to the procedures, the Tier 1 battery and Tier 2 tests, as well as contribute to emerging scientific tools that may be used for future testing of additional chemicals.

Moran Question 6: How is the EDSP taking advantage of the emerging science in the field of toxicology such as the work of EPA's ToxCast program?

Answer: EPA is pursuing an ambitious research program to develop predictive tools to help prioritize chemicals for future screening and testing. These tools include cell based assays that can be run in a high throughput mode and computer-based predictive systems to forecast potential human toxicity. In the future, these tools may be applied to both pesticidal and non-pesticidal chemicals so that chemicals that are most likely to interact with the endocrine system can be identified more quickly and using fewer resources and animals.

CLEAN COAL:

Having a coal-fired power plant in my district has made me very skeptical of the concept of "clean coal". Burning coal creates a wide array of toxins, and the better we get at preventing them from being emitted through the smokestack as air pollutants, the greater the quantity and toxicity of the solid waste products that we have to manage. In 2007, electric utilities alone generated 131 million tons of coal combustion waste containing heavy metals such as arsenic, beryllium, boron, cadmium, chromium, cobalt, lead, manganese, mercury, molybdenum, selenium, strontium, thallium, and vanadium, as well as toxic organic materials such as dioxins and polycyclic aromatic hydrocarbon (PAH) compounds. An EPA report written in 2002 and released for the first time last week found the cancer risk to be 1 in 2,000 from exposure to arsenic in drinking water for residents living near unlined landfills containing coal ash and coal refuse, which is 500 times the level usually regarded as safe by current federal regulations.

Last December, national attention was drawn to issues regarding the management of such waste when a breach in an impoundment pond at the Tennessee Valley Authority's Kingston, Tennessee, plant released 1.1 billion gallons of coal fly ash slurry. The sludge covered more than 300 acres, in some places to a depth of 9 feet, damaged or destroyed homes and property, and filled large areas of the nearby Emory and Clinch rivers, resulting in fish kills. According to TVA, estimates on cleanup costs range from $525 million to $875 million. EPA described this incident as "one of the largest and most serious environmental releases in American history."

A smaller spill occurred in March of this year at the New Page Corporation pulp and paper mill in Allegany County, Maryland, when a leak in a pipe connecting the mill's power plant to its ash storage pond discharged approximately 4,000 gallons of coal ash slurry directly into the North Branch Potomac River. The company had a smaller leak -- 20 gallons -- in November of last year, at which time they claimed they would be improving conditions to prevent future incidents. A serious spill from this facility could pose a significant risk to drinking water supplies, as well as to fish and wildlife in several national parks downstream, including Harpers Ferry National Historic Park, the Appalachian National Scenic Trail, and the

C&O Canal National Historic Park, before finally reaching Washington D.C. and ultimately the Chesapeake Bay.

There is little federal role in CCW management. Regulations governing disposal requirements vary from state to state, and may be addressed by multiple agencies within a state. With regard to surface impoundments, states commonly regulate two elements of a unit -- the safety of the structure itself and controls on discharges from the unit to surface or groundwater. Nine years ago, EPA determined that consistent, national regulation regarding CCW disposal was needed and on March 9, 2009, you did the right thing and promised that regulations to address CCW disposal in landfills and surface impoundments would be proposed by the end of 2009.

Moran Question 7: Is there any reason to think that wet storage or disposal of coal combustion waste can be managed in a way that is not a continual risk to health and the environment, or should it just be phased out?

Answer: EPA is evaluating this issue as part of our rulemaking process on the management of coal combustion residuals. EPA intends to issue a proposed rule, addressing this and related issues, before the end of this calendar year.

Moran Question 8: Will EPA's regulations apply prospectively to new storage or disposal sites, or will you also address the threat from existing impoundments and landfills, both in terms of structural failure and contamination of surface and groundwater?

Answer: While EPA is still developing the proposed rule for coal combustion residuals, we expect that the proposed rule will both apply prospectively to new sites and will address the potential risk from existing impoundments and landfills. The exact requirements to be included in the proposed rule are still being developed.

Moran Question 9: I understand that one of the issues EPA is considering is whether to treat CCW as hazardous waste and to develop federal waste management criteria under subtitle C of RCRA, or to continue to allow state and local governments to have the primary planning, regulating, and implementing roles under Subtitle D of RCRA. How would a consistent, protective federal standard be established under Subtitle D, and is EPA confident the states have the resources and infrastructure to implement and enforce such a requirement?

Answer: EPA is evaluating this issue as part of our rulemaking process on the management of coal combustion residuals. EPA intends to issue a proposed rule, addressing this and related issues, before the end of calendar year 2009.

Moran Question 10: The Bevill Amendment, which was included in the Solid Waste Disposal Act Amendments of 1980, excluded coal combustion wastes (CCW) from the definition of hazardous waste under Subtitle C of RCRA pending completion of a study and report to Congress. EPA was to determine the potential danger, if any, posed by CCW to human health or the environment; identify documented cases in which danger to human health or the environment

had been proved; identify then-current disposal practices, alternatives to those disposal methods, and the costs of such alternatives; and identify then-current uses and potential future uses of coal combustion products. Within six months of the report to Congress, EPA was directed to make a regulatory determination regarding whether the waste in question warranted regulation as a hazardous waste under Subtitle C of RCRA. Do you believe that EPA has met the requirements of the Bevill amendment and now has the legal authority to regulate CCW under Subtitle C?

Answer: In its Regulatory Determination of May 2000, EPA determined that disposal of coal combustion wastes did not warrant regulation as hazardous waste under Subtitle C of the Resource Conservation Act (RCRA). If additional analyses or information indicates a need for regulation under Subtitle C of RCRA, then the Agency will revise the Regulatory Determination accordingly.

EPA, however, did conclude that national regulations under Subtitle D were warranted for CCW when disposed of in landfills and surface impoundments. EPA believes this determination has met the requirements of the Bevill Amendment.

In addition to CCW, coal combustion produces CO2. One idea for dealing with CO2 is to capture it, convert it into a liquid by pressurizing it to at least 1500 pounds per square inch, transport it to a suitable location (by pipeline or ship), and then inject it under pressure into the ground, hoping it will stay there forever. The plan is to pump the compressed liquid CO2 a mile or so deep into the earth through boreholes or wells drilled for the purpose.

The size of the CO2 disposal problem is staggeringly large. If 80 percent of the world's remaining coal were burned, at least 10 trillion tons of CO2 would be created. The International Energy Agency estimates that, to make a dent in the global warming problem, we will need 6000 CCS projects, each injecting a million metric tons of CO2 a year into the ground.

Last July, EPA issued a proposed rule under the Clean Water Act to create a national framework for the underground injection of carbon dioxide from power plants. The rule would create a new class of injection wells under the authority of the Safe Drinking Water Act's Underground Injection Control (UIC) program. The agency stated that it acted because injecting carbon dioxide could push pollutants into underground drinking water supplies. The rule, which would apply to well owners and operators, would require monitoring to trace the chemical. According to an EPA Factsheet, the new monitoring rule is needed because, "The relative buoyancy of CO2, its corrosively in the presence of water, the potential presence of impurities in captured CO2, its mobility within subsurface formations, and large injection volumes anticipated at full scale deployment warrant specific requirements tailored to this new practice."

Moran Question 11: First of all, why develop a rule for a technology that is not "shovel ready"? The Department of Energy, which has been funding its own regional carbon sequestration research consortiums and is about to begin testing large-scale injections in Illinois, estimates that it will be at least 15 years before the technology can be put to full use. Mightn't DOE's research give us a better understanding of the safety measures that need to be in place at carbon sequestration sites?

Answer: EPA anticipates that DOE tests will improve understanding of CO2 sequestration including safety measures. EPA's rule is important now for a number of reasons, including the following:

1) As people experiment, it's important to have rules in place to ensure that pilot projects don't endanger underground sources of drinking water.

2) There are commercial scale projects and CO2 projects not associated with DOE's regional carbon sequestration research consortium that are coming on line within the next several years. One example is Archer Daniels Midland (ADM) in Illinois, where CO2 will be injected in conjunction with Ethanol production.

3) DOE is one of the entities requesting these regulations.

4) Industry is reluctant to invest in these projects if they are not certain what rules would apply to them. A rule paves the way for the technology to be used in the future.

Moran Question 12: Tell us about the monitoring requirements in the proposed rule. For CCS (Carbon Capture and Storage) to be effective, the CO2 will have to stay in place in perpetuity. If even a tenth of a percent of the CO2 were to leak from the system annually, the resultant buildup of global-warming gas in the atmosphere could reach dangerous levels, defeating the purpose of CCS. CO2 is also a powerful asphyxiant – in 1986, a natural eruption of CO2 from Lake Nyos in Cameroon spread for miles around the lake and killed over 1700 people. Do monitoring requirements address only groundwater contamination, or are they also meant to prevent releases to the atmosphere?

Answer: The Underground Injection Control Program structures its siting, management, and monitoring requirements to prevent an escape of fluids to the surface. Lake Nyos was a release of natural CO2 from a lake bottom. UIC program wells are constructed to prevent releases to the surface. The monitoring requirements are site specific, tailored to the unique geology, injection volumes, and design of each GS project. While the proposed rule was developed under the Safe Drinking Water Act to protect underground sources of drinking water, permit writers would be able to require monitoring of the soil and surface above the injection zone and surrounding areas if needed to ensure that CO2 does not migrate into underground sources of drinking water.

Moran Question 13: For what length of time would the rule require well owners and operators, and their successors, to monitor their wells, and who would be responsible at the end of that time?

Answer: If finalized, the rule would require monitoring of the wells and the site surrounding the wells for as long as the CO2 could endanger underground sources of drinking water. EPA proposed a 50 year timeframe as a guide for making a determination as to whether or not the plume has stabilized. This can be reduced or extended if data from the site suggests a need to shorten or lengthen the time frame.

Moran Question 14: Researchers at Lawrence Berkeley National Laboratory surveyed some known instances of natural and industrial releases of CO2 from underground storage reservoirs and published their results in 2007. They concluded that, "Wells that are improperly constructed or abandoned, and have become structurally unsound over time, have the potential to rapidly release large quantities of CO2 into the atmosphere." How will anyone know when a particular well is becoming structurally unsound as time passes -- until leakage is detected? How does one seal an underground fracture or fault?

Answer: EPA's UIC program requires regular monitoring and checks for the mechanical integrity of both the internal and external portions of the well. The proposal includes requirements for regular mechanical integrity testing, and monitoring to prevent leaks from the well. The proposal would require continual internal mechanical integrity testing, and annual external mechanical integrity testing.

Moran Question 15: The Intergovernmental Panel on Climate Change (IPCC) has pointed out that leakage and fugitive emissions can be expected from all five parts of a CCS system -- (1) capture; (2) pressurization and liquefaction; (3) transport; (4) injection; and (5) perpetual storage. Question: What agencies would be responsible for overseeing the first four stages of the UIC emissions process?

Answer:
(1) EPA's Office of Air and Radiation is responsible for overseeing capture.
(2) EPA's Office of Air and Radiation is responsible for overseeing pressurization and liquefaction.
(3) DOT, Pipeline Safety is responsible for overseeing transport.
(4) and (5) EPA's Offices of Water (OW) and Air and Radiation (OAR) are responsible for overseeing perpetual storage. OW's responsibilities are: monitoring for unexpected movement of the sequestered CO2 (subsurface), corrective measures if the CO2 threatens sources of drinking water, determining readiness of the site for permanent closure, and determining the adequacy of financial responsibility. OAR is responsible for the monitoring of wells and surrounding areas for leakage to the atmosphere. Both Offices share the responsibility of reviewing periodic reports on monitoring results.

Moran Question 16: Coal gasification with carbon capture increases the water requirements of coal plants by 90 percent. In a world already plagued by water shortages that are serious and growing, water can no longer be taken for granted. Water conservation and efficient use of water will be part of any truly sustainable civilization. How can we justify investment in a technology that is this wasteful?

Answer: Carbon Capture and Sequestration (CCS) is an area of developing technology that still faces many challenges; one of these is the increased need for water at the electric generating facility. As CCS technology matures it is hoped that the amount of water and energy required to capture carbon dioxide can be significantly reduced.

Moran Question 17: Researchers at the University of Kentucky recently estimated that the most promising method for capturing CO2 uses as much as a third of a power plant's electrical output and could add 60 percent to 100 percent to its operating costs. Does this include the cost of transporting the gas to a sequestration well and pumping it underground, and the cost of monitoring the well? Is CCS economically feasible?

Answer: Capturing CO2 will increase the cost of operating a power plant, however, facilitating the use of Carbon Sequestration should allow the U.S. to develop more cost-effective technologies for the long term.

Moran Question 18: Given that there are alternatives for generating electricity that involve far less CO2 emissions, no coal combustion wastes, and far smaller amounts of mine waste, why should we pay the "clean coal" industry to burn coal and bury CO2 in the ground? We could invest those same funds in renewable energy and avoid the hazardous CO2 waste problem entirely.

Answer: Alternative Energy (wind, solar etc.) currently compose around 7% of our generating capacity. Given the Nation's abundant supplies of coal and growing need for energy independence and electrical power, most experts believe that the US must continue to burn coal for decades. Major environmental groups including the Sierra Club, Natural Resources Defense Council, and the Environmental Defense Fund have all publicly testified to the urgency for the US to move ahead with geological sequestration of CO2 captured from coal-fired power plant emissions. These same groups and others representing States and industry have urged EPA to move ahead with creating a regulatory framework for safe underground storage of CO2 to make sure that underground sources of drinking water remain protected as this technology moves forward. To this effect, EPA proposed a new rule in July 2008, under the underground injection control program that provides federal requirements for CO2 Geologic Sequestration Wells.

ETHANOL

Moran Question 19: A new study makes the case that ethanol isn't the greenest way to use biomass as a fuel. In an article published in the May 8 issue of Science, researchers used life-cycle analysis -- which takes into account the entire impact of a biofuel from field to vehicle -- to show that converting biomass to electricity (to power electric cars) produces 80 percent more transportation energy than turning it into ethanol (to power a flex-fuel car), with a carbon footprint that is half as small.

In the 2007 energy bill, Congress ruled that to be eligible for government subsidies, corn ethanol has to emit 20 percent less climate pollution than gasoline. If you include the indirect land-use effects of ethanol -- the increase in deforestation caused by using land to grow fuel -- it's unlikely to hit that target, and EPA has proposed to do just that. What do you see as the future of ethanol?

Answer: The Energy Independence and Security Act (EISA) of 2007 established volume mandates for several categories of renewable biofuels and established lifecycle greenhouse gas

thresholds for each category. EPA, working with experts, including those from the Departments of Agriculture and Energy as well as industry and academia, has spent the last year and a half developing a robust and scientifically supported lifecycle methodology to implement these requirements.

However, regardless of the outcome of the lifecycle analysis, there is not expected to be any impact on the ability for corn ethanol to comply with the RFS-2 requirements. When Congress set aside 15 billion gallons for conventional biofuels that need to meet the 20% GHG threshold, they also included "grandfathering" provisions that would exempt certain renewable fuel facilities from the threshold requirements. There is expected to be more than 15 Bgal of corn ethanol alone that will be produced by these grandfathered facilities, more than satisfying the mandated volume.

PHARMACEUTICALS IN WATER

For many years, consumers were advised to dispose of their unwanted medications down the toilet. However, we now know that chemicals from over-the-counter and prescription medications are not always screened in water treatment systems, and can be discharged into rivers and lakes and enter our drinking water supplies. In 2002, the U.S. Geological Survey reported that some traces of common medicines such as acetaminophen, hormones, blood pressure medications, codeine, and antibiotics were detected in very low concentrations in 80 percent of samples taken from 139 streams across 30 states.

Moran Question 20: I am an original co-sponsor with Congressman Jay Inslee of the Safe Drug Disposal Act of 2009, legislation that directs the Drug Enforcement Administration to create five model programs for the safe disposal of unused prescription medications. These model programs will form the basis of state-implemented programs that give the public options for legally and responsibly disposing of these unneeded drugs. While developing this bill, we were told many times that most of the pharmaceuticals in water are metabolites of ingested drugs and are not introduced through improper disposal. Yet an Associated Press investigation concluded last year that U.S. hospitals and long-term care facilities alone annually flush millions of pounds of unused pharmaceuticals down the drain.

How much do we really know about the relative contributions of ingested drugs, improper disposal, and emissions from manufacturing to contamination of water, and is EPA studying the question?

Answer: There are no reliable estimates regarding the relative contributions of ingested drugs, improper disposal, and emissions from manufacturing to contamination of water, although there is general agreement that excretion is the largest source of pharmaceuticals in water. A few localized consumer surveys have reported that as many as 35% of the people surveyed said they flushed some unused medications down the toilet. However, assuming that the majority of prescriptions are taken by the end user and do not go unused, the pharmaceutical industry has estimated that only 2% to 10% of unused drugs would be disposed of down the toilet or drain.

The EPA is addressing the questions regarding the relative contributions from various methods by which drugs enter the environment. Determining the relative contributions of different pathways to drug occurrence in the environment is a complex issue. Occurrence is a function of each individual active pharmaceutical ingredient (API) and generalizations are not possible. Occurrence can be affected by extensive metabolism of an API by a patient, patient compliance with disposal methods, and a variety of other factors. The EPA has supported various take-back programs that change public/consumer behavior and avoid contributions of unused drugs to the environment.

EPA Office of Water (OW) issued an Information Collection Request (ICR) to support EPA's study of unused pharmaceuticals from health care facilities, which is part of EPA's overall strategy to address the risks associated with emerging contaminants. The ICR covers hospitals, long-term care facilities, hospices, and veterinary hospitals. EPA is studying the disposal of unused pharmaceuticals from certain health care institutions to determine current disposal methods and to identify alternative disposal mechanisms to avoid flushing.

Moran Question 21: While we know that pharmaceuticals have health effects at the therapeutic dose, the potential risk to humans associated with long-term exposure to low concentrations of the same chemicals is not well understood. Could you update us on EPA's research on this issue?

Answer: In general, research related to pharmaceuticals in the environment that is conducted by EPA is organized around the Research Framework that has been developed by the Office of Science and Technology Policy Interagency Working Group on Pharmaceuticals in the Environment (PiE). While EPA does not have a separate research program on pharmaceuticals in the environment, multiple other research programs (e.g., Endocrine Disruptors, Drinking Water, Water Quality, Human Health) have efforts that are related to or can be applied to pharmaceuticals in the environment and are helping inform the scientific issues.

Regarding characterizing the potential impact of long-term exposures of humans to low concentrations of pharmaceuticals, ongoing activities through the EPA endocrine disruptors research program include: developing multiple short term and longer term assays (*in vitro* and *in vivo* using laboratory animal models) to identify potential endocrine disruptors, studying the effects of long term exposures to low levels of individual chemicals and mixtures of chemicals with similar and different endocrine modes of action, and developing methods for cumulative assessments for chemicals that act through similar and different modes of action.

The EPA Office of Research and Development and the U.S. Geological Survey are collaborating on a project to determine the occurrence of more than 200 emerging contaminants, including more than 115 pharmaceuticals and pharmaceutical metabolites, in drinking water sources and in finished drinking water. This study will provide key information on the occurrence of individual compounds, as well as the composition of mixtures of these emerging contaminants that can be used to inform health effect studies. Sampling is scheduled to begin in late 2009, and the final report expected in 2011.

To better understand and evaluate the potential risks to humans of long-term exposure to low concentrations of pharmaceuticals in drinking water, EPA's OW commissioned the National

Research Council (NRC) of the National Academy of Sciences (NAS) to convene a panel of experts to provide their ideas and opinions on this subject.

A number of approaches have been proposed for estimating the human health hazard posed by very low concentrations of pharmaceuticals in drinking water. At the NAS workshop, EPA and others presented these approaches, including EPA's proposed approach, which is under development, to the NRC panel. The panel members examined and discussed them, as well as considered data availability and the likelihood of success of proposed decision-making approaches for prioritizing individual pharmaceuticals for further evaluation. The panel members provided opinions and ideas to EPA, which EPA will consider in evaluating individual chemicals or mixtures.

Moran Question 22: Aquatic organisms may experience more pronounced effects than humans because they are continually exposed. Researchers are finding evidence that even extremely diluted concentrations of pharmaceutical residues harm fish, frogs, and other aquatic species in the wild. Pharmaceuticals are seen as a source of the endocrine disrupting compounds in wastewater effluent that are suspected of causing the high rate of intersex characteristics detected in certain species of smallmouth bass found in the Potomac River. In addition, even small amounts of antibiotics that are not captured by wastewater treatment systems can kill off natural bacteria in waterways, encourage microbes to become drug-resistant, and poison fish.

Could you tell us the status of EPA's work monitoring fish tissue and water samples in developed and urban areas across the country to produce a statistically representative estimate of the occurrence of pharmaceuticals in fish tissue and waterways?

Answer: Obtaining environmental data on emerging contaminants is a priority area of interest for EPA, particularly the group of chemicals that includes pharmaceuticals and personal care products (PPCPs). Pharmaceuticals are prescription and over-the-counter medications, whereas personal care products include other consumer chemicals that are non-medicinal, such as the fragrances (e.g., musks) in lotions and soaps.

In 2006, EPA initiated a pilot study to investigate the occurrence of PPCP chemicals in fish tissue. The targeted study involved sampling fish from areas heavily affected by discharges from wastewater treatment plants (publicly-owned treatment works or POTWs) to determine if pharmaceuticals or compounds from personal care products are present in the tissues of the fish analyzed. We focused our attention on those compounds that have been detected in surface waters and in sediments and which, therefore, might be anticipated to occur in fish. The compounds in the pilot study include pharmaceuticals that target the central nervous systems and endocrine systems of humans and/or animals.

Analyzing the occurrence of these target compounds constitutes the first step of a process being conducted under the authorities in the Clean Water Act, Section 304(a). That process includes prioritizing the chemicals for developing criteria based on available information on their ecological or human health impacts relative to the concentrations detected in the fish tissue. Information on the effects of low concentrations of pharmaceutical compounds on aquatic life is limited as is information on the effects of low concentrations of these compounds in fish caught

for human food. Depending on the availability of data and fiscal constraints, we expect to be able to develop criteria, if warranted, within five to eight years.

Current and Ongoing Studies

For the initial pilot study, EPA identified five sampling locations on rivers and streams known to be strongly influenced or dominated by effluent from POTWs. These locations were in Chicago, Dallas, Orlando, Phoenix, and West Chester, Pennsylvania. EPA also identified one reference site on the Gila River in New Mexico away from human sources of pollution to serve as a basis for comparison. In the sampled locations, seven of 24 pharmaceutical compounds were detected in livers while only five were detected in fillet samples. No target pharmaceutical compounds were detected in any of the composites collected at the reference site.

EPA is extending the coverage for PPCP sampling to a set of about 150 urban river sites that are statistically representative of urban U.S. rivers as part of its National Rivers and Streams Assessment. Field teams are collecting water and fish composite samples at these sites during 2008 and 2009.

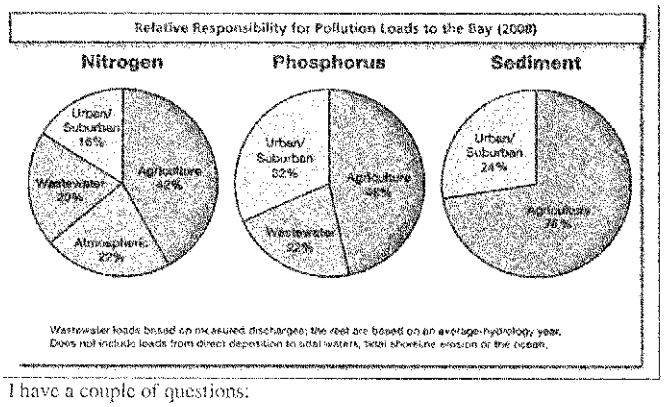
EPA's National Exposure Research Laboratory is analyzing the water and fish fillet samples for an expanded list of PPCP chemicals. They are also analyzing the fish fillets for persistent contaminants including mercury, selenium, PCBs, pesticides, and flame retardants (PBDEs). Both the water and fish fillet samples are also being analyzed for perfluorinated compounds (PFOS, PFOA), which have been previously detected by EPA in fish tissue samples in major U.S. rivers and which have also been detected by some states in areas where these compounds were manufactured. The report on EPA's expanded urban river study is due to be published in 2011.

Moran Question 23: EPA is also researching whether higher-level water treatment strategies can remove pharmaceuticals from wastewater and drinking water. Is this important research, as well as your other research efforts, adequately funded?

Answer: The FY 2010 President's Budget includes sufficient resources for EPA to continue its research program on investigating the efficacy of various drinking water and wastewater treatment processes in removing emerging trace contaminants, including pharmaceuticals. It is envisioned that the results of this research would be used to help EPA's Office of Water to develop a course of action with regard to regulating these emerging trace contaminants and, if necessary, selecting effective treatment options. In addition, this information could be used by drinking water and wastewater treatment operators to understand the capability of their treatment technologies to manage pharmaceuticals and other emerging trace contaminants; the effect of process variables and demographics on performance; and methods to improve the operation of their plants to minimize effluent levels of these stressor

CHESAPEAKE BAY

Administrator Jackson, last week the President signed an executive order designed to give more federal focus to efforts to limit the nitrogen, phosphorous, and sediment that is harming the Chesapeake Bay. I know that the federal government is already spending millions of dollars a year on the Bay, but we don't seem to be making great progress.



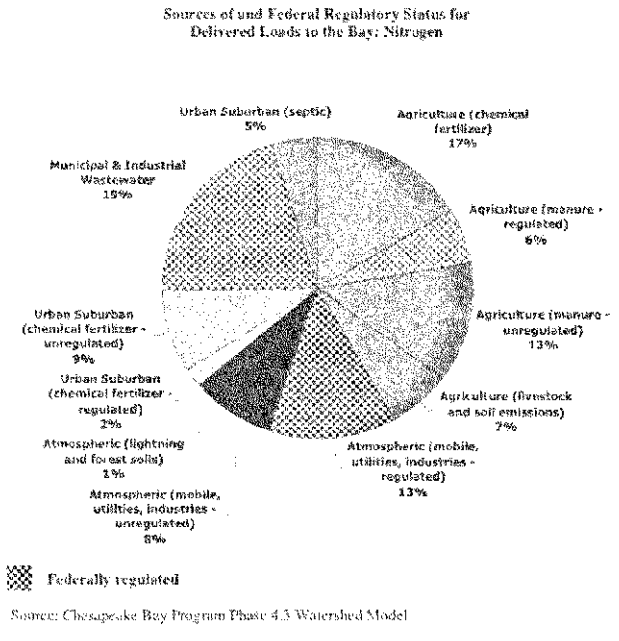
I have a couple of questions:

Moran Question 24: What are the biggest sources of nitrogen pollution to the Bay -- agriculture, urban and suburban stormwater runoff, wastewater treatment?

Answer: Of the total nitrogen loads delivered to the tidal waters, 43% comes from agricultural sources, 20% from municipal and industrial wastewater discharge facilities, 21% from atmospheric deposition of mobile, utility, industrial and natural emissions (this does not include direct deposition to tidal waters nor emissions from agricultural animals and lands), 16% from urban and suburban runoff (which includes 5% from septic systems). Of the total phosphorus loads delivered to the tidal waters, 45% comes from agricultural sources, 21% from municipal and industrial wastewater discharge facilities, 31% from urban and suburban runoff and 3% from natural sources. According to data from the Chesapeake Bay Program, urban and suburban run-off sources are increasing, while all other sectors are decreasing. Lawn fertilizers and septic systems are among the significant sources of urban and suburban runoff.

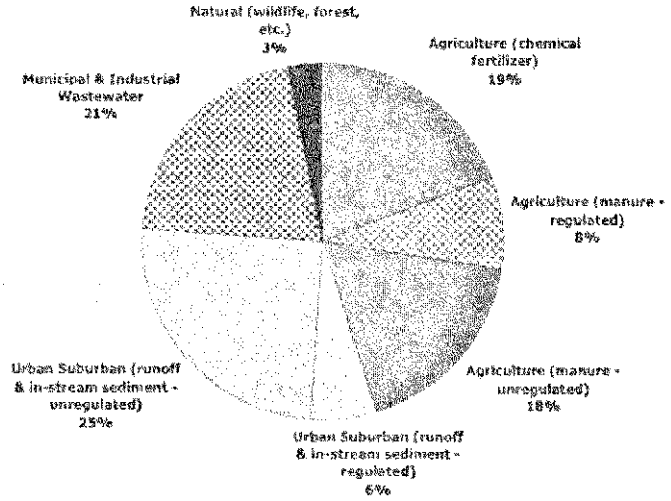
Moran Question 25: Which of these can EPA currently regulate? Are its authorities over point sources, including wastewater treatment and animal feedlots, adequate? How about stormwater?

Answer: The pie charts below indicate the current sources of nutrient and sediment pollution loads to Chesapeake Bay, including an estimate of the portion of some of these loads that are currently Federally regulated.



Source: Chesapeake Bay Program Phase 4.3 Watershed Model

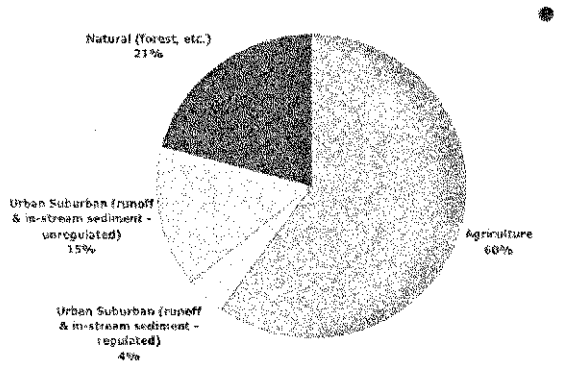
Sources of and Federal Regulatory Status for Delivered Loads to the Bay: Phosphorus



Federally regulated

Source: Chesapeake Bay Program Phase 4.3 Watershed Model

Sources of and Federal Regulatory Status for Delivered Loads to the Bay: Sediment



Federally regulated

Source: Chesapeake Bay Program Phase 4.3 Watershed Model

All wastewater treatment facilities within Maryland, Virginia and the District are permitted. The vast majority of the significant municipal facilities are being upgraded to discharge at levels approaching the current limit of the available treatment technology. However, there are still significant facilities in these states and the other watershed states being permitted at levels above those achievable by current treatment technologies. In this regard, EPA could consider whether additional control actions by POTWs and industrial wastewater dischargers will be necessary to achieve the water quality standards established by the States in the Chesapeake Bay and its tributaries.

Permits are being issued that provide annual limits for nitrogen and phosphorus loads, leading to greater nutrient reductions than would be designed for under weekly or monthly concentration based limits. The Blue Plains regional facility located in the District of Columbia, is the best example of where this has led to greater nutrient reductions. The basinwide approach to issuing permits for all 483 significant wastewater treatment facilities is also leading to significant technological innovations by the professional wastewater engineering community that are resulting in greater reductions at lower costs. State-based nutrient trading programs are encouraging treatment plants to design for greater nutrient reductions with the prospect for selling nutrient credits to other facilities. We expect to evaluate whether additional nutrient trading policies can be implemented throughout the watershed to improve performance at reduced costs, as part of the President's Executive Order (see Section 202(a)).

For animal agriculture, the Clean Water Act includes concentrated animal feeding operations (CAFOs) in the definition of point source. Animal feeding operations (AFOs) that are defined or designated as CAFOs are point sources subject to EPA regulation and NPDES requirements, as applicable, including controls on the CAFOs' production area (where animals are kept and manure is stored) and the fields used for manure application. The Clean Water Act authorizes EPA to require any CAFO that discharges to apply for an NPDES permit and prohibits a CAFO from discharging without a permit, except for exempt discharges of agricultural stormwater or irrigation return flow. An operation is defined as a Large CAFO if it confines at or above the threshold number of animals in a particular sector, such as 700 mature dairy cows or 1000 beef cattle. Medium facilities can be CAFOs either by definition (number of animals plus discharge through a conveyance or animals that have direct contact with waters of the U.S.) or designation. A small operation can only be a CAFO if it is designated by the Regional Administrator or State permitting authority. Designation requires, in part, 1) an on-site inspection to determine if the facility is a significant contributor of pollutants to waters of the United States, and 2) that the facility either has a manmade conveyance or animals that have direct contact with waters of the U.S. This designation authority allows EPA to address water quality impacts of a greater percentage of the universe of animal feeding operations.

Currently, animal manure accounts for approximately 19% of the nitrogen pollution load to Chesapeake Bay, and only about 32% of this load is Federally regulated. There are a number of additional agricultural animal operations in the Bay watershed that are not covered by CAFO permits:

DE: 310 farms dominated by broiler operations
MD: 500 farms (450 poultry, 50 miscellaneous estimated)
PA: Poultry- 4,958, Dairy-5,677, Swine-1,726, Beef- 5,564
VA: Poultry- 3,241, Dairy Farms- 680, Swine- 830

Stormwater discharges from municipal separate storm sewer systems (MS4s) in urban areas are regulated through the National Permit Discharge Elimination System (NPDES) Program under section 402(p). Most MS4s are municipalities, though discharges from other publicly owned systems (e.g., state or federal parks, hospitals or prisons; public universities; departments of transportation) may also be regulated as MS4s. The NPDES program also regulates stormwater discharges associated with industrial activity, which includes large construction activities, and discharges from small construction activities. Congress provided broad authority to regulate stormwater under 402(p)(6). The Clean Water Act and EPA's stormwater regulations authorize EPA or authorized States to designate additional stormwater discharges as requiring NPDES permits if EPA or the State determines that the discharge contributes to a violation of a water quality standard or is a significant contributor of pollutants to waters of the United States. This residual designation authority allows EPA to require additional controls that may be necessary to protect water quality.

There are approximately 450 municipal MS4 permittees in the watershed (Phase I and II MS4s). There are many more non-municipal (nontraditional), including universities and colleges, hospitals, government and military facilities, and departments of transportation that add to that number, but they are often very small in land area and contained within the boundaries of the larger, municipal MS4s. About 66% of the impervious surface in the watershed is contained with MS4 areas. MS4 areas cover 17% of the total area of the Bay watershed.

Moran Question 26: Which can EPA currently not regulate? Does the Agency need additional authority to address nonpoint source pollution, including agricultural stormwater?

Answer: EPA does not have authority to regulate nonpoint sources. By statute, we are not able to consider agricultural stormwater or irrigation return flows as point sources. We are reviewing our 402(p)(6) stormwater authority and other designation authorities to assess what options are available in response to the Chesapeake Bay Executive Order.

Moran Question 27: How are you going to be able to get the Bay restored with the legal authorities that you currently have? Is EPA currently using all the authorities that Congress has given it? Does Congress need to give you additional authorities to help you out? What about money? Do you have enough to get the job done?

Answer: As you know, President Obama on May 12, 2009 signed Executive Order 13508 launching a new era of Federal leadership and action to protect and restore the Chesapeake Bay. The order calls for the development and implementation of a strategy to coordinate, expand and bring greater accountability to efforts to help speed the Bay's recovery. A team of Federal agencies will complete a series of reports by September 12, 2009 with recommendations for Federal actions to restore water quality in the Bay and meet other key objectives. The Order gives EPA the lead in developing a report to define the next generation of tools and actions to restore water quality in the Chesapeake Bay and describe changes to be made to regulations, programs and policies to implement these actions. In preparing its report on water pollution control strategies, EPA will examine how to make full use of its authorities under the Clean Water Act – and revise guidance and regulations as necessary – to protect and restore the Bay and its tributaries. Strategies and actions identified by EPA will include using Clean Water Act tools, including strengthening existing permit programs and extending coverage where appropriate. Once EPA has completed this report and developed a strategy to implement its recommendations, the agency will have a better understanding of the authorities and resources needed to restore the Bay.

MARINE DEBRIS

Trash in our watersheds interferes with public use and enjoyment of natural resources, can be hazardous to wildlife, and can break down into tiny "microplastics" that enter the food chain, carrying toxins with them. Trash is a serious problem in the Potomac and Anacostia River watersheds, where every year cleanup efforts retrieve tons of plastic bags and beverage containers. Much of the trash that reaches major watersheds does not stay in the watersheds – it is washed out to sea and becomes marine debris. Scientists are becoming alarmed about massive "garbage patches" that are building up in nearly all of the world's oceans. The best-known patch consists of an estimated 100 million ton of plastic debris that has accumulated inside a circular vortex of currents known as the North Pacific gyre. It is estimated to be anywhere from 270,000 square miles to almost 580,000 square miles -- between six and thirteen times the size of the Commonwealth of Virginia. Eighty per cent of the plastic in these ocean gyres is believed to come from the land.

Moran Question 28: I recently introduced the Plastic Bag Reduction Act of 2009 to try to reduce the quantity of trash that originates in inland watersheds. There is a debate around the issue of plastic bags in particular as to whether the most effective approach to reducing the waste stream is through recycling, or through reducing the amount of the product that is manufactured by imposing a tax or ban. What do you think is the most effective approach to addressing the truly appalling amount of trash that ends up in inland waterways?

Answer: Marine debris is a complex environmental problem that can not be solved with any one single approach. To effectively reduce trash in our waterways and ultimately marine debris, we must use a multi-faceted approach that includes prevention through education and enforcement, reduction, and recycling.

Marine debris is a pervasive but largely preventable problem. Much of the trash and litter found in the watershed is the result of poor human choices and actions regarding trash management. People regularly mishandle trash and as a result it ends up in our watersheds, waterways, and oceans. Rain, wind, and stormwater move the trash through the environment very quickly, making it extremely difficult to accurately identify the initial source. Educating diverse audiences regarding proper solid waste management and recycling is crucial to marine debris prevention because it is so difficult to accurately identify sources. Proper education results in behavior changes that prevent trash from entering the environment in the first place. In addition, education coupled with stronger enforcement actions can further prevent marine debris. Illegal waste handling and dumping practices must be recognized by the authorities and handled accordingly.

Education and enforcement, however, are just part of the solution. Marine debris is often composed of plastic and synthetic materials that are durable and slow to degrade. These types of materials are often buoyant and have incredible staying power in our environment. Reducing the source, providing an alternative, and recycling all reduce the amount of trash entering our environment.

The Environmental Protection Agency's Marine Debris Prevention Program works to ensure that EPA is using a comprehensive approach for dealing with marine debris. We believe there are appropriate roles for federal, state and local governments in addressing this issue.

Moran Question 29: Is there any effective way to clean up the microplastics that are contaminating the marine ecosystem, or at least to reduce the amount of plastic that is accumulating in the oceans?

Answer: Microplastics or microscopic particles of plastic occur when larger pieces of plastic breakdown in the marine environment. In order to reduce microplastics, we have to reduce the larger pieces of plastics from entering the environment. Prevention, reduction, and recycling can all help to remove plastic from the environment.

Moran Question 29a: Is there a federal program that looks squarely at this issue?

Answer: Yes. The Interagency Marine Debris Coordinating Committee (IMDCC) is an interagency body responsible for developing and recommending comprehensive and multi-

disciplinary approaches to reduce the sources and impacts of marine debris to the nation's marine environment, natural resources, public safety, and economy. The IMDCC, co-chaired by EPA and the National Oceanic and Atmospheric Administration (NOAA), promotes the coordination of Federal agency marine debris activities both nationally and internationally, and recommends research priorities, monitoring techniques, educational programs, and regulatory action. The IMDCC consists of representatives from the following federal agencies: EPA, NOAA, United States Navy, United States Coast Guard, United States Fish and Wildlife Service, Minerals Management Service, Department Of State, Marine Mammal Commission, Department Of Justice, and other federal agencies that have an interest in ocean issues and water pollution prevention and control.

MOUNTAINTOP MINING/CLEAN WATER ACT

I am pleased to learn that EPA is taking a serious review of the permitting process for Mountaintop Mining. You may be more familiar than I am with the July 2008 report by Gregory Ponds, Margaret Passmore and other EPA Region III scientists entitled, Downstream Effects of Mountaintop Coal Mining: Comparing Biological Conditions Using Family- and Genus-level Macroinvertebrate Bioassessment Tools that examined water quality downstream of mountaintop removal mining and downstream of areas that had not been mined. The study's results are striking:

...Our finding that entire orders of benthic organisms ... were nearly eliminated in MTM [Mountaintop Mining] streams is a cause for concern and is evidence that the aquatic life use is being impaired. Our results indicate that MTM is strongly related to downstream biological impairment, whether raw taxonomic data, individual metrics that represent important components of the macroinvertebrate assemblage or MMIs [multimetric indexes] are considered. The severity of the impairment rises to the level of violation of Water Quality Standards (WQS) when states use biological data to interpret narrative standards.

Moran Question 30: Do you believe that EPA and the Corps should make use of scientific information such as this study when considering issuing and suspending permits for mountaintop removal?

Answer: Yes. EPA and the Corps have been and will continue to make use of available scientific information to inform the review of mining permit proposals, including that provided in the Ponds and Passmore study. EPA has long recognized that biological assessments provide a useful means of ascertaining water quality impairments because they represent a direct measure of the aquatic life use. In July 1991 EPA transmitted final national policy on the integration of biological, chemical and toxicological data in water quality assessments. According to this policy, referred to as "Independent Application," indication of impairment of water quality standards by any one of the three types of monitoring data (biological, chemical, or toxicological) should be taken as evidence of impairment regardless of the findings of other types of data. This is still the agency's policy.

Moran Question 31: Regarding proposed mitigation for Corps-issued permits, is EPA aware that the U.S. Fish and Wildlife Service submitted comments to the Corps during the permit process objecting that there is no evidence to support the claim that headwater streams can be successfully created, as the Corps has suggested? If so, has EPA taken sides or do you know if CEQ has become involved to resolve this inter-agency disagreement?

Answer: The preamble to the new Federal Compensatory Mitigation regulations, released jointly by EPA and the Corps in April 2008, acknowledges that the scientific literature regarding the issue of stream establishment, re-establishment, and restoration is limited, that some past projects have had limited success and that more research is needed. Because of the scientific uncertainty associated with the likely outcome of stream mitigation projects, the Corps and EPA make decisions regarding a project's likelihood of off-setting authorized impacts based on a case-by-case review of the project's proposed mitigation plan. Importantly, the new mitigation regulations facilitate more effective project reviews by expanding mitigation plan information requirements. The Council on Environmental Quality (CEQ) has been involved in shaping the Administration's overall approach reviewing these mining permits, including the adequacy of mitigation used in the review process.

Questions Submitted for the Record by Representative Simpson

ARSENIC STANDARDS AND SMALL COMMUNITY COMPLIANCE ASSISTANCE

Simpson Question 1: Idaho's geology creates naturally occurring arsenic in our drinking water. Several years ago the EPA lowered its arsenic standard from 50 ppb to 10 ppb, and many of our smaller communities could not afford the upgrades required to meet the new standard. The 2010 budget proposal includes $1.5 billion for the Drinking Water State Revolving Fund, a $671 million increase over 2009. While I agree that the federal government must help states and local communities to comply with federal drinking water standards, help cannot only be in the form of loans. Small communities simply cannot afford these loans. How do you propose to address this issue in the 2010 budget?

Answer: All consumers should expect to receive drinking water that meets health standards, no matter what sized community they live in. EPA has been and will continue to work in partnership with states and technical assistance providers to ensure that all water systems have the financial, technical, and managerial capacity to provide a safe, sustainable source of drinking water.

The Agency and states have provided extensive funding through the Drinking Water State Revolving Loan Fund (DWSRF) to help small water systems provide safe water to their consumers, and strongly encourages States to use the set-asides in the DWSRF to further system capacity development. EPA has also encouraged states to make use of the disadvantaged assistance provisions in the DWSRF to help the neediest communities. States can then provide below-interest loans or principal forgiveness to those communities that cannot afford a loan. Nearly 75% of the projects funded under the DWSRF since its inception have gone to water systems serving fewer than 10,000 persons.

To date, states have used $147 million from the 2% small system technical assistance set-aside under the DWSRF and have taken $960 million in other set-asides, which can provide assistance to water systems to build their capacity. Since the 2010 budget proposal significantly increases the DWSRF, there will be more opportunities for states to use these set-asides.

Small systems have also benefitted from appropriations to state rural water associations including (FY09): $11.5 million for National Rural Water Association (NRWA), $2 million for the Small Public Water System Technology Assistance Centers, and $2.5 million for the Rural Community Assistance Partnership (RCAP).

Finally, EPA provides extensive technical support on new rules, including arsenic and the microbials, and is working in partnership with the water industry to ensure that water systems are equipped to deal with future challenges.

PESTICIDES

Simpson Question 2: In January 2009, the 6th Circuit Court of Appeals ruled that pesticide residuals and biological pesticides are pollutants regulated under the Clean Water Act—striking down a 2007 EPA exemption for those who apply approved pesticides in accordance with the law. Despite urging from Congress and the Department of Agriculture to seek a rehearing, EPA instead filed a Motion for Stay of the Mandate for a period of 2 years. How does EPA intend to address the issue during the Stay?

Answer: In EPA's Declaration to the 6th Circuit Court, we asked for a stay of 24 months. The declaration indicated that EPA would use the first 20 months to develop general pesticide permits for the 4 states for which EPA is the permitting authority. EPA's general pesticide permits would apply, as well, to tribes and most territories, and to certain federal facilities. The process of developing these permits will include drafting the permit, providing public notice, responding to public comment, and then finalizing the permit. During these 20 months, EPA will also be coordinating very closely with the other 46 states that have NPDES (National Pollutant Discharge Elimination System) authority so that they can develop their permits on roughly the same schedule. The remaining 4 months would be used to provide outreach to the regulated community regarding the requirements of these permits to ensure that people who will need permit coverage are in a position to comply when the mandate takes effect.

Simpson Question 3: Do you anticipate a significantly increased workload in order to implement the court ruling?

Answer: EPA does anticipate an increased workload as a result of the Court's ruling. The Agency is currently estimating the number of applications and applicators previously covered under the conditions of the vacated rule that will now be subject to NPDES permitting. EPA's preliminary estimates suggest hundreds of thousands of applicators are affected. The increased workload will fall both on EPA and the state regulatory programs, which will need to develop the permits and implement the permitting program.

Simpson Question 4: Of the $137.5 million in the 2010 budget for pesticides licensing programs, how much will EPA invest in this issue?

Answer: EPA's pesticide program estimates it will need to invest $0.7 to $1.1 million (5 to 8 Full Time Equivalents, or FTEs) of its FY 2010 budget allocation to support the development of the general pesticide permit.

CAP-AND-TRADE

Simpson Question 5: The 2010 budget request includes +$19 million in anticipation of implementing a not-yet-authorized cap-and-trade program. Will you please describe in more

detail what those funds would be used for, and, if Congress does not pass cap and trade legislation, how will you use the funds?

Answer: The 2010 budget request includes a total of $17 million (+ $10.6 million) for the GHG Mandatory Reporting Rule and $5 million for preparation for a cap-and-trade program.

The Administrator signed the proposed GHG mandatory reporting rule on March 10, 2009. The proposal was published in the *Federal Register* on April 10, 2009, starting a 60-day public comment period. Once the comment period closes on June 9, 2009, EPA will review and respond to comments and develop the final rule. The proposal stated that emissions monitoring would start January 1, 2010 with the first reports to EPA due March 31, 2011. The Agency is working very hard to have the final rule published in time to ensure 2010 data collection.

FY 2010 will be a critical year for preparing for the implementation of the greenhouse gas reporting rule, and the $17 million in our budget request will provide us with the resources to complete the intensive preparation process associated with an economy-wide program. Specifically, EPA will devote the resources to: (1) the data management system, (2) implementation, and (3) verification activities for the Mandatory Reporting Rule. The work on the data systems will include: determining requirements; designing the database, software and user interface, with stakeholder input; and developing training tools for stakeholders. The implementation activities will include: developing guidance and training materials to assist the regulated community; responding to inquires from affected facilities on monitoring and applicability requirements; and developing tools on applicability. The verification work will include: developing and finalizing verification approaches and working with Regional staff on verification, compliance assistance, and training. Also, a portion of the budget request will be dedicated to intramural costs to manage the program (e.g., salaries and travel).

The $5 million requested increase for a cap and trade program will support EPA in providing technical assistance and expertise to advise the Administration and Congress on effective, environmentally sound approaches for a GHG cap and trade program. One major area of effort will be offsets, which are a key component of reducing cap and trade costs while leveraging reduction opportunities in uncovered sectors. With these resources, EPA will develop protocols and methodologies that can accurately account for emission reductions from major offset categories, assess and develop options for monitoring and verifying the effectiveness of offset projects, and analyze and develop options to encourage early reductions prior to the start of a federal regulatory program such as cap and trade. EPA also will assess the potential for existing and proposed mechanisms under the United Nations Framework Convention on Climate Change (UNFCCC), such as Reduced Deforestation and Degradation (REDD), to provide cost reductions while guaranteeing environmental credibility.

The efforts we propose to undertake in FY 2010 are critical even if an approach other than cap and trade is ultimately pursued. Specifically, monitoring and verification, establishment of baselines and performance standards, and assessment of state, federal and international programs are directly relevant to policies such as taxes and technology – or other incentives-based approaches. Work on the international offsets and REDD issues will be needed given the importance of finding effective ways to support developing country action to reduce GHG emissions. The proposed budget of $5 million provides a strong foundation for this work effort.

SUPERFUND TAX

Simpson Question 6: The 2010 budget request assumes that Congress will pass legislation to reinstate the Superfund taxes on petroleum, chemical feedstock, and corporate environmental income—taxes which expired in 1995. The administration predicts that the taxes would raise $1 billion to pay for cleanups when no polluters could be found or when those responsible failed to pay. In March 2009, EPA's acting Inspector General was prepared to testify before this committee about the high available balances in so-called Superfund site-specific "special accounts". According to his draft testimony, Acting Inspector General Bill Roderick "found one California Superfund site that had a special account balance of about $117.8 million, including interest." He goes on to say, "Superfund special account funds often exceed anticipated future site needs and site idle."

How prevalent is the issue today of not being able to find the polluters or that those responsible are unable to pay?

Answer: The Administration strongly supports the "Polluter Pays" principle. EPA consistently implements its "Enforcement First" policy, ensuring that responsible parties conduct or pay for Superfund site cleanups. That policy requires that EPA perform a comprehensive search for potentially responsible parties (PRPs) at sites. Given that many of these sites involve historic activity where the environmental contamination only became evident years after operations ceased, it is often challenging to identify all of the parties that had involvement at the site. For those parties that EPA is able to identify, there are many parties that are no longer viable or have a limited ability to pay. EPA uses funds Congress appropriates from the Superfund Trust Fund to address sites where there are no viable, liable parties.

Special accounts are retained monies received through settlements with PRPs. These funds are site-specific and held for future clean-up at the site based on the terms of the settlement agreement. These funds are not available for other Superfund clean-up work.

Simpson Question 7: Why should we force petroleum and chemical companies to clean up sites that they had nothing to do with?

Answer: The FY 2010 President's Budget proposes to reinstate the Superfund tax in 2011. The Administration strongly supports the "polluter pays" principle which strengthens EPA's "Enforcement First" policy. Currently, appropriated resources for Superfund are largely supported by general revenues resulting from taxes paid by the general public. The proposed tax would apply to a more narrowly defined taxable group rather than the general taxpayer which is consistent with other Trust Funds.

Simpson Question 8: Given the high leftover balances in these site-specific accounts, are you having trouble spending the funds you already have for Superfund?

Answer: EPA uses site-specific special accounts to fund future work at the site for which the potentially responsible party (PRP) settled with EPA. This allows EPA to preserve its

appropriated Superfund Trust Fund resources for those sites where viable responsible parties are unknown or not financially viable to fund cleanup costs.

EPA carefully oversees special accounts to ensure that funds are managed appropriately. EPA conducted a mid-year review of special account resources. The FY 2009 mid-year review shows that EPA has planned 100% of the special account balance for site-specific future work. EPA continues to look for ways to improve the management and use of special accounts, by planning and prioritizing the expenditure of these funds. Through these efforts EPA is ensuring that the use of special account funds is effective, efficient and continues to support cleanup at sites.

With respect to the Inspector General's statement on Superfund special accounts, the funds in the special accounts, unlike appropriated Superfund resources, are site-specific reimbursable resources recovered as a result of a successful settlement with a potentially responsible party (PRP) to conduct or finance work at that specific site. Special accounts are authorized by Section 122(b)(3) of CERCLA and the funds are maintained in sub-accounts in EPA's Superfund Trust Fund account. Special account funds are available for future work at specific sites and for specific purposes to carry out the settlement agreement. Funds in a special account must be spent for legally permissible activities pursuant to the terms of the agreement with the PRPs, which generally restrict use of the resources to that site. Long term remedial action and other activities may take many years before the site work is completed. It is EPA's policy to maintain the funds until all site specific work is complete and risks are addressed at the site covered by the settlement under which the funds were received. Once all work is complete and risks are addressed at a site, if special account funds remain, EPA transfers those funds to the Superfund Trust fund where they are available for future appropriations to support cleanup at sites.

Simpson Question 9: How can we help you spend those leftover funds?

Answer: Thank you for the offer to help. EPA plans to use all of the special account funds to support future site-specific work. Once all work is complete and risks are addressed at a site, if special account funds remain, EPA transfers those funds to the Superfund Trust Fund where they are available for future appropriations to support cleanup at sites.

EPA agrees with the Inspector General (IG) that special account management is important and continues to look for ways to improve the management of special accounts. EPA, through many recent improvements, carefully oversees and manages special account funds to maximize the use of special accounts in supporting cleanup of contaminated sites and to ensure that funds are used appropriately.

BIOFUELS/ETHANOL

Simpson Question 10: The 2010 budget request includes +$13.3 million to assess impacts of higher percentage of biofuel blends and evaluate new vehicle & engine designs that handle those blends. The request also includes +$5 million for biofuels research to aid decision-

makers in better understanding the risk tradeoffs associated with biofuels use and production. Two weeks ago, EPA announced that corn-based ethanol is a major culprit in global warming. That same day, EPA proposed a strategy for increasing the supply of biofuels.

Would you explain to the Committee why your announcement singled out corn-based ethanol?

Answer: EPA's proposed rule intends to address changes to the Renewable Fuel Standard program as required by EISA. The revised statutory requirements establish new specific volume standards for cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuel that must be used in transportation fuel each year. The revised statutory requirements also include new greenhouse gas emission (GHG) thresholds for renewable fuels. Thus, as required by EISA, the proposal discusses the lifecycle GHG impacts of a wide range of renewable fuels that qualify under the RFS, including corn ethanol.

Simpson Question 11: Would you please describe what EPA's strategy is for increasing the supply of biofuels?

Answer: For the last several years, EPA has engaged in two rulemaking processes to implement the Renewable Fuel Standard as originally enacted by the Energy Policy Act of 2005 (EPAct) and modified by the Energy Independence and Security Act of 2007. The primary purpose of the RFS program is to require a minimum volume of renewable fuel to be used each year in the transportation sector. EISA substantially increased these required volumes to 36 billion gallons and extended the timeframe over which the volumes ramp up through at least 2022. EPA's proposed rule lays out an implementation program to bring about this significant expansion in renewable fuel volumes.

Simpson Question 12: Can you give us a few examples of how the proposed budget increase is being closely coordinated with similar research in the Departments of Energy and Agriculture?

Answer: EPA is working closely with DOE, USDA, and other agencies on nearly all aspects of the biofuel supply chain from feedstock production to end use. The Congressionally mandated Biomass Research & Development Board (BRDB) has been the main interagency coordinating body. Chaired by DOE and USDA, this Board created seven working groups and has prepared six major reports on feedstock production, conversion and logistics and transport. The Boards aims to identify key technical barriers to advancing biofuel production and to identify conditions that ensure that production is sustainable and not damaging to the environment.

EPA co-chairs two of the working groups. The first group, focusing on criteria and indicator development for sustainable biofuel production and use, has been active in developing proposed metrics to track environmental trends and identify biofuel production areas needing improvement. The second group, focusing on environmental, health and safety issues across the biofuels supply chain, is working to identify relevant questions associated with the biofuels

supply chain. The group will inventory federal research underway or planned to address these questions as well as identify research gaps.

In addition to activities under the BRDB, EPA is engaged in work with several federal agencies and other organizations to share existing information and identify research needs, including:

- Collaborating with DOE, Underwriters Laboratories, and industry associations on research to assess potential leaks from existing underground storage tanks, subsequent fate and transport in soil and water, potential exposures and risks, and mitigation options.
- Working with USDA's Animal and Plant Health Inspection Service (APHIS), to identify research related to genetically engineered plants and microbes used in biofuel production.
- Coordinating with USDA to support further development and implementation of criteria and indicators at varying geographic scales, such as with the Future Midwest Landscapes, to identify data and models needed to predict ecosystem service impacts from increased use of ethanol.
- Identifying potential collaborative opportunities with DOE's National Renewable Energy Lab (NREL), National Energy Technology Laboratory, and Oak Ridge National Lab (ORNL) to identify potential collaborative research efforts.
- Working with industry under a Cooperative Research and Development Agreement (CRADA) to recover energy from waste organics concurrent with determining the carbon footprint and GHG emissions in developing treatment/energy recovery options.

Finally, under the Energy Independence and Security Act, EPA (in consultation with USDA and DOE) is mandated under Section 204 to provide a Report to Congress on the impacts of the new Renewable Fuel Standard. This report focuses on environmental, land use, and noxious and/or invasive species impacts. Reports are required every three years, with the first due in December 2010. We are beginning to structure our analyses and design a collaborative process for identifying USDA, DOE, EPA, and other federal data that will be essential for preparing the current and future reports.

EDUCATION

Simpson Question 13: The EPA budget includes a program dedicated to implementing the National Environmental Education Act, which I'm told is the first time since 2003 that the funds have been in the President's Budget. The 2010 budget level-funds the program at about $9 million, while the authorized level is $14 million. Meanwhile, the Secretary of the Interior is proposing a $50 increase initiative for similar education programs. I mentioned in my opening statement that I believe people want to do the right thing, but much of that depends upon knowing ***what to do***.

Given the large increase proposed for EPA in 2010, can you explain to us why environmental education should continue to be level-funded?

Answer: We are currently examining how to reinvigorate EPA's efforts in the Environmental Education (EE) program, including better integration of EE throughout the Agency. Once we have completed our examination, I am committed to providing the necessary resources to ensure that it is an appropriately used tool for achieving environmental protection and academic achievement goals. The requested funding will allow EPA to continue its EE program which reaches millions of people each year. EE provides programs that include environmental literacy grants, student fellowships, award programs, such as the President's Environmental Youth Award, and the public/private partnership with the National Environmental Education Program.

We also are continually examining our current efforts, and are greatly encouraged by the results of a recent study to demonstrate a valuable connection between environmental education and improved environmental conditions. This study is funded by EPA in collaboration with the National Park Service.

GAO: BUDGET

Simpson Question 15: In a September 2008 report on EPA's FY 2007 budget, the GAO stated, "EPA's process for budgeting and allocating resources does not fully consider the agency's current workload, and that in preparing requests for funding and staffing, EPA makes incremental adjustments, largely based on an antiquated workforce planning system that does not reflect a bottom-up review of the nature or distribution of the current workload." (GAO-08-1109R) As we all know, the 2010 request is the largest in EPA's history—a $2.8 billion increase over 2009.

I recognize that you've not had a hand in the start-to-finish development of the 2010 budget, but would you take a moment to discuss the 2010 request in the context of the GAO's findings?

Answer: To meet the workload in FY 2010, the budget proposes an increase in staffing. Overall, the additional 132 FTE increases EPA's ceiling from 17,252 to 17,384.

Beyond increasing staffing in critical areas the Agency is continuing efforts to look for efficiencies and functional consolidations that will allow it to focus people and resources to the most critical environmental problems. As part of this effort, EPA is conducting a workload benchmarking study of six major functions that it shares with other Federal Agencies, including Regulatory Development, Scientific Research, Enforcement, Financial Management, Environmental Monitoring, and Permitting.

This study is designed to build EPA's understanding of some critical functions that EPA shares with other Federal Agencies and of the determinants other Agencies consider in setting staffing levels in these functions. The analysis will also help EPA expand its understanding of staffing allocation alternatives and major trade-offs to consider these six functional areas. This

enhanced understanding will allow EPA to continue to improve its efficiency, target resources to the most critical priorities, and provide crucial background for Agency leadership to consider when making budget allocation decisions.

GAO: ENFORCEMENT

Simpson Question 16: The 2010 budget request for compliance and enforcement is the agency's largest ever at $600 million, a $39 million increase over 2009. In its March 2009 report, the GAO stated that, "enforcement activities primarily occur in EPA's 10 regions, which possess considerable autonomy—causing significant variations in enforcement activities from region to region." (GAO-09-434 Page 1) This inconsistency of enforcement across the nation concerns me.

Do you agree with the GAO's assessment, and, if so, what is EPA doing to address the issue?

Answer: EPA's Office of Enforcement and Compliance (OECA) has management controls in place to ensure that the regional offices are implementing nationally consistent enforcement and compliance programs. Specifically, OECA has in place a framework of national enforcement policies that guide Regional efforts in critical areas such as enforcement responses to violations, settlement penalties, and compliance monitoring strategies. Headquarters also develops model administrative orders/consent decrees and other documents to assist the Regions and help promote consistency. Judicial settlements in our biggest, most important cases are carefully monitored and approved by headquarters, and in some of these cases, headquarters staff and managers actively participate in the negotiations. In addition, there are many OECA regional teams that meet regularly to jointly manage our work in national priority areas, which are designed to address the most serious enforcement problems in certain designated sectors (see also http://www.epa.gov/compliance/data/planning/priorities).

Oversight of the Regional offices is achieved both through frequent onsite reviews and teleconferences, and maintenance of an Annual Commitment System (ACS) which contains negotiated commitments for regional activity in the core program and national priority areas. Judicial case docket reviews are held in each Region with senior OECA management. OECA also conducts a comprehensive senior management face-to-face review in each Regional office annually.

The overarching goal of these efforts is to ensure that, in general terms, violators in similar circumstances receive similar treatment under Federal environmental laws. EPA's goal is fair and consistent enforcement of Federal laws as balanced with the flexibility to respond to region-specific environmental problems.

INSPECTOR GENERAL: ENERGY STAR

Simpson Question 16: In December 2008, the EPA Inspector General published a report with recommendations to improve the Energy Star program. While I've not had the time to dive into the details of the report, I know that the Energy Star label is a perfect example of how people will do what is right when they know what to do. Energy Star makes that choice easy; it is a trusted program. It is also, I should note, an excellent example of EPA's collaborative efforts. Moreover, it is the most significant of EPA's greenhouse gas avoidance programs, having accounted for over half of EPA's contribution toward reducing greenhouse gas emissions in 2006.

Would you please share with us your thoughts about delivering the Energy Star program, and your commitment to improving this important program?

Answer: The 2008 Inspector General (IG) report on the ENERGY STAR program identified a number of ways that EPA could improve the estimate of benefits resulting from the ENERGY STAR program. The issues that the IG identified could have changed the benefits estimates by about plus or minus 3%. EPA is pleased to report that a number of the IG's recommendations have been included in the Agency's 2007 and 2008 program benefits estimates, and that as of 2008, EPA's efforts with the ENERGY STAR program are helping Americans prevent greenhouse gas emissions equivalent to those from 29 million vehicles -- while saving consumers more than $19 billion in their utility bills. EPA is working to address additional recommendations of the IG which are to complete additional peer-reviews of the methods EPA uses to estimate program benefits. EPA will complete these peer-reviews over the coming year and will make any adjustments necessary to the estimates of program benefits.

DECENTRALIZED AGENCY STRUCTURE:

Simpson Question 17: The GAO raised with us the issue of uneven and inconsistent oversight of state enforcement programs. As we discussed this issue with the GAO and IG, it seems that this is symptom of a more pervasive issue at EPA. The decentralized organization of the Agency, with its powerful Regional Offices, leads to inconsistent interpretations and program focus between the Regions. As Administrator, how do you plan to address this issue?

Answer: To ensure consistency across state enforcement programs, EPA's enforcement program relies substantially on the State Review Framework (SRF), a tool that evaluates state performance (air, water, and hazardous waste enforcement) across 12 elements that cover data quality and reporting, inspections, identification of significant violations, and timely and appropriate enforcement.

EPA has made substantial progress in planning and priority setting with states and in using the SRF to enhance its ability to evaluate and oversee state enforcement activities. The Agency believes that the SRF will help maintain a level of consistency across state programs, ensuring that states meet minimum standards and implement fair and consistent enforcement of environmental laws and consistent protection of human health and the environment across the

country. Using the data from the SRF reviews, EPA has identified several recurring issues that it will address on a national level through a variety of tools such as training and greater oversight. EPA uses a database ("SRF Tracker") to track corrective actions to report on the results of the SRF reviews. EPA Headquarters management reviews the status of corrective actions in person with EPA Regional management twice per year.

Simpson Question 18: The GAO also reported that the Agency's process for allocating resources among its Headquarters and Regional offices is based on "an antiquated workforce planning system," using historical staffing patterns that do not reflect the distribution of the current workload. Given the challenges ahead for your Agency, I would hope that this is something you will look at early on and fix. Have you begun to develop a more realistic allocation system for deploying your staff among its many important programs?

Allocation of Resources by Region:

The GAO also reported that the Agency's process for allocating resources among its Headquarters and Regional offices is based on "an antiquated workforce planning system," using historical staffing patterns that do not reflect the distribution of the current workload. Given the challenges ahead for your Agency, I would hope that this is something you will look at early on and fix. Have you begun to develop a more realistic allocation system for deploying your staff among its many important programs?

Answer: The Agency is continually looking at strengthening its allocation system for deploying staff among its most important programs. EPA bases its funding and staffing decisions on more than workforce planning systems. In the development and implementation of its budget, the Agency weighs its statutory mandates, performance measures, court mandates, and detailed requirements contained in Congressional appropriations and accompanying appropriations language. The Agency also works with other Federal Agencies to see how best to coordinate overall Federal environmental efforts.

As part of this effort, EPA is conducting a workload benchmarking study of six major functions that it shares with other Federal Agencies, including Regulatory Development, Scientific Research, Enforcement, Financial Management, Environmental Monitoring, and Permitting.

This study is designed to build EPA's understanding of some critical functions that EPA shares with other Federal Agencies and of the determinants other Agencies consider in setting staffing levels in these functions. The analysis will also help EPA expand its understanding of staffing allocation alternatives and major trade-offs to consider these six functional areas. This enhanced understanding will allow EPA to continue to improve its efficiency, target resources to the most critical priorities, and provide crucial background for Agency leadership to consider when making budget allocation decisions.

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