

**Written Public Testimony of John “Chris” Maisch C.F.
State Forester and Division Director, Department of Natural Resources, Division of Forestry
On Behalf of State of Alaska**

**Submitted to the Senate Committee on Energy and Natural Resources
June 25, 2013**

Good morning, Mr. Chairman, Ranking Member Murkowski, and Members of the Committee. My name is Chris Maisch and I am the Alaska State Forester and Division Director for the Alaska Department of Natural Resources, Division of Forestry. On behalf of the Governor of Alaska, thank you for the opportunity to submit written and public testimony to the Senate Committee on Energy and Natural Resources regarding challenges and opportunities for improving forest management on Federal lands. We appreciate your attention to the important economic and environmental issue of national forest management. Modern forestry is the greenest of green industries and yet communities located in and near national forests are desperate for the restoration of green jobs that could result from proper stewardship of our nation’s unmatched forest endowment.

I would like to begin my testimony by discussing a concept we believe is essential to considering a topic of this nature, before describing the current situation in Southeast Alaska, and potential scenarios for management, including State management.

The State of Alaska embraces the concept of a Working Forest, which is further described as the utilization of forest resources to create jobs and healthy communities through active forest management. A healthy environment should support a strong social structure, which will in turn support a robust economy. The State of Alaska and others use the phrase “Triple Bottom Line” to refer to this relationship, which is also described as sustainability.¹ When any one of these elements is emphasized disproportionately, the other elements suffer in measures of quantity and quality. Unfortunately, in Alaska and other parts of the Nation, an unbalanced relationship between the three “bottom lines” is causing major challenges for state and local governments and communities. Federal policy on National Forest System lands has shifted away from the Working Forest concept to disproportionately embrace a protection-oriented approach.

Alaska’s forest endowment is massive. Alaska’s two national forests, the Tongass and the Chugach, are the largest in the country. Together they are nearly equal in size to the 52 forests located in the Forest Service Eastern Regions’ 8 and 9 – over 22 million acres. Unfortunately, the economic “bottom line” of Alaska’s federal forest endowment has been short-changed, to the detriment of Alaska’s communities.

This is illustrated by federal management of the Tongass National Forest in Southeast Alaska. The Tongass is the largest national forest and encompasses about 17 million acres of land. Not all of this land is suitable for timber management, but through a series of legislative withdrawals and policy changes, the suitable timber base available for management has declined to only 672 thousand acres – or 4% of the Tongass acreage (Figure 1).

¹ USDA, 2011. National Report on Sustainable Forests-2010, United States Department of Agriculture, Forest Service, FS-979.

Southeast Alaska Lands and Preservation Status

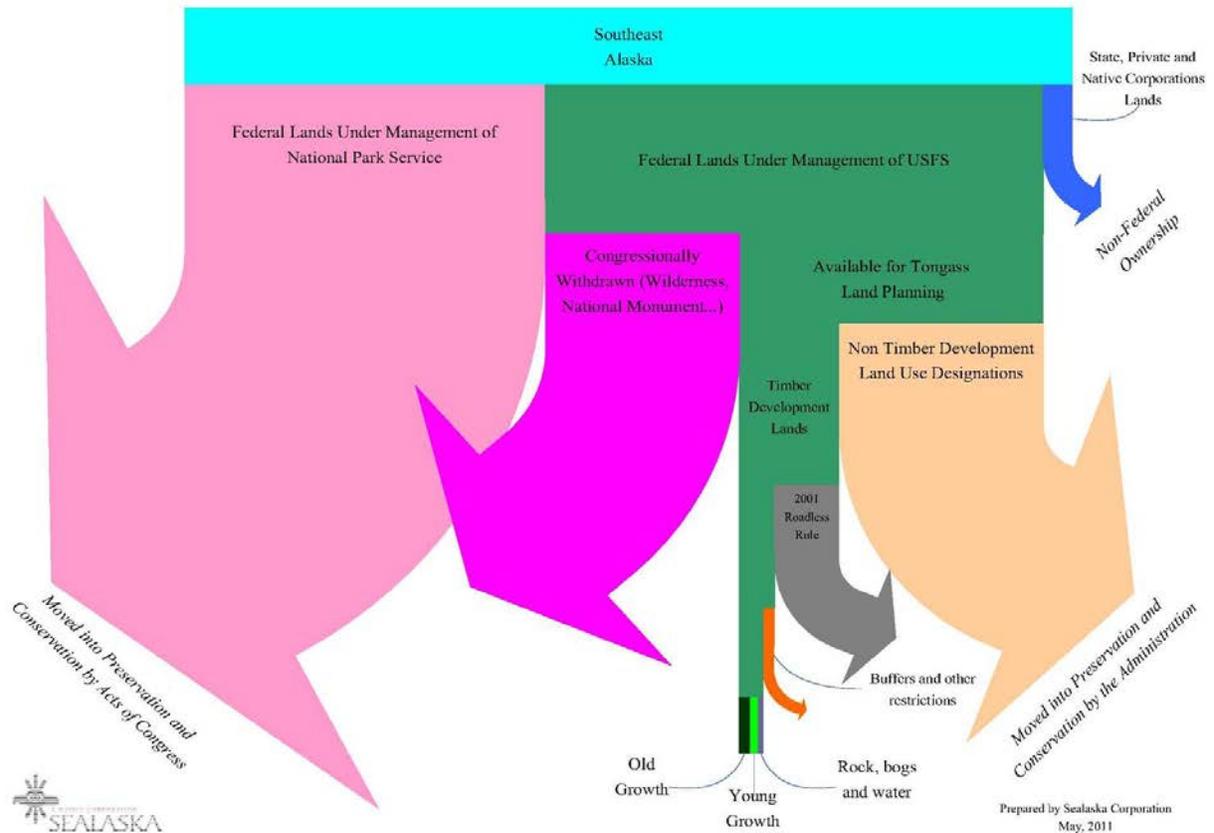


Figure 1. Allocation of acreage for different land ownership and use in Southeast Alaska, arrows are proportional with Congressional removals to the left and administrative to the right. Courtesy Sealaska Corporation.

Nearly six million acres are managed as wilderness in the Tongass. That is more wilderness acres than the Forest Service manages in Washington, South Dakota, West Virginia and Oregon combined (about 5.0 million acres).

Also at play are two unique conditions that pertain to the Tongass, the Alaska National Interests Land Conservation Act (ANILCA) of 1980 and the administratively promulgated 2001 Roadless Rule. In recognition of the huge amounts of land set aside for conservation in ANILCA a section was included that is known as the “no more clause”. This section of the law simply states: no additional wilderness or conservation withdrawals can be made in Alaska without the explicit approval of Congress.² The 2001 Roadless Rule was an administrative effort (emphasis added, administrative) and effectively created another 2.2 million acres of wilderness on the Tongass NF. The State of Alaska sued in the United States District Court for the District of Alaska in 2001 and won a settlement agreement with the FS that prohibited application of this Rule in the Tongass. A third party litigant recently won a reversal of this settlement and the State is once again asserting its legal rights and this case is pending decision in the Ninth Circuit. In addition, the State also has pending an action on the Roadless topic in the United States

² Executive branch actions can withdraw up to 5,000 acres without Congressional approval, 16 USC 3213.

Court of Appeals for the District of Columbia. In the meantime, the removal of additional acres from the Timber Production Land Use Designations (LUDs) in the Forest Plan of 2008 makes it impossible to fully implement the selected alternative.

The limitations mentioned, in combination with an unwieldy U.S. Forest Service policy, have led to a precipitous decline in timber volume offered for sale (Figure 2). In contrast, the State has been able to increase volume offered over the same timeframe on only 50,000 acres of state forest land in Southeast. At the same time logging and wood products employment remains a mere shadow of its past, falling from 4,600 jobs in 1990 to approximately 307 logging jobs and 150 wood products manufacturing jobs in 2011.³

State and federal timber sales in Southeast Alaska, Fiscal Years (FY) 96-12

State fiscal year = July through June; Federal fiscal year = Oct. through Sept.

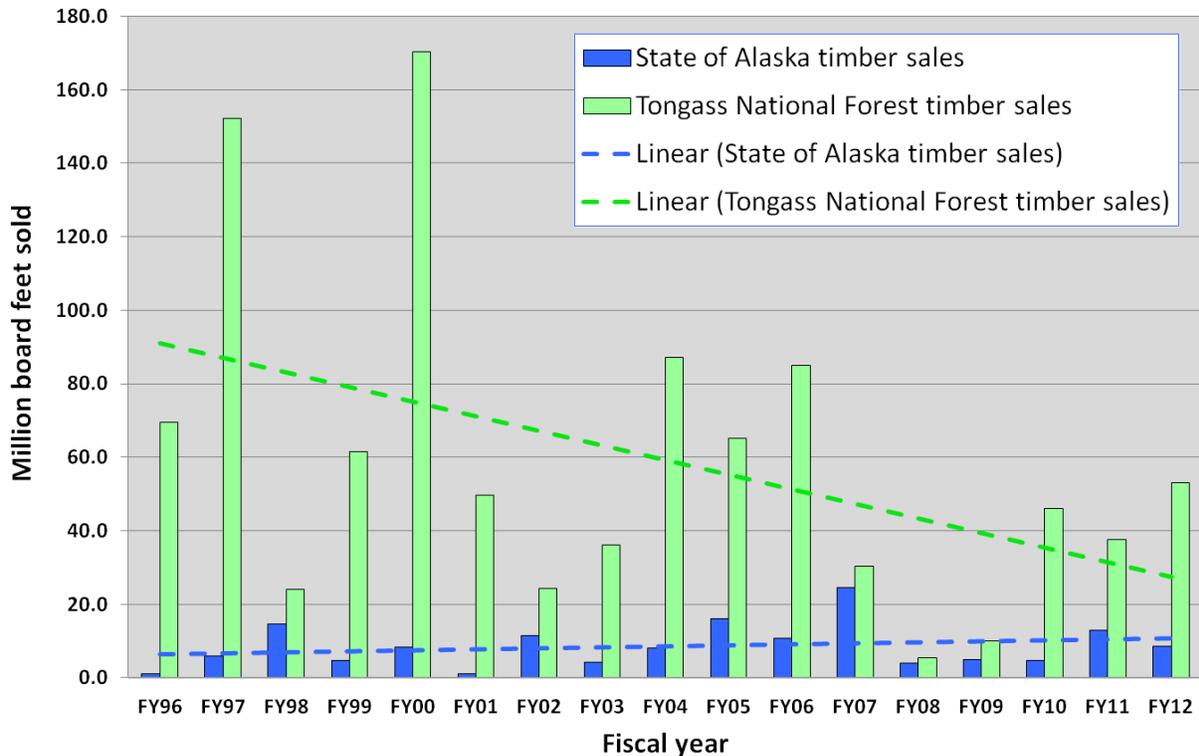


Figure 2. Timber volume sold by fiscal year for Tongass National Forest and Southeast State of Alaska managed lands.

Conditions have continued to deteriorate since 2011 and the Southeast Alaska timber industry has nearly collapsed as a result of federal timber policy which does not emphasize active timber management. The few jobs left are attributable to forest management activities by landowners such as the Sealaska Corporation and the State of Alaska. Since 2007, what remains of the timber industry in Southeast Alaska has lived from timber sale to timber sale. Because of this policy, the harvest level on

³ Alaska Department of Labor

federal lands has decreased to a point where only one medium sized mill remains open. This facility is almost entirely dependent on federal timber and can only operate at one shift, even though with adequate timber supply, it could operate at least two shifts year round.

Alaska Timber Jobs Task Force

In 2011, Governor Parnell issued Administrative Order 258 which established the Alaska Timber Jobs Task Force to recommend ways to revive Alaska's timber industry. The task force was a combined federal, state, private industry, and community group appointed by the Governor. The Administrative Order charged the task force with considering and attempting to address a number of specific tasks, several of which were directly related to timber management on federal lands and the need to utilize these renewable resources to benefit local, regional and national public interests. The final report from the task force was completed in June 2012.⁴ A copy of this report is attached to my testimony and I ask that it be made part of the Committee's hearing record.

The task force gathered information from numerous state and federal agencies to capture the social implications of developments in the Southeast timber industry. The task force found the decline in Southeast Alaska's timber industry impacted social measures, such as regional population and school enrollment. Statistics from the 2010 U.S. Census show that total population has declined by 5% over the past decade. Furthermore, 24 out of 34 Southeast communities (71%) have lost population ranging from -2 percent (Hydaburg) to -57 percent (Point Baker).⁵ The Southeast region of Alaska, dominated by the Tongass forest, is the only region to lose population during the last two censuses.

Schools are the leading indicator of community health. The Task Force found that while "[n]early all (31 of 34) Southeast communities have had a public community school at one point in time . . . the majority of communities have experienced enrollment declines over two decades. In total, there has been a 15 percent decline in Southeast student enrollment since 1990. During the past 20 years, six communities (19%) have seen their school close (one school has since reopened in Kasaan). Of the 31 communities with schools, the majority (87%) have experienced a declining student enrollment sustained over nearly two decades; only (10%) have increasing school enrollments."⁶

The Southeast Island School District serves residents of the islands of Prince of Wales, Baranof and Kosciusko – all located in the heart of the Tongass National Forest. Those islands were the most intensively managed during the peak of timber harvest. In 1995, the district served 381 students in 12 schools. Today, nine schools serve 160 students.

Recent news from the USFS concerning Secure Rural Schools payments and sequestration could exacerbate an already troubling situation. The State and school districts have received an invoice for \$826,331 as a result of the 5.1 percent cut in funding in our Title I-III allocations.⁷ This unwelcome development underscores the need for a better approach to funding school districts dependent on this income.

⁴ Available at http://forestry.alaska.gov/pdfs/timber_jobs_task_force_report_final.pdf.

⁵ Alaska Timber Jobs Task Force 2012, Report to Governor Sean Parnell, Prepared By Alaska Timber Jobs Task Force, Administrative Order 258: Final Report, Appendix 8 p3.

⁶ Alaska Timber Jobs Task Force 2012. Appendix 8 p 3-5.

⁷ USDA Forest Service Correspondence, March 19, 2013

Despite these grim realities, the region is fighting to survive and reinvent itself. The Timber Task Force identified timber supply as one of the “priority statewide issues that presented the greatest impediment to job creation and economic development for Alaska’s timber industry.” It also found that the challenges and opportunities vary by region, including Southcentral, Interior and Southeast Alaska. These former two regions are experiencing slow, but steady growth as wood biomass projects are developed to meet community needs for economic space heating and electrical generation. Projects at both small and large scales are made possible by state forest management policies that provide a sustainable, long-term supply of wood from state forests and other state land.

In contrast, the Task Force found that the principal barrier to job creation in southeast Alaska is insufficient timber volume from the Tongass National Forest. Since the 2008 Forest Plan amendment, the Tongass NF has offered only 33% of the volume the agency deems necessary to comply with Section 101 of the Tongass Timber Reform Act (TTRA), which requires the United States Department of Agriculture (USDA) to “...seek to provide a supply of timber from the Tongass National Forest which (1) meets the annual market demand for timber from the forest and (2) meets the annual market demand from such forest for each planning cycle.”⁸

The state has worked from within the system to change management direction on the Tongass and was granted cooperating agency status in the 2008 Forest Plan amendment process and is a co-implementer of the current plan. The state invested fiscally in working with the FS to improve timber sale process and economics and has funded two full-time positions, one in the Department of Fish and Game, Habitat Division and the other in the Department of Natural Resources, Division of Forestry, to accomplish this objective. In addition to the dedicated employees, a state “Tongass Team” was created within state government that reached across department lines to coordinate timely input to ongoing projects. This effort has not been without its challenges, but both parties have worked well together within Region 10 in an attempt to meet the plans goals. Third party litigants, policy changes and capacity issues within the FS have prevented full and effective implementation of the plan. A five year review of the 2008 Forest Plan is currently underway.

The state also participated in a collaborative process known as the Tongass Futures Roundtable. This effort was convened with the goal of informing the 2008 planning process with a broadly supported alternative for an operable land base where active management could occur. The group was unable to meet this initial objective and continued to meet in an attempt to resolve ongoing management issues. The Roundtable operated by consensus and had 35 primary members from all walks of life, all interested in management of the Tongass. After five years of participation and little real change on the ground, the Governor withdrew the state from the process in 2011 and created the Alaska Jobs and Timber Task Force. A much reduced Roundtable continued to meet, but at their 2013 spring meeting, the remaining members decided to disband.

Uncertainties and exorbitant costs associated with the National Environmental Policy Act (NEPA) and invalidation of the Tongass Exemption to the 2001 Roadless Area Conservation Rule exacerbate the challenge of supplying sufficient timber volume from the Tongass NF to maintain an integrated timber industry capable of contributing meaningfully to the region’s economy.

⁸ To the extent consisted with providing for the multiple use and sustained yield of all renewable forest resources.

The state's ongoing efforts with the FS and our experience in the collaborative process had a profound effect on how the Task Force approached its work and crafted their final recommendations for Tongass National Forest land ownership and management. It was clear that reform of the current management system would be difficult at best, and time was not on the side of the region's communities. The following three recommendations were made by the Task Force⁹:

1. Pursue state ownership and/or management authority of two million acres of National Forest System lands in the Tongass NF to support an integrated timber industry in Southeast.
2. Work jointly with other states/entities seeking change in the management of federal lands. Possible changes include the concepts of "trust" or state management of federal lands, the transfer of federal lands into state ownership, adjustments to the Alaska Statehood Act by Congress and measures to force the federal agencies, primarily the USFS, to increase timber harvest.
3. Support finalization of Sealaska's outstanding land entitlements, Alaska Mental Health Trust's¹⁰ administrative land exchange with the USFS, and settlement of the land entitlements for the unrecognized Southeast Alaska Native Communities.

In April, I had the opportunity to address elements of recommendation #2 and #3 in the House Committee on Natural Resources, where several legislative proposals are attempting to accomplish similar objectives, and I'd like to offer the following observations concerning the benefits of state-managed forests in comparison to the current form of management.

The Alaska Forest Resources and Practices Act (FRPA) governs forest practices on state, municipal, and private land, including the Alaska Mental Health Trust and University of Alaska Trust lands. The Act, in place since 1989, has been updated several times as new science becomes available. Scientific findings are reviewed in a two-step process via Alaska's Board of Forestry. The Act includes effectiveness and implementation components to ensure the best management practices (BMPs) remain current.

Lands designated as State Forest are managed per state forest purposes, as defined in Alaska statute (AS 41.17.200). The statute states, "[t]he primary purpose in the establishment of state forests is timber management that provides for the production, utilization, and replenishment of timber resources while allowing other beneficial uses of public land and resources." The focus is on providing a consistent well managed supply of wood to private sector businesses that subsequently produce a range of products and services that will benefit local communities. The State has emphasized job creation over maximization of revenue in its management of state forests, but the two State Trusts follow the maximum fiscal return approach to ensure beneficiaries are well served.

⁹ Alaska Timber Jobs Task Force 2012, Report to Governor Sean Parnell, Prepared By Alaska Timber Jobs Task Force, Administrative Order 258: Final Report, p8.

¹⁰ The Alaska Mental Health Trust Authority is charged with being a catalyst for change and improvement in the systems that serve Trust beneficiaries, who include people with mental illness, developmental disabilities, chronic alcoholism and other substance related disorders, Alzheimer's disease and related dementia, and traumatic brain injury that results in permanent brain injury.

In contrast, federal lands have numerous conditions and guidelines that prevent the USFS from generating significant revenue and job creation from forest management activities. The new 2012 National Planning Rule includes language that states: “the plan must provide for ecosystem services and multiple uses...” and contains additional language concerning integrated resource management planning that must address a long list of criteria, which in part include: aesthetic values, air quality, ecosystem services, habitat connectivity, scenery, view sheds, wilderness and other relevant resources and uses.¹¹ The National Forest Management Act (NFMA) also includes a section to “insure that timber will be harvested from the National Forest System lands only where the harvesting system to be used is not selected primarily because it will give the greatest dollar return or the greatest unit output of timber.”¹²

These conditions and numerous others complicate the timber sale process for the USFS and often result in below cost sales that can’t be offered or sales that are only marginally economic. Here, state management would offer clear advantages. The State public process is less cumbersome and allows prompt reaction to market changes. With the ability to offer long term timber sales up to 20 years or longer, the states encourages the investment of private capital in manufacturing facilities.

Conclusion

In closing, I would like to leave you with this thought: Alaska’s federal and state forests have the potential to be a model of sustainability, including environmental, social, and economic objectives. The “working forest” concept embraces diverse and broad objectives related to utilizing natural resources, providing jobs, stimulating local economies and supporting communities. These broad objectives have the potential to unify diverse stakeholders and interest groups.

The Forest Service is not able to solve this problem unless Congress provides relief from over burdensome regulations, confusing policy and litigation by third parties. These are all challenges to active management, and I foresee no significant change to the scope, scale and pace of management that needs to take place to rebalance the triple bottom line.

Despite more than 50 years of timber harvest in the Tongass, a mere 2.5 percent of the old growth forest has been harvested. The Tongass alone is bigger than West Virginia, yet today, there are 181 sawmills and 30,000 people employed in that state’s timber industry. By allowing the State of Alaska the opportunity to manage a portion of these federal lands, hundreds of jobs – the equivalent of an auto factory – would be created and sustained forever - the ultimate green industry.

Thank you again for the opportunity to discuss federal forest management and scenarios for more active management. I urge Congress to continue this important conversation and provide new approaches and tools to address this national problem. Without action, communities near federal lands will continue to suffer, forest health issues from insects and disease will accelerate and the wildland fire challenges in the west will grow. Mr. Chairman, there is a better alternative and you only need to look at how the States and Tribes of this great country are actively managing their forest resources and the impressive accomplishments they have achieved. We stand ready to continue this discussion. This concludes my testimony and I would be happy to address any questions the Committee may have.

¹¹ 36 CFR 219 Subpart A-National Forest System Land Management Planning (2012 National Planning Rule) §219.10 Multiple use (a) (1).

¹² U.S. Code 1604 (g)(3)(iv) (National Forest Management Act (NFMA)).