

**Statement of  
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Federal Forest Resource Coalition, and  
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Colville, Washington**

**Before the  
Committee Energy & Natural Resources  
United States Senate  
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**Improving Forest Health & Socioeconomic Opportunities on the Nation's Forest System**

Good morning Madame Chairwoman, Ranking Member Cantwell and members of the Committee. I am Duane Vaagen, President of Vaagen Brothers Lumber, a family-owned forest products company located in Colville, Washington. On behalf of my company and hundreds of others around the country, I am here today to discuss the urgent need to restore responsible, sustainable management to our federal forests for the sake of our forests and rural communities.

Vaagen Brothers Lumber was founded by my father and uncle in the early 1950s and has survived over the years by focusing on technological advancements, ecologically-minded forest management, and a commitment to healthy forests and rural communities. We currently own and operate two sawmills in northeast Washington, employ over 225 people and contribute \$125 million to the local economy. We once employed 500 people and operated another two sawmills here in northeast Washington, and, until last fall, we operated a small sawmill in Eager, Arizona, until unreliable supplies of timber from the Forest Service forced us to close that mill.

Today our mills predominantly rely on small diameter timber, which comes as a result of forest thinning operations. The biomass component of forest management activities is also fully utilized through a biomass co-generation plant. Unfortunately, for the past 15 years we have struggled to secure an adequate timber supply to ensure our continued operation. The primary reason for this shortage of raw materials is a lack of management and timber coming from the 1.1 million acre Colville National Forest (Colville NF).

I'm also here today representing the American Forest Resource Council and the Federal Forest Resource Coalition. Together with partners in 32 States, these two organizations speak for the more than 650 companies and more than 390,000 workers who rely, at least in part, on reliable supplies of timber from the National Forest System. FFRC testified before this committee on the subject of National Forest Reform in June of 2013, and I refer you back to that statement for further insights into our recommendations, and further discussion of the forest management challenges we see across the National Forest System.

**Declining Forest and Community Health:** The health of our nation's forests continues to decline and federal forests are most at risk due to overstocking, disease, drought, insect

infestations and catastrophic wildfires resulting from a lack of sound management. In fact, the Forest Service classifies 60-80 million acres of National Forest land as being overstocked and at particular risk. While recent pine beetle outbreaks seem to be waning in some areas (in part because there are fewer pine trees left), just last month the Forest Service reported that spruce beetle outbreaks in Colorado expanded to 395 new square miles in 2014, as compared with 338 previously unaffected square miles in 2013. Statewide, the total area affected by the beetle since 1996 has increased to about 2,200 square miles, or roughly twice the land area of Delaware. In Eastern Washington, we have seen a marked increase in beetle activity, particularly on National Forest land. Last year we also witnessed the largest wildfire in our state's history, the Carlton Complex, burn over 250,000 acres.

Meanwhile, over the past 30 years we have gone from over 700 lumber mills in the West to a current level of approximately 120. Many areas of the country, including Arizona, Utah, New Mexico and Colorado, are largely devoid of the forest products industry infrastructure (mills, loggers, etc) needed to restore and maintain the health of our forests and provide employment opportunities in rural communities. In northeast Washington where I'm from, we still have the integrated sawmill, logging, biomass, and paper mill industries that defray the costs of forest management and generate economic benefits for rural communities. Unfortunately, if something isn't done to increase the level of management on the Colville NF we too will lose mills, jobs and our ability to treat the threats facing this forest.

In much of the National Forest System, the story is the same. Litigation-driven declines in timber outputs have forced mills to drop shifts, laying off hard working lumber mill employees even while lumber markets have largely recovered from the 2009 - 2011 recession. Declining timber outputs have translated into reduced forest health, increased rural poverty and unemployment, and increased dependency on guaranteed payments under the Secure Rural Schools program. While we haven't seen lawsuits challenging projects on the Colville NF, our forest still operates under the analysis paralysis that decades of litigation and court-imposed NEPA requirements has created. This saps resources needed to plan the projects needed to maintain healthy, diverse forests. Many eastern National Forests are well behind on their early successional management goals, limiting opportunities for sportsmen, birdwatchers, and other forest users. Forests in West Virginia, Tennessee, and Louisiana are either substantially behind on creation of early successional habitat, or have not posted forest plan monitoring reports in several years.

The reality is that activist litigators only directly challenge timber sales in a few portions of the National Forest System. Unfortunately, because of their aggressive tactics in areas like Montana, Oregon, Alaska, and parts of California, the agency has been forced to adapt to court-imposed analytic standards which drain resources, staff, and time from other forests which do not suffer frequent challenges. All current efforts to use collaboration as the "solution" leave this court-imposed framework in place, and those who vehemently oppose all forest management can tie up and delay timber sales without having to participate in collaborative processes. They suffer no consequences, while those who work in good faith see their time and energy squandered. This does not encourage wider adoption of collaborative models of management.

As you know, the health of our rural communities also continues to decline. Unemployment in our local tri-county area currently sits at nearly 11 percent, more than 2.5 times higher than King County's (Seattle) current unemployment rate. Each of our counties has a poverty rate of above 16 percent, well above the State average. Nearly one in four residents of Ferry County live in poverty, compared with one in ten King County residents. It is not a coincidence that many of the counties with the highest unemployment and poverty rates in the country also happen to be those surrounded by federal forests. Many of these rural communities have lost their forest management heritage; the skills necessary to work in the woods and help protect the communities themselves. I believe it will require decisive action by Congress if we want to restore the health of our rural communities and our federal forests.

**Collaboration:** Over the past decade my company has invested significant time, energy and money into collaboration. Much like other forest products companies around the country, we were leaders in helping to create collaborative groups; In fact, we helped form the Northeast Washington Forestry Coalition (NEWFC), which is comprised of the forest products industry, conservationists, local businesses and other stakeholders. The NEWFC has been a success – we haven't had a timber sale or stewardship project litigated on the Colville NF in nearly 10 years. We've had only one appeal. The Coalition has helped bring once warring sides together to find forest management solutions on the Colville NF built around a blueprint that identifies areas most appropriate for active forest management, restoration treatments and meeting conservation objectives.

Despite agreement from all interested parties we have not seen adequate progress from the Forest Service to restore the health of the forest or meet the needs of local industries and communities by offering an adequate supply of timber. The pattern is the same throughout much of the National Forest System; with very few exceptions, projects selected to participate in the Collaborative Forest Landscape Restoration Program (CFLRP) have struggled to efficiently complete basic NEPA documents, primarily because in spite of broad agreement on objectives, the Forest Service is still in the habit of analyzing projects extensively, and must still await approval for even minor projects from other Federal agencies.

We continue to support collaboration as an important component of federal forest management, but collaboration alone does not address many of the current barriers to implementing a sustainable and predictable timber management program.

Meanwhile, efforts to address poor forest health are moving slower than the wildfires and insect outbreaks, which are damaging watersheds, creating conditions for large fires, and threatening to release massive amounts of carbon into the atmosphere.

<b>Fuel Treatment Types</b>	<b>Acres Completed in FY 2013</b>
All Mechanical Treatments; Biomass Removal, Chipping, Crushing, Lop and Scatter, Machine Pile, Mastication/Mowing, Thinning. (Total includes Commercial Timber Harvest acres)	466,285
<i>Mechanically Treated via Commercial Timber Harvest only (subset of 466,285 number above)</i>	118,442
Prescribed Fire Treatments such as Broadcast Burns, Jackpot Burns, or Machine Pile Burns.	1,277,761
Wildfire acres that met resource objectives	465,956
Fuels reduced by other tools such as Chemicals, Grazing, or Biological Methods.	16,585
<b>Total Acres of Treatment Completed in FY 2013</b>	<b>2,226,587</b>

The Forest Service provided these figures in response to questions from this committee, and they paint a grim picture. The agency largely relies on fire – both prescribed and wildfires allowed to burn within prescription – to achieve most of their “acres treated.” The Forest Service allowed nearly the same number of acres to burn during wildfires in 2013 as they conducted mechanical treatments on. They used timber harvest as the primary hazardous fuels reduction methods on only 118,000 acres, down from 195,000 acres in 2011. They used prescribed fire to treat some 1.2 million acres. About two thirds of these prescribed fires in the Southeastern U.S., where most national forests are relatively flat, managed pine forests which have been extensively thinned and are burned regularly.

These numbers are consistent with results the agency provided for Fiscal Year 2011:

<b>Acres Restored by:</b>	<b>Acres:</b>	<b>Percent of Total:</b>
Prescribed Fire:	1,081,318	29%
Lake, water & soil, noxious weed:	2,563,595	69%
Mechanically Treated:	1,136,405	30%
Pre-Commercial Thin:	145,928	3.90%
<b>Commercial Treatments:</b>	<b>195,477</b>	<b>5.20%</b>
Total:	3,700,000	

As far as we know, Congress never asked the Forest Service for their 2012 figures, but we have no reason to suspect that they are much different. The Forest Service focuses on the “easy”

acres because the analytical requirements and high likelihood of litigation on the truly hazardous, overstocked and fire prone forests in the West drive up costs and discourage efforts to thin or otherwise manage these forests.

Meanwhile, extensive NEPA costs combined with large (and growing) wildfire suppression costs prevent the Forest Service from managing their lands outside of the fire prone west. Given the constrained fiscal environment we find ourselves in, there is no hope of extending management unless fire funding is addressed, and unless the Congress provides the agency with the clarity it needs to implement needed forest management across the National Forest System.

**Secure Rural Schools/County Payments Program:** The Federal Government has been making payments directly from the treasury to counties to make up for lost 25-percent timber receipts since the early 1990's. Begun in Oregon, Washington, and California following the listing of the Northern Spotted Owl, the payments were expanded to all National Forest Counties through the Secure Rural Schools program in 2000. Although it was extended several times, it expired at the end of the last Congress.

As you know, the program had provided billions of dollars to counties and schools over its lifetime. The industry supported the SRS program because it supported the communities where we live and work, and because we believed that one of the primary goals of the program was to transition back to the sustainable management of our federal forests. With the programs expiration in 2014, for the first time in a decade and a half, counties received payments based on gross timber revenues instead of the guaranteed payments provided by SRS. As a result, county payments dropped 80%, from \$260 million to just \$50 million for 2014.

Unfortunately, it is now clear that SRS primarily succeeded at treating just one symptom of the illness afflicting our NFS counties: a lack of funding for local government services and schools due to the paralysis affecting federal land management. While we all support efforts to meet these critically important needs, I believe Congress can no longer avoid confronting the fundamental problem by treating just one symptom.

As a resident of a rural community I certainly understand the dependency of many local governments on this funding to provide public sector jobs and services. Unfortunately, the overall health of many rural, forested communities has further declined over the past two decades due to our inability to rebuild private sector employment. In many forested communities the forest products industry is one of the few industries capable of providing meaningful employment opportunities and the tax base needed to provide long term economic and social stability.

Congress must seek a comprehensive solution to the illness and not just one symptom of it. We are running out of time to restore the health of our forests and maintain the industries important to the economies of rural communities. Reform that ties responsible land management and the fortunes of rural communities together remains the best prospect for success.

**Snapshot of the Colville National Forest:** The Colville NF provides a perfect example of how we can balance sustainable forest management, revenue generation and rural economic development with other objectives, including conservation.

As I mentioned the Colville National Forest is comprised of 1.1 million acres. There is a strong consensus within our coalition for managing 500,000-600,000 acres for a mix of active management (timber, etc.) and restoration objectives. There is even consensus about possible new Wilderness areas. Meanwhile, there is an urgent need to accelerate commercial treatments on at least 250,000 acres of overstocked and beetle infested forest at risk to catastrophic wildfire. In recent years approximately 4,000 acres have been mechanically treated despite the support of the Coalition to treat between 15,000-20,000 acres annually. Progress is being made to increase treatment levels, but we should be restoring the health of the forest even more aggressively in the short term.

My testimony includes charts that compare estimated outcomes of the Forest Service's current management with the treatment levels supported by the Coalition and the potential results in terms of the pace of forest restoration, timber value generated, and jobs created. These are estimates and can vary year to year based on market conditions, the use of stewardship contracting and other factors, but they provide a good snapshot of the opportunity that exists.

The key to success is the existence of an integrated forest products industry, which allows treatments to actually generate revenue (approx \$750 per acre) to be used for county receipts, on-the-ground restoration activities, project planning costs, or the Treasury by removing enough merchantable material in the form of sawlogs.

This model of forest management and restoration is well established and proven within the Forest Service itself: many National Forest units in the Southern pine region depend on commercial harvest programs to restore historic vegetation and fire regimes; the Red Cockaded Woodpecker depends upon open, pine savannahs in both Shortleaf and Longleaf pine forests. Timber management on the DeSoto National Forest in Mississippi, the Kisatchie National Forest in Louisiana, and the Ouachita National Forest in Arkansas provide a great example of how active forest management can support both a listed species and a critical local industry.

**Legislative Recommendations:** As your committee considers legislation to restore sustainable management to our federal forests, I would like to provide the following suggestions. These suggestions are based on the following assumptions: 1) securing significant increases in appropriations to fund current forest management approaches is unlikely under current and future budget realities; 2) Congress has a responsibility to the rural communities surrounded by our federal forests; and 3) we must significantly increase the pace of treatments if we are serious about getting ahead of the forest health crisis.

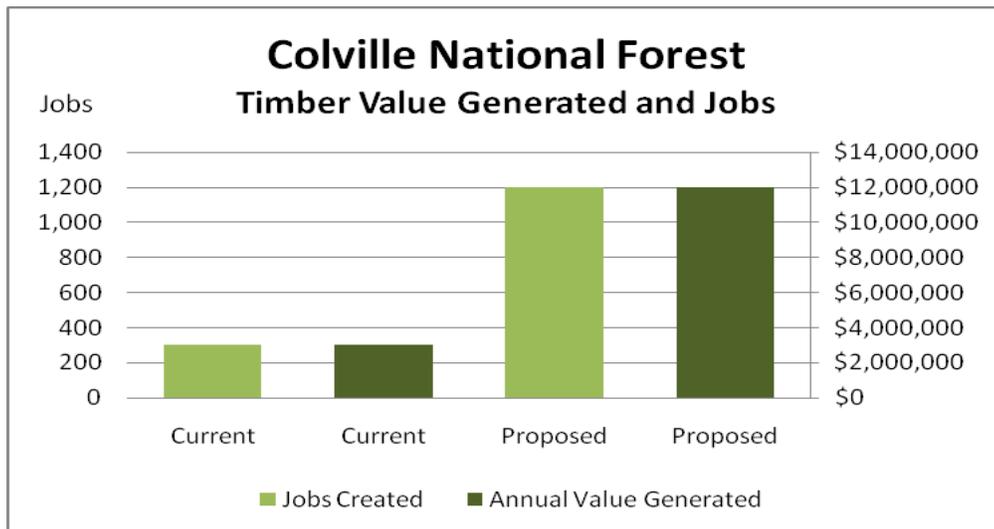
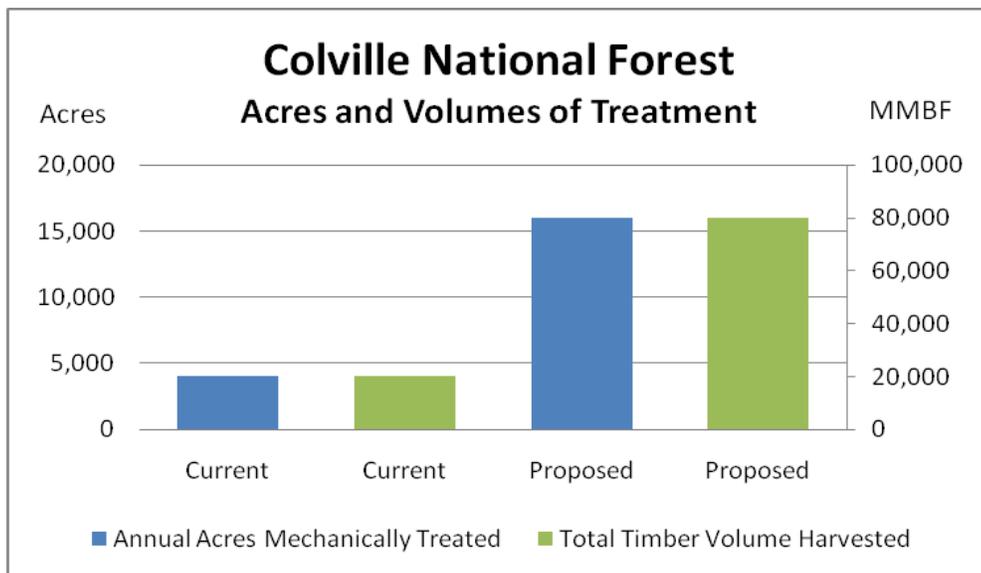
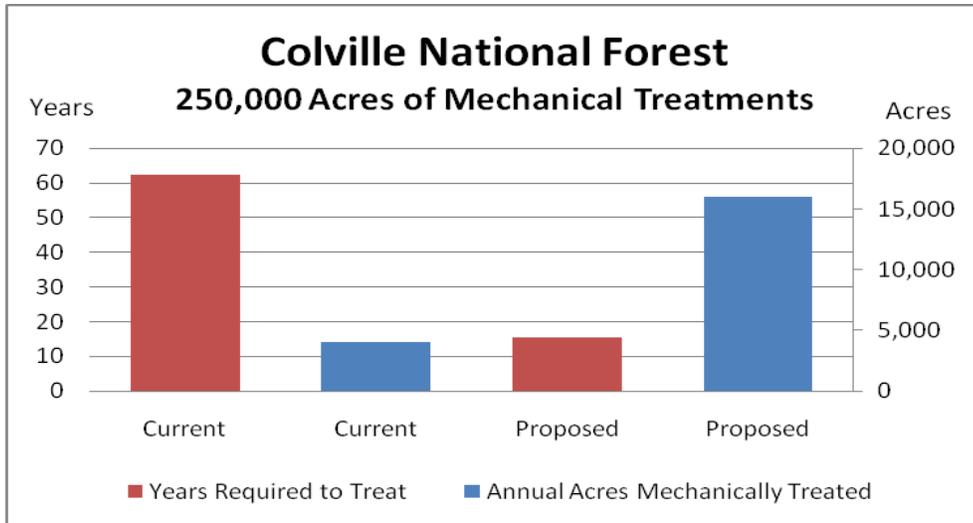
**Reform Recommendations:**

- A trust approach, focusing on the 23% of National Forest acres identified as suited for timber production in current forest plans, can provide stable funding on a trust-trustee basis, while restoring and strengthening the overall multiple use framework on Federal forests.

- Clarify that timber management is the primary objective on this relatively small portion of the National Forest System, not one use among many.
- Streamline NEPA analysis, ESA consultation, and judicial review for projects conducted on lands designated for timber production and/or for projects proposed by or designed in consultation with local collaboratives;
- Provide binding, baseball-style arbitration as the sole dispute resolution mechanism for projects proposed by or designed in consultation with local collaboratives.
- Payments to forest counties should be linked to these fundamental reforms to streamline the process of proposing, analyzing, executing, and resolving conflicts over forest management projects on Federal forest lands.
- Transition counties to revenues produced by viable economic activity on Federal forests, including substantial, sustainable increases in timber outputs.
- All forestry revenues generated on Federal forests, including a portion of revenues from stewardship contracts, should be used to develop additional sustainable forest management projects as well as to provide revenue sharing to counties.

If the Forest Service is unable to deliver these relatively modest economic returns to local communities and improvements to forest health then states or counties should be given the authority to plan and implement forest management projects on federal forests.

I appreciate the opportunity to appear before the Committee today. I would be happy to answer any questions you may have.



5,000 bf/acre. \* avg. value: \$150/bf \* 15 direct and indirect jobs per million board feet.