

STEEN MOUNTAIN ACT

HEARING
BEFORE THE
SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS
OF THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED SEVENTH CONGRESS
SECOND SESSION

TO EXPLORE THE RELATIONSHIP BETWEEN HOW PUBLIC LANDS ARE
MANAGED AND THE IMPACT ON RURAL ECONOMIES, REVIEW THE
ENVIRONMENTAL HEALTH OF NATIONAL FORESTS, EVALUATE
ECONOMIC ASSISTANCE TO NATURAL RESOURCE-DEPENDENT COM-
MUNITIES, AND ASSESS THE IMPLEMENTATION OF THE STEEN
MOUNTAIN ACT (PUBLIC LAW 106-399)

MAY 29, 2002



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STEEN MOUNTAIN ACT

WEDNESDAY, MAY 29, 2002

U.S. SENATE,
SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Redmond, OR.

The subcommittee met, pursuant to notice, at 11:03 a.m. at the Deschutes County Fairgrounds, 3800 SW Airport Way, Redmond, Oregon, Hon. Ron Wyden presiding.

OPENING STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. The Subcommittee on Public Lands and Forests of the U.S. Senate will come to order.

As chairman of this subcommittee I'm particularly pleased to be home and to be able to chair this hearing. There were really two areas I wanted to focus on as chairman of this important subcommittee. The first is to get as much natural resources policy making out of Washington, D.C., and back into communities like the one that's hosting this hearing.

I think it's critically important that the Federal Government get away from the one-size-fits-all approach to natural resources and encourages more home grown locally driven approaches that bring all of the parties, environmental people, industry people, finance, local leaders, together to solutions. And I'm particularly pleased that by working in a bipartisan way we've been able to have some successes in that regard.

As many who are attending this hearing know, for example, the County Payments Legislation, which was authored by Senator Craig and I, is going to bring about \$1.5 billion to Oregon over the next 6 years. And more importantly, it's going to encourage an unprecedented wave of corporation through the money that is set aside for projects.

In addition, that work highlights the fact that everything important in the natural resources area must be bipartisan. It's just not going to happen unless it is.

Senator Smith has met me more than halfway in this effort, as has Congressman Walden. And both of them will have statements for our record. Very helpful and constructive statements for the record as well.

And I also want to thank Chairman Bingaman. Ms. Finkler is here from the full committee and joins us as counsel. And also on Senator Craig's staff, Frank Lennox is here as well. Martin Dorn, I believe, is with us as well from Senator Smith's office, and Shel-

ley Brown from Chairman Bingaman's as well. This highlights in my view how critically important it is that this work be done in a bipartisan way. And consistently Senator Smith and Senator Craig and Congressman Walden have been extremely cooperative in working with me in passing important questions.

The reasons these issues are so important is more than half the land in this part of our State is owned by the Federal Government. Land management decisions naturally have enormous impact on the economic health of local communities and right now a big part of rural Oregon is hurting.

Unemployment rates for a number of our counties hover in and around 15 percent, and it's clear that if rural Oregon is to thrive and to come back, Federal agencies that have so much impact on the local landscape must be better partners to people in the region. So that's what we are here today to discuss.

I come in saying that you cannot sit in Washington, D.C. and just remold local communities three thousand miles away. These changes have got to come the other way. They've got to be home grown with Federal policy being used as a tool to promote areas of critical concerns for local communities.

I mentioned the legislation that Senator Craig and I championed. To give you an idea how difficult a task this is, the County Payments Legislation was the first bill on forestry to come to the floor of the U.S. Senate in 15 years. It took 15 years to cut through the polarization and gridlock that surrounds so many of these issues, and I'm proud of that bill and I'm especially proud that the legislation gave the local communities a key voice with respect to Federal land management.

Today we're going to have three panels of witnesses that are going to address important issues, and we'll be focused on the implementation of the Steens Mountain Protection Act, the management of national forests in this area, and the region's current economic crisis.

Our first panel is going to update the subcommittee on the ongoing implementation of the Steens Mountain Cooperative Management and Protection Act of 2000, and particularly I want to express my appreciation to Senator Smith and Congressman Walden for the many, many hours they put in to making this legislation become law. And what began as a classic Western land problem, the question of traditional use versus the conservation of it, became instead a law that indicates that true answers for public land management requires a good measure of both.

The Steens Mountain presented mixed interests richer than many seen in most land conservation efforts. There was extensive private ownership, economic use, scenic splendor and ecological diversity. In addressing these broad interests, local stakeholders and a delegation took in effect a unique approach to management.

The Steens Mountain Act did not only create the Nation's first wilderness to exclude cattle grazing, it codifies the stakeholders' most important points of agreement and that is improving ecosystems and preserving open space are vitally important to all Oregonians.

In coming to the table people who thought very often they couldn't possibly find common ground were able to achieve many,

if not all, of their goals, and that's why it is important that the subcommittee get an update on how that legislation is progressing.

The second panel is going to address the Forest Service efforts to manage the national forests in this community. If there is any area of natural resource policy where the public interest is not being served, it seems to me this is it. I will tell you as part of my effort to serve Oregon, I hold open community meetings in each county each year, and when I go to those meetings I find two points of virtual unanimity.

First, I'm told that inland forests are in an ecological crisis. And second, that the Forest Service is just not doing what needs to be done to repair the damage. Our landscape is dotted with both successes and failures in land that is managed by the Service. This pattern of dots is precisely the problem.

Today much of forest management is a hit-or-miss proposition. The basic principle of collaboration, ecological recovery and commercial utilization are applied in a patchwork fashion that means its success is rare.

About 350 miles from this hearing room stands a perfect example of a missed opportunity in forest management. To accommodate the changing face of forest management, the Joseph Timber Mill retooled its operation to handle smaller diameter logs. Environmentalists and many other local leaders applauded the Joseph mill move. Forest management policy that pursued the ecological health of the community's forests should have provided plenty of material for the mill, but unfortunately they recently shut their doors because the Forest Service couldn't come up with a policy to get those raw materials moving.

Everyone in the Joseph area, the timber mill, the environmentalists, the community, was and is ready for the future of forest management, but it sure does not look like the Forest Service is ready as of today. Yet south of this hearing room real progress is being made in ecosystem recovery in the Fremont National Forest. In the Lakeview Sustained Yield Unit a diverse group of stakeholders has managed to find common ground on a host of ecosystem recovery projects, some of which are already yielding substantial benefits.

This unprecedented cooperation between the Forest Service, the environmental community, the timber industry, local businesses and elected officials could be a model for Oregon and our country on how to collaborate on managing the forests. But the Fremont success is going to remain an isolated one if its lesson cannot be applied across the spectrum of forest management.

One other example of a current project in the balance between success and failure, a few miles from here in the Metolius Basin, environmentalists, the timber industry, leaders and others are working together on a major forest restoration project.

At one time the Metolius consisted largely of massive pine trees on a carpet of grass. Today, thickets of small trees choke the landscape. A forest fire there would likely destroy large and small trees alike and threaten Camp Sherman. Now is the time to put the basin on the path to ecological health and provide logs for local mills.

The question is can the Forest Service move appropriately and promptly to help the Metolius Project achieve its full potential or

is it going to go the other way and we will lose terrific opportunities like the one that happened at the Joseph mill?

Finally, on our last panel we're going to look at another obstacle for a number of our local communities, and that deals with economics. Today only two Oregon counties rank above the economic average for the Northwest. Twenty-six rank near the bottom of the nearly hundred counties in a four-State region.

As America's urban areas experience a boom, much of rural America is moving in exactly the opposite direction. Mill closures took major employers out. Agricultural markets faltered. Farm income dropped to half the level of the previous decade. Local communities took repeated cuts, repeated right hooks, and in some cases social problems were inevitable after the economic upheaval.

Public land management compounded local economic problems with respect to forests and farms. While the Federal Government owns more than half the land in the region, infrastructure development like fiberoptic corridors, new roads, water and sewer lines can take on a huge new dimension that so many urban parts of the country just don't face.

We're here today determined that this region's particular challenges not stop economic progress. So we are anxious to get the views of the witnesses on today on how to use tools that are so important to promoting economic development in rural communities.

The goal at the end of the day is to have some fresh new ideas for moving forward on the Steens, on national forest management, and to insure that there is more economic vitality in rural Oregon. We've asked that all of our witnesses give their statements within 5 minutes. We will make prepared remarks a part of the official record.

And why don't we go now to our panelists beginning with Steve Grasty, the county judge of Harney County. And Mr. Grasty has been very helpful to this subcommittee over the years working on a whole host of issues. And, Judge, we welcome you and please proceed.

**STATEMENT OF STEVE GRASTY, COUNTY JUDGE FROM
HARNEY COUNTY, OR**

Mr. GRASTY. Thanks and thanks for the opportunity, Senator, to present at this hearing. It's almost frightening to me to think that it's 19 months since this law was signed by the President of these United States. And I guess I just want to take a couple minutes and talk about what I see as strengths and weaknesses. As a strength I think what I see as most important to this date is the working relationship which has obviously grown out of the SMAC, the Steens Mountain Advisory Council.

While I've been able to attend little of those council meetings, and by the way, Senator, that's thanks to you and your County Payments Legislation and the RAC that I can serve on for the Northwest forest, but I have worked hard to keep up with the issues that face the council and how they've been addressing them.

I commend the people on that council for their commitment of time and effort and the way that they've looked at the big picture in providing their insight to the planning efforts of the Burns District. They have been a good sounding board, and I think they've

attempted to apply both the law and a level of fairness, if you would. And I think that's been important.

Without a doubt it's the SMAC that has brought the most strength to the process so far. In the beginning I got a perception, which I haven't entirely lost, but there was an effort, if you would, to forget some of the promises and the compromises that were made in getting the legislation in place. But also I believe that one of the strengths has been the stepping up to the plate of individuals to remind others of those commitments.

In particular I refer to Bill Marlett and the running camp and wilderness issue. And, Bill, I want to thank you for remembering that and staying at the table on that issue. It's meant a lot and I also think that that's helped build at least a small step closer to having the community and the environmental groups be able to work together and work cooperatively.

As to weaknesses I can't hardly get past saying this. That I believe that taking 10 months of the last 19 to get the SMAC appointed is just short of ridiculous, and obviously put us about 10 months behind the schedule where maybe we ought to be. I believe that the legislation moved so quickly that we left some interested parties out. Notably the snowmobile users and some of the landowners that didn't fully understand the implementation or the implications to their operations by the legislation.

From here I hope we'll be able to work through issues that have been identified by the work accomplished to this date. The running camp needs to be protected. We need to look for a way to allow some use by the snowmobilers. We need to preserve access to inholdings.

I will say that I strongly disagree with any new legislation dealing with the Steens or land swaps on or near the mountain. We have enough challenges already identified, so I would suggest that we work together to resolve those issues prior to moving on to something that could create new challenges.

Let's make sure we understand where we are and what we're doing well with that. It's important that we continue to build those relationships we've started which have just started to grow. And if I might, I need to digress for just a second and mention the forest issues. You've already gone over them enough that you understand the issues, but it sure appears in the last couple of decades that we've managed our forests to burn and I hope we can get back to managing them for multiple use.

Senator WYDEN. Steve, thank you very much. It's very well said and gets us off on just the right note.

I had a number of congressional staffers come in and I just want to recognize them. For Congressman Walden, Bryan McDonald, Justin Rain and John Snyder here. With Senator Smith, Susan Fitch is joining Martin Dorn. Let me express my appreciation to all of them.

Back in Washington, D.C., there are congressional delegations that hardly ever even speak to each other, let alone work together, and Senator Smith and Congressman Walden have just been extraordinarily constructive in trying to come up with bipartisan solutions to these critical issues.

I think that's why their staffs are here again today to reaffirm how important it is that we come together on these issues. And I just want the folks here to know of all of their efforts.

Let us go next to Chuck Wassinger, the Oregon Associate Director of the Bureau of Land Management.

STATEMENT OF CHUCK WASSINGER, ASSOCIATE STATE DIRECTOR, BUREAU OF LAND MANAGEMENT, PORTLAND, OR, ACCOMPANIED BY TOM DYER, DISTRICT MANAGER, BURNS DISTRICT, HINES, OR

Mr. WASSINGER. Yes. Good morning and thank you, Senator. Before I start I'd like to introduce Tom Dyer, who is our district manager in the Burns District and he is here to answer any specific questions you may have. He's also been primarily responsible for the implementation of the Steens Mountain Cooperative Management and Protection Act.

First of all, I want to thank you for the opportunity to testify regarding the Bureau the Land Management's experience in implementing the Steens Mountain Cooperative Management and Protection Act of 2000. We appreciate the continuing interest you and the entire Oregon congressional delegation have shown in the implementation of the Steens Act.

Many in this room have lived here for decades and generations and it is your wise stewardship and example that we look to in our management of the public lands that are the Steens.

Secretary Norton talks about the "4Cs"—consultation, cooperation and communication all in the service of conservation. The Steens Act is an excellent example of the Secretary's guiding principles put into action. The wide array of natural characteristics, community needs and desires and competing interests provide for many complex challenges and rewarding opportunities.

The twelve-member Steens Mountain Advisory Council was appointed by the Secretary of the Interior on August 14, 2001, pursuant to the Steens Act. The Steens Mountain Advisory Council has met four times since their first meeting in October of last year. Four additional meetings are scheduled for the remainder of 2002.

Issues including recreation, access, education, grazing, wilderness and fire-fighting in the Steens have been addressed by the Steens Mountain Advisory Council this year. The Steens Act requires that we develop a comprehensive management plan within 4 years of the passage of the Steens Act to set long-term management direction for the area. The BLM is working in close collaboration with the Steens Mountain Advisory Council, the Southeast Oregon Resource Advisory Council, other Federal and State agencies, local governments, the tribes and with the public to identify future management direction for the entire planning area.

A Draft Management Plan and Environmental Impact Statement are expected to be available for a 90-day public review period in the spring of 2003. The proposed plan and Final EIS are then anticipated to be completed by the winter of 2003/2004.

Title VI of the Steens Act mandates five land acquisition/exchanges. Those exchanges have been a major focus of BLM's efforts over the last year, and the final exchange was completed in early April 2002. In addition, two Land and Water Conservation Fund

purchases involving inholdings within the wilderness have been completed since the passage of the Steens Act.

As you well know, \$25 million for additional land acquisitions and conservation easements is authorized through the Land and Water Conservation Fund by the Steens Act. As the BLM receives appropriations for such acquisitions, we will work closely with the Steens Mountain Advisory Council and local landowners to maximize the use of such money.

Access to wilderness inholdings and private inholdings are governed by section 112(e) of the Steens Act and by the Wilderness Act of 1964. Both require reasonable and adequate access while minimizing impact on designated wilderness. We want you to know that the BLM is committed to addressing this issue.

The Steens Act requires that grazing within the wilderness shall be administered in accordance with the Wilderness Act and the guidelines established by Congress in 1990. BLM fully intends to comply with this direction, and in preparing the Environmental Analysis to analyze the potential use of motorized vehicles and equipment and practical alternatives that may exist for this purpose.

For as long as people have settled in southeast Oregon they have used the Steens Mountain area for recreation purposes. Those uses are both individual and commercial. For many of the commercial activities BLM is required to issue special recreation permits. The BLM Burns District Staff are preparing Environmental Analyses to analyze the impacts of current permitted recreational activities on public lands within the Steens Mountain Area and in particular the Steens Mountain Wilderness Area.

These EAs will identify impacts to resources and uses, while providing for streamlined administrative processes for permitting to be more responsive to our commercial and recreation service partners.

We are deeply aware of the importance of recreational issues to our local public. We will continue to work closely with the Steens Mountain Advisory Council and all users, whether recreational or commercial, to find ways to best address their needs in the context of the Steens Act and other applicable laws and regulations.

In conclusion, as we continue to move forward on planning and implementation of the Steens Act, I give you my assurance that the BLM will continue to involve all interested parties who live in, recreate on, derive their livelihood from and love Steens Mountain. We have learned much from those who call Steens home and we continue to look to them for advice and guidance. Thank you.

[The prepared statement of Mr. Wassinger follows:]

PREPARED STATEMENT OF CHUCK WASSINGER, ASSOCIATE STATE DIRECTOR, BUREAU OF LAND MANAGEMENT, PORTLAND, OR

Thank you for the opportunity to testify regarding the Bureau of Land Management's (BLM) experience in implementing the Steens Mountain Cooperative Management and Protection Act of 2000, Public Law 106-399. We appreciate the continuing interest you and the entire Oregon Congressional delegation have shown in the implementation of the Steens Act.

Steens Mountain offers exceptional natural and geologic diversity. The mountain provides visitors and residents with spectacular views of deep, glacial gorges, stunning colorful alpine wildflower meadows, high desert plant communities and the opportunity to see pronghorn antelope, elk, mule deer, wild horses, bighorn sheep, and raptors. The 52-mile Steens Mountain Backcountry Byway offers access to four

campgrounds on the mountain and affords remarkable views of Kiger Gorge, the east rim, and wild horse overlooks.

None of this is news to the many people here today who love the Steens. Many of you have lived here for decades and generations and it is your wise stewardship and example that we look to in our management of the public lands within the Steens.

Secretary Norton talks about the “4Cs”—consultation, cooperation, and communication all in the service of conservation. The Steens Act is a stunning example of her guiding principles put into action. Passage of the Act was a culmination of a cooperative effort at the local level. This was not a top-down Washington-driven proposal. Rather, it was the result of the hard work of the Oregon Congressional Delegation, Governor Kitzhaber, local land owners, users of the land, and local conservation organizations, to provide for long-term protection of the cultural, economic, ecological, and social health of this area.

The wide array of natural characteristics, community needs and desires, and competing interests, provides for many complex challenges and rewarding opportunities. I'd like to address some of the steps we have taken toward implementation, as well as some of the challenges that lie ahead of us.

STEENS MOUNTAIN ADVISORY COUNCIL

The 12-member Steens Mountain Advisory Council was appointed by the Secretary of the Interior on August 14, 2001—pursuant to the Steens Act. Under the provisions of Subtitle D of the Steens Act, the Advisory Council is charged with advising the Secretary in the management of the Steens Area and in promoting cooperative management. In addition, the Secretary is charged with consulting with the advisory committee on the preparation and implementation of the management plan for the area. The Steens Mountain Advisory Council has met four times since their first meeting in October of last year. Four additional meetings are scheduled for the remainder of 2002. Issues including recreation, access, education, grazing, wilderness, and firefighting in the Steens have been addressed by the Council this year.

STEENS MOUNTAIN PLANNING EFFORTS

The Steens Act requires that we develop a comprehensive management plan within four years of the passage of the Act to set long-term management direction for the area. In accordance with that planning process, in late February and early March of this year, the BLM held a series of meetings to enlist citizen help in identifying planning issues. The planning area consists of approximately 1.7 million acres of Federal land including the Steens Mountain Cooperative Management and Protection Area. We are working in close collaboration with the Steens Mountain Advisory Council, the Southeast Oregon Resource Advisory Council, other Federal and State agencies, local governments, Tribes, and with the public, to identify future management direction for the entire planning area.

The information that we have gathered at the four scoping meetings, and through written comments, has been used to pinpoint issues and develop planning criteria and alternatives for the management of the area. The public comment period ended on April 15. After the comment period ended, we assessed comments, finalized planning criteria and worked on fine tuning draft alternatives. A document entitled “Summary of the Analysis of the Management Situation” was published this earlier spring to allow further public review of management opportunities. A draft management plan and Environmental Impact Statement (EIS) are expected to be available for a 90-day public review period in the Spring of 2003. The proposed plan and final EIS are then anticipated by Winter 2003/2004.

EXCHANGES AND ACQUISITIONS

Title VI of the Steens Act mandates five land acquisition/exchanges. The Act authorized, and Congress subsequently appropriated, over \$5 million to complete these acquisitions. Those exchanges have been a major focus of BLM's efforts over the last year and the final exchange was completed in early April. In addition, two Land and Water Conservation Fund purchases, involving inholdings within the wilderness, have been completed since passage of the Act.

Twenty-five million dollars for additional land acquisitions and conservation easements is authorized through the Land and Water Conservation Fund by the Steens Act. As we receive appropriations for such acquisitions we will work cooperatively with the Steens Mountain Advisory Council, and local landowners to maximize the use of such monies. We recognize that acquisitions and conservation easements are an important part of successfully implementing the Steens Act, and to that end we

will continue to work with you, Governor Kitzhaber, the entire Congressional delegation, and all interested stakeholders and publics.

ACCESS

Access to wilderness inholdings and private inholdings is governed by Section 112(e) of the Steens Act and by the Wilderness Act of 1964. Both require reasonable and adequate access while minimizing impacts on designated wilderness. We are committed to addressing this issue. Both the Steens Act and the Wilderness Act provide some flexibility for allowing access to private inholdings. Both recognize the importance of providing the access and protecting wilderness values. We are presently investigating access options, and through an open dialogue with the public will provide for an analysis, disclosure of impacts, and discussion of the various options. Two access options currently under consideration are either a cooperative management agreement, or the more traditional permitting process.

The BLM intends to provide reasonable access to inholders in a manner that protects wilderness characteristics. The BLM Burns District is presently preparing the required Environmental Assessment (EA) to address inholding access needs in the Steens Wilderness in conformance with the Steens Act, the Wilderness Act, and BLM's Wilderness Management Regulations.

LIVESTOCK GRAZING PERMITTEES

The Steens Act requires that grazing within wilderness shall be administered in accordance with the Wilderness Act and the guidelines established by Congress in 1990. Those guidelines provide direction and examples of appropriate use of motorized vehicles and motorized equipment where practical alternatives do not exist. They also require that any occasional use of motorized equipment be authorized within the grazing permits for the area involved. The BLM intends to fully comply with this direction, and is preparing an EA to analyze the potential use of motorized vehicles and equipment, and practical alternatives that may exist for this purpose.

RECREATIONAL USE

For as long as people have settled in southeast Oregon, they have used the Steens Mountain area for recreational purposes. Those uses are both individual and commercial. For many of the commercial activities the BLM is required to issue special recreation permits. The BLM Burns District staff have prepared EAs to analyze the impacts of current permitted recreational activities on public land within the Steens Mountain Area and, in particular, the Steens Mountain Wilderness Area. These EAs will identify impacts to resources and uses, while providing for streamlined administrative processes for permitting to be more responsive to our commercial recreation service partners. The National Environmental Policy Act process will analyze all options, current policy and the comments from the public and partners. BLM will work with the Steens Mountain Advisory Council before a final decision is made.

The BLM Burns District is also working with off-highway vehicle users to help them better understand their responsibilities under the Steens Act. Section 112(b)(1) of the Act clearly prohibits the off-road use of motorized or mechanized vehicles on Federal lands, limiting their use to designated roads and trails as determined in the forthcoming management plan.

We are deeply aware of the importance of recreation issues to our local publics. We will continue to work closely with the Steens Mountain Advisory Council and all users, whether recreational or commercial, to find ways to best address their needs in the context of the Steens Act and other applicable laws and regulations.

CONCLUSION

As we continue to move forward on planning and implementation of the Steens Act, I give you my personal assurance that we will continue to involve all the interested parties who live in, recreate on, derive their livelihood from and love Steens Mountain. We have learned much from those who call the Steens home and we will continue to look to them for advice and guidance.

Senator WYDEN. Thank you. Let's just move right down the row to you, Mr. Marlett.

**STATEMENT OF BILL MARLETT, EXECUTIVE DIRECTOR,
OREGON NATURAL DESERT ASSOCIATION, BEND, OR**

Mr. MARLETT. Thank you, Senator Wyden. Welcome to Central Oregon and thanks for the opportunity to speak on implementation of the Steens Mountain Cooperative Management and Protection Act.

The path chosen for Steens was a novel course of action, one that attempts to balance competing interests, accommodate diverse stakeholders and provide for direct citizen involvement with the goal to “conserve, protect and manage the long-term ecological integrity of Steens Mountain for future and present generations.”

While the overarching goal of the Act is clear, the path in reaching our goal will be anything but smooth.

Today, I want to focus on three issues I believe are impeding the progress towards achieving that goal.

The first is that Oregon’s delegation should not try to fix every problem, perceived or otherwise, that manifests as we go through this arduous planning process. By way of example, when we agreed to the Nation’s first “cow-free” wilderness area on Steens Mountain, we did not fully appreciate nor did the bill acknowledge the fact, that it would take several years to achieve cow-free status in the newly-formed wilderness area. And while we could have raised a political fuss, we didn’t. We decided, in the spirit of cooperation, we would let the process run its course.

My point in raising this is to illustrate that whether the issue is access to private lands or ongoing livestock management, people need to exercise patience. Senator Wyden, I know that you and the rest of the delegation did not intend that the Steens Act would solve all the problems on Steens Mountain, which is why you established the Steens Mountain Advisory Committee (SMAC), to assist BLM in preparing a detailed management plan that addresses myriad issues.

The second issue relates directly to the SMAC. Congress gave very explicit direction to BLM to prepare a management plan with the help of the SMAC. The problem I see is the committee is spending too much of its precious time on issues secondary to completing the plan. I believe with the short time left, the SMAC must focus its limited energy in completing the plan, and only when necessary, and as time permits, delve into the interim issues BLM is having to contend with daily.

The third issue, and in my opinion the biggest disappointment of the Steens Act, is the complete absence of promised funding for land acquisition, easements and juniper management. Just within the Steens Mountain Wilderness, there are nearly 5,000 acres of private inholdings that pose a threat to BLM’s ability to manage the land as wilderness. Some of these landowners have expressed a willingness to sell their lands to BLM, but there is no money. I, along with the Steens-Alvord Coalition, firmly agree with Governor Kitzhaber, that potential development of private lands is a primary threat to the undeveloped integrity of the Steens Mountain landscape that people value so highly.

All stakeholders who were party to drafting the Steens legislation agreed that acquiring land and easements from willing sellers would be part of the long-term strategy to achieve the goal of the

Steens Act. Oregon's delegation agreed and Congress authorized \$25 million for land acquisition and \$5 million for juniper management. To date no funds have been appropriated for these purposes. To my dismay, some stakeholders are purposely blocking appropriations. Senator Wyden, the integrity of the Steens process hinges on honoring past commitments to future funding; in short, a deal is a deal.

It is my strong conviction that this funding commitment was as much a part of the consensus agreement we made 2 years ago as the land exchanges, making ranch operations whole and designating wilderness. For myself, this promise of future funding was the critical carrot that convinced many of us to support national legislation over a monument proclamation, which as you know, carries no commitment of Federal dollars.

This is not to suggest there is no active role for Oregon's delegation outside the appropriations process. The Steens Act did not designate approximately 100,000 acres of Wilderness Study Area lands within the management boundary as wilderness. For political reasons, these wilderness designations were left on the table for another day, and it is our understanding that Congress will revisit this issue when appropriate.

Second, Congress may wish to legislate additional land exchanges, as currently being proposed for George Stroemple and others, to consolidate public and private lands, secure new wilderness, or eliminate inholdings. ONDA supports the current batch of land exchanges. As you know, during the course of the original discussions on the Steens Act, several important land exchanges, including the Scharff and Hammond exchanges, were dropped for lack of time to reach consensus. To the extent such land exchanges meet the objectives of the Act, in particular where Congress is creating new wilderness, some, but not all in the conservation community will support Congressional action on this front to expedite the process. Of course, we must be vigilant to balance any legislated exchange absent NEPA to ensure that the public's interest is protected.

Which is not to say that we didn't make mistakes two years ago. The fact that we are now proposing boundary adjustments as part of new legislation for Steens suggests otherwise.

But Congress should not prematurely involve itself in management issues, in particular policy matters related to the Wilderness Act that have not been fully debated and discussed. The BLM has rules and regulations along with the public involvement in the process that should be given a chance to work.

In short, Senator Wyden, Congress should not attempt to fix problems with implementation of the Steens Act that may be more perception than reality. Congressional fixes may be necessary, but should be actions of the last resort. Legislative tinkering at this juncture sends a message that the Steens model is flawed. I believe it would be unwise for us to send that message. In short, let the SMAC and BLM carry out their representative duties.

If the Oregon delegation wants the Steens model to be successful, I suggest we limit legislative action to discreet matters that have consensus, ask BLM if they have the staff and resources to thor-

oughly develop a solid management plan, and give the SMAC the support they need to assist BLM in developing that plan.

In conclusion, we should stay the course, not meddle in BLM and permitting protocol, let the SMAC focus on getting a plan on the streets, and appropriate the critical dollars we were promised 18 months ago for juniper management and land and easement acquisition.

Senator Wyden, thank you again for your time and interest on this important issue. And while we don't see eye to eye, I would like to compliment BLM District Manager Tom Dyer, Area Manager, Miles Brown, along with Burns District BLM staff, who I think are doing a great job on a difficult task. Thanks.

Senator WYDEN. Let's welcome now Fred Otley, who ranches near Diamond. And we're really pleased to have you here with us, Fred. You and the other ranchers have been so helpful, not just on this but on a variety of issues. As you know, the old 3rd Congressional District that I represented for 15 years in the House, there's really not a lot of cattle ranches or national forests there in northeast Portland, but you all made a very, very significant effort to reach out to me and help on these ranching issues and I'm very appreciative of that. Please proceed with your testimony.

STATEMENT OF FRED OTLEY, RANCHER, DIAMOND, OR

Mr. OTLEY. Thank you very much, Senator, and thank you for your help in the past, complaint trips and whatnot that helped get to the center core of certain issues.

The Steens Mountain Cooperative Management and Protection Act is indeed a precedent setting act in a number of ways. It creates a new type of special designation. One that emphasizes and even promotes current and historical uses.

The first purposes of the Act was to maintain the cultural, economic, ecological and social health of the Steens Mountain Area. I think that's fundamental to your whole hearing today, and I think it's fundamental to why the legislation was created in the first place.

For instance, the purposes to promote viable and sustainable grazing, recreational operations on public and private land; to conserve, protect and manage for healthy watersheds and the long-term ecological integrity of the Steens Mountain, these are balanced purposes. They are not one-sided. They recognize the need for long-term sustainability in terms of both the economy and the biology and ecological needs of the area.

Other purposes emphasize cooperative management, in addition to the title Cooperative Management and Protection Act and all the five objectives of the cooperative management area. How many designations can you come up with that have cooperative management in the title and in eight of the purposes setting up the designations?

The cooperative management protection area is indeed inclusive also of other special designations that are within the cooperative management protection area. Wilderness, four or five wild and scenic rivers, the wild lands juniper management area, and a number of ACC research natural areas and a whole host of special designations. And it is indeed going to be a challenge to pin all these to-

gether, because they are under the umbrella of the purposes and the objectives I've stated.

The critical elements, I think, that needs to be kept in front of us is promoting uses that are sustainable, puts people in the process, both in terms of the landowners that are there and the public that's such a strong part of the mountain. And I think there's a couple litmus tests that are vital to look at. One is indeed the Steens Mountain Running Camp that has operated for 27 years. And most people don't even know it exists there.

A hundred fifty runners run throughout what is now the wilderness area a few times a week, and they have specific routes for safety and other considerations, and nobody even knows they exist. Most people are still asleep in their camp when 150 runners go by and they don't even know they were there. It's a very, very special part of the mountain.

There's seven other recreational permits, commercial. And I don't think in terms of non-commercial and commercial, because both non-commercial and commercial are part of the mountain. Public use is part of the mountain. But there are eight total commercial recreational permits on the mountain, and they were basically without being specifically grandfathered in, they were fundamental to the sustainable recreation and grazing businesses, as were the grazing permits that exist up there that remain.

So I think BLM erred in terms, and I don't know why their starting point was where it was. It had to be at a higher level, the State office or Washington, D.C., to my way of thinking. Because they started by taking the assumption that because we created a wilderness, that we had to put these historical uses under great scrutiny on an interim basis. That is inconsistent with the Act.

The assumption should have been that the starting point is what is there, what is existing that isn't specifically altered by the Steens Mountain Act. Let me give you one example. I'm sure my 5 minutes is about up. But the direct effect of the running camp that they immediately—well, all the recreational permits, they were up in the air whether they would have a permit the first year it was established. And thanks to Tom Dyer and Miles Brown some of this has been resolved, but it's why we're sort of at an impasse on certain issues.

They assumed that those permits had to be changed and they were under scrutiny. They never received their permit until after they were slated to start their activities. The running camp runners, the first two bus loads, were there before Harlan Moriarty got his permit. Now Harlan Moriarty, 80 percent of his purpose is environmental education and appreciation for Steens Mountain and the way he operates his camp. He just loves that camp.

All the recreational permit holders received that delayed permit, and I worry about it again this year. They are a part of the new wilderness management from my standpoint. They all operate to a certain degree inside the wilderness boundary and they should be used cooperatively to help educate the public and to help find a better way of managing public use when there is a conflict. When there is activities that might impair some resources. But that ought to be the trigger when there's damage occurring or obviously uses that will suggest damage if the activity continues in that man-

ner. That's called monitoring and that's central to the Steens Mountain. In existing situations that's what we do, we try to monitor and avoid problems, not monitor, you know, after the fact. So, again, I appreciate everybody's effort up to this point. I am afraid that there might be legislative fixes necessary because of the starting point way over here.

We have certain outside groups that are trying to challenge these fundamental things that should be just ingrained as part of the implementation of the Steens Mountain Act, and that's where I think we've sort of got off the track here. And there are things as far as access to inholdings that I think for full use and enjoyment should be reestablished, because the interpretation of reasonable means you get a permit. I don't think a permit to go to your property inside the boundary, I don't think that's consistent with what we were talking about.

There is room in terms of cooperative management agreements and other components of the Act that existing uses of management can continue. And we don't need to assume things are wrong. We need to monitor and make sure that they don't go wrong. Thank you.

Senator WYDEN. Fred, thanks very much and I particularly appreciate your mentioning the running camp, the Steens Mountain Running Camp. Senator Smith and I in fact have been so concerned about this particular point, because it really goes right to the heart of the philosophy of whether we're going to continue so much of what already goes on in the Steens that works. And the congressional delegation wanted to make sure that those historic operations were preserved, so Senator Smith and I actually put into the *Congressional Record* a fairly lengthy exchange called a colloquy, which is kind of Washington lingo of a description, that lays out that the congressional intent was exactly as you have described it, to ensure that these running operations, which by the way are on private land, are not harmed by a group of people who are from out of State.

I can tell you our delegation is not being flooded by people from the State of Oregon saying that, you know, we have got to change the running camp or western civilization is going down the tubes.

Mr. OTLEY. Your letter early on really helped get that issue back on track, because there was a number of conditions and requirements coming forth at one point that, well, we're still nervous that they're going to be able to operate in the long term.

Senator WYDEN. I got the drift and as chairman of this subcommittee with jurisdiction over public lands and forestry, we're going to carry out what the law intended, which is to protect that running camp and ensure that those opportunities for young runners are still there.

Let's start with you, Mr. Wassinger. Why did it take so long to get the advisory committee appointment? I gather it took pretty much a year, and what was the reason it took so long to get that going?

Mr. WASSINGER. The nomination process and the review process were quite complex. The first Advisory Council of its type, while it's similar to a Resource Advisory Committee, it was the first specific

committee of its type, and I think it just took a while to get that process in place.

Senator WYDEN. Well, I asked mostly because I think what has concerned people is that this has been so important we would just like it to reflect the sense of urgency that the people of Oregon and all of the stakeholders feel, and if it takes a year just to get everybody appointed, you can understand why there is a fair amount of concern.

Let me ask you, if I could, representing BLM fire management, we've been told that BLM current procedures require BLM to obtain permission from the State office in Portland before they can authorize fire fighting measures in Steens Mountain Wilderness. If that's correct, tell me why that's the case and sort of how you deal in emergency situations?

Mr. WASSINGER. Senator, I'm not familiar with that requirement. I don't know the answer to that, but I can get you an answer to that.

Mr. DYER. Usually any type of a fire situation in the wilderness requires some checks and balances. We do have the authority to make the determination on how we go in there and suppress the fire, but it will be made using not only the district personnel there, but also other folks that have a lot of experience working with fire suppression in wilderness.

Senator WYDEN. So what happens if there's an emergency? What if there is an emergency on a weekend morning or a holiday, is it not possible for local people to move in those kinds of situations?

Mr. DYER. Yes.

Senator WYDEN. They can?

Mr. WASSINGER. There are procedures and we do have 24-hour-a-day coverage in our fire fighting programs. So there is provision for in emergency situations to not only allow the district to act, but to allow that interchange to happen at any time.

Senator WYDEN. Good. That's important and I think it's important to make that clear. With respect to livestock grazing in the Steens, as you all know a key part of our ability to reach an agreement on the expanded Steens program was because of our decision to adopt the long-standing guidelines on grazing in the wilderness.

Those guidelines established very straightforward principles that wilderness status not affect grazing, usual methods of access, including the use of motorized equipment should be allowed where necessary and reasonable. So it was our understanding as a delegation that very little would change on this key issue with respect to grazing management as a consequence of the wilderness designation. Is that the understanding of this group of witnesses?

Mr. WASSINGER. I can speak to that, Senator. Motorized use within the wilderness area was specifically addressed in this legislation, that motorized use under the guidelines prescribed by Congress was acceptable. Those guidelines require that we determine whether or not the motorized use is appropriate and reasonable for the uses that are being proposed. That's what we're in the process of analyzing right now. Not if they have the right to these uses, but how these uses might be applied.

Senator WYDEN. What does that mean to people out in the real world?

Mr. WASSINGER. Well, it means that there may be a more appropriate way to deal with maintenance of the facilities that would be more appropriate for the wilderness itself and at the same time still get the job done.

Senator WYDEN. What would that be?

Mr. WASSINGER. It just could be a different kind of motorized use or a different type of use. It may not require motorized use. There could be other options and that's what the burn district is assessing right now. Not if they have the right to those issues, but how those uses are applied.

Senator WYDEN. I'd like everybody on the panel to weigh in on this point, not just the question of motorized use, but the overall question of the intent of Congress.

Mr. GRASTY. Well, I have to admit I'm kind of lost on what to add to this. The comments that Mr. Wassinger was making, I guess my concern around those is they require a change in management style, if you would, of the landowners or grazers up there, if you would, even to the point that I'm hearing I know we were talking about having to hand pack rocks in, but not being able to pick up rocks that are in the neighborhood because they're in the wilderness. Or having to move rocks from outside the wilderness into the wilderness if they were going to build a rock chair, and those kinds of things. And that level of change in operation creates quite a bit of concern to me.

Senator WYDEN. Mr. Wassinger, do you want to make sure people don't walk out of here thinking that's what the BLM is going to do?

Mr. WASSINGER. Why don't I let Tom Dyer speak to the kinds of things that are being considered in the Environmental Analysis right now, or Miles Brown. They are both involved.

Mr. DYER. We're going through the Environmental Analysis right now. What Chuck mentioned as far as the access and the work on it, that's not the question. The question is how? We are talking about reasonable and practical. That's what's in the legislation. It's also in the Wilderness Act of 1964. And we really need to identify what that means, as far as the idea of other methods that maybe the number of trips that they have normally gone in on have been a very few. Does it necessarily need to be a four-wheel drive rig versus a four-wheeler or an ATV?

So right now we are working with the stakeholders in this process to try to make a determination in the analysis to help us make the best decision we possibly can, Miles, do you have anything you want to add?

Miles Brown is the BLM field manager for the natural resource area and the manager right over the Steens area, and staff is working directly with the landowners and their range permits.

Senator WYDEN. To the extent that you can give people some concrete impressions about how you're going about this, I think that would be helpful, because obviously there's a lot of concern. Steve's reflecting it. I think it would be helpful.

Mr. DYER. The main thing is yes, they have access. Yes, they can work on their projects right now. What we're analyzing is the how. How many? Are there other opportunities to help? What might be

the best way to address that? What has the least impact on the Steens Act, the new direction?

Mr. BROWN. I think part of the issue is getting to the bottom line, and that is Appendix A referenced by the Steens Act talks about placing those uses within wilderness, the mechanized motorized uses within the wilderness, in the grazing permit. And when we place something in the grazing permit, it's a discretionary action and that requires a decision that subsequently requires use of the National Environmental Policy Act—which is an Environmental Assessment.

The bottom line is if we don't do that we'll likely be challenged. If we don't do that we'll likely lose, and if the BLM loses, the grazing permittees lose. So the primary reason why we're going through the process is to protect those uses.

Senator WYDEN. Okay. I want to hear from Mr. Marlett and Mr. Otley on that point, grazing.

Mr. MARLETT. During the course of the negotiations on the bill, you know, when you're sitting around a kitchen table chatting about whether grazing will be permitted or not, the general understanding was that grazing would continue in the wilderness area. That was a fundamental understanding between all the stakeholders.

We believed that grazing would continue consistent with the guidelines that Congress had so carefully crafted in the years past dealing with ongoing grazing management in designated wilderness. To the extent that it would be grandfathered exactly as it was in the past, I don't think that point ever came up clearly or the question was never asked, you know, Can we do exactly what we did in the past in the same manner and degree? That notion was never on the table.

It was assumed that grazing would continue and under the cooperative nature of the bill that the permittees would cooperate with BLM in adjusting where necessary their operations to be consistent with the Wilderness Act, recognizing that that use would continue.

Senator WYDEN. Fred, anything to add?

Mr. OTLEY. Yes. The issue did come up, though, concerning motorized uses in terms of maintenance of facilities and other management activities, like placing salt and those types of things. Because we don't like to go out there and spend 20 days to do one day's job for a number of reasons. One, we don't have the time. Two, it costs money.

And if you place restrictions on the ability to get up there with a motorized vehicle, we no longer can sustain our operations as they have been in the past and we cannot properly maintain certain facilities, like water reservoirs, small water catchments, that are absolutely necessary to properly manage the watershed and properly manage our grazing.

So the interim challenges, and I understand Miles's comments on having to go through NEPA, but basically the existing management activities should be continued and a process set up so that we would determine, you know, if there was uses that may have alternatives that nobody's considered.

For instance, a four-wheel drive pickup on a muddy road compared to a four-wheeler. If the pickup was necessary, you could still

get out of the muddy period. That's called cooperation, and that's called ongoing cooperation that we've had with the Agency in the past. I mean we private landowners close certain roads when they get to the point of where using them will cause problems with the road. That only makes sense because it costs money to fix up those roads. It's very expensive and that requires additional mechanized equipment.

So right now people assume they can go up there and do the day-by-day, which isn't very often. It's salt earlier in the year. Most of the motorized activities are prior to the public use ever going up in those areas. So the best way would have been to not—The Agency clearly in the guidelines may allow those uses to continue, and to put them up for scrutiny under NEPA. It should have been said that these activities will continue and major changes in those activities, i.e., repair of roads, maintenance of roads so we can get into the wilderness area, should have been the issue under scrutiny of NEPA, not whether we are going to go up there on horseback or not.

Senator WYDEN. I think the reason that this is important is you take the piece of legislation which says that current operations are going to continue. They're going to be respected. That the current guidelines are going to be respected. And then you get into all these questions of how the Act is being implemented and I think there is a concern, you know, by some that, Well, somebody may hijack this in terms of implementation, taking it a different direction than Congress intended.

And let me wrap up this line of questioning just by asking the BLM folks, on this implementation on the grazing issue, what is your plan to reach out to all of the stakeholders so that people really feel as you get into the nuts and bolts of implementation on the key issue, that everybody is being listened to and you don't have a situation where somebody can just kind of run off and take the Act in a different direction than Congress intended?

Mr. WASSINGER. I'll speak to it generally and I'll let Tom speak to it on a more specific basis. But on all of the implementation issues, Senator, of this complex Act, our intent is to involve everyone who has a stake in the issues that are being addressed. We're working directly with those grazing permittees.

On the other issues, on the special recreation permits, on the access to inholders, our guidance to the Burns District is exactly the same. We want you to consult and cooperate and involve and engage and participate practically with both the Steens Mountain Advisory Committee and all of those individuals that are affected directly or indirectly in these issues.

Senator WYDEN. Well, let's move on, but I just want it understood that I want you to keep our subcommittee fully abreast of the issues relating to implementation generally, but particularly on this point which is generating so much concern. I'll leave it at that, but we want you to keep us abreast.

To move on, Mr. Marlett, on the land use issues and the land use plan, obviously here again there is a question to really make the kind of progress people need, we've got to get all the stakeholders together on, I assume if it comes to it, Senator Smith and Congressman Walden and I can go lock the SMAC in a room with the

BLM and just have everybody sit there until it gets done. And obviously that's not exactly the ideal way in which you go forward with legislation, but what are your thoughts in terms of getting everybody together, the stakeholders, on the land use plan issue to get this done.

Mr. MARLETT. I think that with respect to the plan itself, the SMAC just needs to refocus its energy away from the kind of day-to-day decisions that BLM is making with respect to grazing management in the interim and special recreation permits, and focus exclusively on the plan itself and developing the necessary alternatives that are required under NEPA, so that the plan gets out in a timely fashion and has enough thought and consideration that goes into it such that, you know, we've got something at the end of this process, you know, that has meaning and will give people something to think about.

I think it's just a simple question of and this is the SMAC itself has wrestled with this issue where do they put their time and energy? And I think that they're realizing now that in spite of the fact they've had four meetings, that it is a time intensive process and these, I won't call them minor issues, but they are interim issues for lack of a better word, are just sucking up their time and energy, and they only have so much to give, so they just need to refocus.

Senator WYDEN. Steve, it seems to me you make an important point about getting into new challenges and, you know, new issues before you clear the decks in terms of the old ones, and obviously just in terms of any new ones. There is a lot of homework somebody has to do before they can do many of those land exchanges, you know, and others that clearly have to be given an opportunity to get into those first. But we can come close to wrapping this up maybe with another question or two in this area. But highlight for us what you think the major outstanding issues are now. What are the most important things that have to occur?

Mr. GRASTY. Well, I guess specifically the inholding issues, access for the inholds. Personally I like the cooperative agreements rather than permitting. I think they're somewhat longer lasting. As Mr. Wassinger said earlier, they also don't come with a fee attached to them.

I think on the specific one, that's probably the easiest one to get and most important to the guys that live on the mountain, the people that live in Harney County. Broadly I'm worried that the committee, as Bill said, is focused where it needs to go, but doesn't lose sight of all these little issues have got to be talked about. If you go around them, we're going to end up with what we may have done in the legislation of moving so quickly that there isn't enough thought put into it to end up with a good plan.

Senator WYDEN. I think that's a good one to quit on. I want to give each of you a chance to have a last word and offer anything before we wrap up. But I think Steve's point is important. A number of these issues probably can be considered small in terms of if you just look at them in a discreet sort of way, just one. But cumulatively they go right to the heart of our ability to hold this coalition, you know, together. And that's what's critical, you know, here.

I had lunch last Thursday with Senator Smith and Congressman Walden, and we all talked at length about how important it is to keep this coalition together. We have a piece of legislation that by any calculation was unique with protection for existing uses on the grazing side. The first cow-free wilderness area. Something that environmental groups had sought for quite some time.

And so the stakes are really important here, and I can see the good will of this table, but it's going to be important that all sides really make a Herculean effort to reach out and to make sure that as implementation goes forward, everybody feels they have had a chance to work through all these questions to keep this coalition together.

And let me give you all a chance to have a last word and then we'll excuse you. Let's start at the other end. Fred, you can start and go right down the line. Anything you'd like to add further before we wrap up?

Mr. OTLEY. Yes. Just tell everybody that a lot of the things that have been going on in implementation of the Act has been done smoothly, but the ones—I'll disagree with Bill a little bit here—are the test on whether it's going to work on an interim basis when you get these major upheavals that threaten the businesses that depend on the mountain. The businesses and the people who come there for family outings.

I mean a person that comes from New York to visit their twenty acres, and there's lots of inholdings on the mountain, and they find out that they're arrested by a law enforcement officer for visiting their land. That doesn't make any sense. The other issue, well, like one of the ones that's worked really good is the juniper activities. The juniper fire management activities that Bill and I together have come to greater agreement on than we have in the past, are progressing and the mountain isn't at a standstill. So a lot of things are working.

The one that I wanted to get to also did have to do with economics. Economic incentives are a big part of the legislation. Four things in addition to land acquisition, which everybody automatically said that one, there's three other uses of the Land and Water Conservation money. And that is conservation easements, non-development easements to protect against the major resort developments that we all think are inconsistent and not really appropriate on the mountain necessarily, or at least we'd like to have them guided into the right spot if we're going to have that type of development, but also cooperative agreements are authorized through incentives to manage like for the ecological integrity of the mountain: juniper projects, prescribed fire where everybody gets together and shares their expertise and efforts and resources.

And relative to those moneys Bill mentioned funding, and the earlier agreement was that half needed to be put forward in terms of nondevelopment easements, conservation easements, cooperative agreements relative to the other half being available for certain key land purchases inside the wilderness that are high profile or high priority. And I do believe that a certain level of funding is needed right now to implement it.

It is hard when some of these things like access to inholdings starts blowing up or whether the running camp or other rec-

reational permits are going to operate. Those things shake everybody up and it shakes the local support at the community level, and I think that's critical to success.

Senator WYDEN. Bill, the last word.

Mr. MARLETT. Well, I've got three things that I saw as impediments, and that shouldn't, I guess, mask the fact that there has been significant progress made. You know, we got the implementation of EA done last year. Much of the same discussion going on now was happening last year over that.

We thought perhaps we were going to have to go through some congressional fix to let that pass forward. You know, the land exchanges are done. So there has been a lot of progress and I think it's prudent for us to keep in mind the big picture, and as I pointed out earlier, it's not going to be easy. People are going to get upset, but we just need to work through it and kind of keep our eyes glued to the final outcome.

Mr. WASSINGER. I think I'd like to close on the plan itself, the planning process, which is critical to the long-term implementation and success of this Act. That planning process, we completed the scoping in April, however I want to make it very clear to you, Senator, that we want to continuously involve the public, all publics, in that process throughout the plan development and finalization, including very importantly the Steens Mountain Advisory Committee.

We are pushing that process as fast as we feel we can push it and still be inclusive of all of the concerns and issues that people need to bring forward and feel comfortable with whatever that plan ends up looking like.

Senator WYDEN. Steve.

Mr. GRASTY. I'll make two quick points. One is just sitting at this table shows the issue around the different meanings one word has for people. And the word historic may be a classic here. The community of the snowmobilers think that their use was historic. The ranchers see the way they manage their grazing allotments as historic. The environmental community sees it as something else.

It's important that we do what we can to get a good understanding around those individual words that slow us up, and I suspect the bureaucracy within the BLM will change it to yet something else.

And then the final point I'd make is that it's important in this implementation for your help to help us with an issue that is tied certainly to this, and that's to have a sister Federal agency make a run on water rights that takes about 120 percent of the water that ever came off the mountain at one time, would take it all, complicates this issue and ruins the level of trust locally, and that's the refuge system. And, boy, if they'd back off a little bit, I think we could keep the level of trust up a little bit higher in getting this plan in place.

Senator WYDEN. Very good. We'll adjourn you and thank you for your help. The next panel is Sally Collins, Associate Chief, Forest Service, accompanied by Leslie Welden, Forest Supervisor for the Deschutes Forest; Nancy Graybeal, Deputy Regional Forester, Region 6; Jeff Blackwood, Forest Supervisor, Umatilla Forest; Rick Brown, senior resource manager, Defenders of Wildlife; John Mor-

gan, resource manager of Ochoco Lumber; and the Honorable Ted Ferrioli, State Senator for central and eastern Oregon.

We're going to have to have quiet in the hall so the panel can begin. Let us begin with you, Ms. Collins. Welcome and thank you for your patience.

I note you have a fine assemblage with you from the various Forest Service offices, and as a former supervisor from Bend you know the area well and just please proceed with your testimony. If you've prepared remarks for the record they will be included and if you can highlight your major concerns in 5 minutes or so that would be great.

STATEMENT OF SALLY COLLINS, ASSOCIATE CHIEF, FOREST SERVICE, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JEFF BLACKWOOD, FOREST SUPERVISOR, UMATILLA NATIONAL FOREST; LESLIE WELDEN, FOREST SUPERVISOR, DESCHUTES NATIONAL FOREST; AND NANCY GRAYBEAL, DEPUTY REGIONAL FORESTER, REGION 6

Ms. COLLINS. Good morning, everybody. It's a pleasure to be here today as always in Central Oregon. Lots of family, friends and—

Senator WYDEN. Folks, we have an awful lot of discussion there in the back and it's not going to be possible to hear the witnesses.

Ms. COLLINS. Actually, let me ask them because I was in the back row. Can you all hear me? Okay. It's not cutting out? Raise your hand if it's cutting out. It kind of hard to hear.

As the Senator said, we have some folks behind me that can answer some specific questions about Oregon and people that I've worked with, Leslie and Jeff Blackwood and Nancy Graybeal, for many years, and I admire and respect and they'll be here to answer any questions that come up specific to Oregon that I can't answer.

So we look forward to assessing these issues about environmental health on the east side of Oregon together. I've summarized my testimony, so let me just make a few points. In the 13 years that I lived in Oregon, on the east side of Oregon, our communities experienced unprecedented change. The population doubled in central Oregon. Our economy shifted. New problems and opportunities emerged.

Collectively, taxing, growth issues, youth at risk, education, expansion, transportation crises and changes in our natural resource economic base. For communities further to the east, the traumas and the economic shift have even been more traumatic. All of these communities, I mean I can't think of one, have rallied to adapt, to diversify and to work to maintain the kind of quality of life that makes people want to live and work here.

And while the story is different in every community, it is true that all communities on the east side of Oregon have experienced great change. We have strong communities here in Oregon and we are willing to work for the changes, but it isn't easy and it hasn't been easy, and we want and need to figure out ways to help. So what I'd like to talk about today is to summarize briefly the forest health situation as we see it in eastern Oregon and then move on to what I believe are some areas of substantial agreement around which I think many of the interests can come together on.

And I really do believe this and I believed for many years when I lived here in central Oregon that the forest health situation and forest ecosystem health concerns provides one of the best opportunities to bring people together and to really collectively problem solve, to move beyond polarized positions and beyond political rhetoric and really get some work done.

I think the opportunities are there and we have a community interested and focused on delivering on that. As most of you know, the catastrophic fires of the last several years have highlighted this problem that's been developing for decades. The growing susceptibility of many Western forests to insect, disease and catastrophic fire. And I don't need to say to all of you that this problem is very much related to a century of fire suppression, and it's going to take a lot to solve this problem and we are not going to be able to do it overnight.

We are looking at, even under an active restoration approach, using the most optimistic assumptions, these forests with large widely spaced Ponderosa pine and Doug firs could at best be increased to about two-thirds of their historic abundance over the next century, just because it takes that long to grow trees and create that kind of structure.

The most significant issue facing national forest management in eastern Oregon over the next two decades is going to be the problem of fuel build-up and declining forest health and their subsequent ecosystem effects on diversity and sustainability. Senator Wyden, it's really appropriate that you came to Oregon to have this kind of hearing because of a couple of things. We have a long history of problem solving in a collaborative way here.

I think about a decade ago, 15 years ago when we started working on Newbury Monument, we started working on the Metolius while we were working on this project that involved 17,000 acres. Now we started working on that a decade ago and started building a base of support and understanding for many, many years. Applegate Partnership, the Eastside Citizens' Panel has been very effective. We've been working together on many issues and, again, I think this is a great place to be talking about what we can do together.

Some of the examples, and some of the others I'm not going to touch too much on, are the Blue Mountain Demonstration Project. Again, it got kind of off to a rough start. Seemed like not enough was happening fast enough, but we're now seeing some great progress there. And I think there's a brochure in the back of the room that talks about some of the accomplishments.

The Lakeview Sustainability Initiative, great work. And just many other examples. The use of the Wyden Amendment pretty extensively as well as the County Payments Legislation has resulted in about \$13 or \$14 million coming back to seven different counties for their RACs for lots of good restoration work. Those RACs are going to be and they have been so far very successful.

Now, many of you have been reading about and hearing our chief, Dale Bosworth, talk about his frustration over analysis paralysis. How long it takes us to get through a process of project planning as well as planning for forest plans. We are looking at a number of ways to tackle that problem and we've got sessions ongoing

at the national level with U.S. Fish and Wildlife Service and the Council of Environmental Quality, and our agency partners as it relates to the National Fire Plan, as well as—well, let's just basically say all of our work, and we believe we've got an environment now where we're going to have some productive discussions and we're encouraged by that.

We are also doing a lot internally, and I think this Region 6 in Oregon and Washington has done quite a lot to try to make the National Fire Plan in particular much more effective through its expedited ESA consultation processes as well as some expedited eco process. So people are working on that and I think coming up with some really good ideas.

So again we are looking at ways that we can cut through a lot of the analysis that we have been having to—what's really happened on that front is that over the years, we've accumulated a lot of process. We've had the National Environmental Policy Act for about 30 years now, and we are really looking at how a series of court case decisions over the last couple of decades have required much more than is actually necessary to accomplish the work on the ground. So we're working with them to see where we might be able to make some modifications.

And as I said, I want to conclude but I think this issue of forest health offers a lot of opportunities to come together. I'll be interested to see what you all think about what I think our areas of consensus are, but let me just name a few because I think we do have broad agreement on some concepts. Let's talk about these.

First, the forests are out of balance and need to be treated through a variety of tools to bring them back to a condition that's sustainable and resilient. Second, that we agree that ecosystem health is a key goal of providing for sustainable ecosystem dynamics. Third, that fuels reduction is critical to the health and safety of the communities and the safety of fire fighters fighting those fires, and that without fuels reduction activities our fires will burn hotter, they will cost more and will do more ecological damage than they would if the forests were in balance.

We agree, I think, that fuels reduction activities that can help us begin as wild fires, and we've seen example after example right here in central Oregon of that. We also agree that accountability is essential. It's been one of the hallmarks of what Dale Bosworth is talking about. We need to be able to deliver on our commitments, do what we say we're going to do and be fiscally accountable in every way. And we also know and agree that monitoring is essential to know that the work that we're accomplishing is getting done and having the effects that we want it to have.

We also agree that sound research is essential to guide our efforts in all of that. We agree that the commercial value of products can and should be captured and utilized to help sustain communities, rural communities, and to help sustain mill capacity. I think we agree that alternative products made of small diameter material offer potential for economic diversification in the wood products industry, and we are doing quite a lot on that front, and I'll be happy to talk about that some more.

We also agree, I think, that biomass can play an important role in the thinning of forests and supporting an alternative renewable

resource. And finally, I think that we agree that we need to get some creative ideas out there on the table like stewardship contracting, which offer new ways for people to come together on the land and talk about what needs to happen in their watersheds. Many of the concepts included in stewardship contracting we have consensus on.

I think we are challenged by and we have some areas of disagreement that we need to spend some time talking about and those are how fast do we go and how much do we treat where and first? I think we're also challenged by how certain we can be of a continuous supply of whatever that product is that we are trying to provide, whether it's small diameter material or biomass or any other alternative use that we might find for this material.

And finally I think we're challenged by how we work together. Are we going to find a way to work together so that we're not polarized, but that we find ways and maybe it hundreds of ways that we can collaborate that requires all sides to come together and talk, that we build solid working relationships together so that we can begin making action a reality.

Senator Wyden, I really want to say thank you for having this hearing and inviting me and holding it in Oregon and in eastern Oregon and highlighting the issues that we have here. And if it's okay with you, would it be all right for me to just ask if anyone behind me has any comments to make?

Senator WYDEN. Sure.

[The prepared statement of Ms. Collins follows:]

PREPARED STATEMENT OF SALLY COLLINS, ASSOCIATE CHIEF, FOREST SERVICE,
DEPARTMENT OF AGRICULTURE

Mr. Chairman, thank you for the opportunity to be back here in Redmond today to discuss forest health issues of eastside Cascades ecosystems. I am Sally Collins, Associate Chief, USDA Forest Service. I have with me today, Deputy Regional Forester, Nancy Graybeal and Deschutes National Forests Supervisor, Leslie Weldon.

I will talk about three perspectives today:

1. The current forest health situation.
2. The important connection of local communities to resource solutions.
3. Complex legal and policy concerns associated with forest health project planning and implementation. Forest Health in Eastern Oregon.

FOREST HEALTH IN EASTERN OREGON

A number of studies have been made which demonstrate the profound ecological changes that have occurred in Western forest landscapes. These studies record dramatic increases in the understory density and decreases or complete elimination of both the aspen component and the herbaceous understory in conifer stands. In addition, grasslands have become woodlands and open woodlands have become dense forests. Events of the last several years have spotlighted the results of these changes that have been building for decades—the growing susceptibility of many Western forest areas to insects, disease, and catastrophic wildfire. Ironically, the cause of these problems is a century of reduced presence of fire in these ecosystems. And, it will take time to address these issues. Under an active restoration approach, using the most optimistic assumptions, forests with large, widely spaced ponderosa pines and Douglas-firs could at best be increased to about two-thirds of their historical abundance over the next century.

The twin problems of fuel build ups and declining forest health, and their effect on ecosystem diversity and sustainability, are likely to be the single most significant environmental challenge facing National Forest managers in Eastern Oregon over the next two decades. The challenge will be great physically and biologically because such problems are extensive on federal forest lands.

It will also require the Forest Service and the forest conservation community to come to grips with the issue of whether and how humans should intervene in natu-

ral forest ecosystems. Land management agencies are faced with the challenge of restoring forests to healthy conditions, and assuring species conservation while producing a sustainable flow of resources.

Studies over the last decade, such as the Interior Columbia Basin Science Assessment, characterize much of eastern Oregon as an area of low ecological health. These studies looked at factors such as current conditions of hydrologic functions, wildlife and fisheries habitats and vegetation. Natural disturbances occurring in landscapes that are not functioning within historic parameters can be more intense and larger in scale than occurred in the past. Such ecologic factors, coupled with low economic and social resiliency of rural communities, set the stage for ongoing partnership efforts currently underway.

COLLABORATION IN FOREST HEALTH EFFORTS

How do we propose to proceed with this apparently massive undertaking? The federal government cannot do it alone. There are several important collaborative efforts between the responsible federal agencies with each other and with the people and communities of eastern Oregon that address forest health problems east of the Cascades. Let me highlight some examples:

- Blue Mountain Demonstration Area (BMDA)—A series of projects on both private and public lands that include 26 projects on private lands. Grants of over \$800,000 are already allocated through the Watershed Restoration and Enhancement Agreement Authority. Expected outcomes from these projects include 800 acres of thinning and forest fuels reduction, 3535 acres of noxious weed treatment, 163 acres of wetlands restoration, four miles of stream restoration and five miles of road restoration. BMDA accomplishments in 2001 include 61 million board feet (MMBF) offered in timber sales on national forest lands, 132 miles of stream restoration, 18,250 acres of noxious weed eradication and over 6,000 acres of fuels reduction. An Eastside Forest Citizen Advisory Panel worked with the agency to establish performance standards to measure efficiency and increase accountability. The current cooperative relationship between the panel and the Federal agencies has helped overcome early serious barriers. We support the continuance and expansion of this partnership.
- The Chewaucan Project in Lake County, treats both private and public lands, improving stream channel flows, eradicating encroaching juniper, enhancing aspen stands, and reducing fuel loads with thinning and prescribed fire. This project is another example of working across land ownership boundaries through authorities established under the Wyden amendment.
- The Lakeview Federal Sustained Yield Unit—The community of Lakeview, Oregon and the Fremont National Forest reworked a policy established under the Sustained Yield Forest Management Act of 1944 to promote economic stability of forest communities. The current policy provides small diameter timber from national forest lands to sawmills in the community of Lakeview. The overriding management emphasis within the unit lands is ecosystem restoration and maintenance.
- La Pine, Oregon residents have received grants awarded through the National Fire Plan. Seven families pruned and thinned trees around their homes and installed metal and composition roofs. Later, when the 146-acre La Pine wildfire broke out, firefighters were able to use these seven properties as an anchor to stop the fire from spreading.
- The Secure Rural Schools and Community Self Determination Act of 2000 (PL 106-393) has brought \$13,696,607 Title II dollars to seven Resource advisory Committees (RACS) in Oregon. A recent Regional Office award of a Title II RAC project was to the Lake County Resources Initiative for \$132,490 to conduct monitoring of these ongoing treatments.
- The Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment: The Ten Year Strategy-Implementation Plan signed just last week in Boise, Idaho will ultimately result in many projects to reduce fuels and improve forest health throughout Oregon. Governor Kitzhaber and his office were highly visible in leading the coordination between the Western states and federal agencies.

LEGAL AND POLICY CONCERNS

Many factors contribute to agency challenges to efficient management to improve forest health in eastern Oregon. Certainly project planning and the application of environmental laws and regulations and policies are critical. Other complications involve increasing analysis requirements brought about by case law and in some instances new agency policies; new and sometimes conflicting science; and new species

listings under ESA that ultimately require a higher level of analysis to assure species conservation. As analysis requirements have grown, the agency is suffering from a drain of NEPA analysis skills. To address these concerns, the agency is currently exploring or taking a number of actions. For example:

- Reducing, simplifying, and in some instances eliminating analysis requirements where this can occur without reducing the quality of decisions or the adequacy of public disclosure;
- Contracting for skills or analyses where this can effectively meet agency needs;
- Better focusing NEPA analyses on individual or connected Federal actions rather than attempting to combine NEPA analyses for numerous independent actions;
- Emphasizing the importance of quality control to reduce the number of instances where NEPA analyses are found to be inadequate through administrative appeals or litigation.

A task group has been working on ways to speed up the consultation process required by ESA. Starting with the National Fire Plan process, which identified project design criteria, the task group adapted it for the BMDA. Once completed, this process will allow agreement on the “no effect and not likely to adversely effect” calls. This is likely to expedite consultation on up to 40% of Forest Service projects in the area. With increased listings of T&E species in the 1990’s there is an increased consultation workload. Staffing demands must be addressed in eastern Oregon offices of the U.S. Fish and Wildlife and the National Marine Fisheries Service. The Fiscal Year 2003 President’s Budget includes \$15 million to reimburse Federal agencies responsible for expedited ESA consultations.

Stewardship Contracting authority is currently being tested under the “Stewardship Pilot” program that allows for restoration treatments on acres that would otherwise not have been treated. Application of this authority is limited in number but, BMDA partners are interested in using a pilot approach to help achieve forest restoration goals. Long-term partner commitments, such as those of Wallowa Resources, Grande Ronde Model Watershed, and others have worked long and hard to make BMDA successful.

A major area of disagreement has been over how much commercial timber is available for harvesting and processing on federal lands within the BMDA. To answer this question, a joint study with Oregon State University, Oregon Department of Forestry and the Forest Service has been evaluating the type and amount of vegetation. Preliminary findings indicate that less than 20% of overstocked stands would be able to support a commercial timber sale.

There is general consensus from more than 90 years of fire research that a fire burns hotter and spreads faster when there is more fuel available to feed it. The Cohesive Strategy prescribes an integrated strategy of thinning and prescribed burning to reduce hazardous fuels. The USDI-USDA Joint Fire Science Program is supporting the National Fire Plan through a long-term study to assess how ecological processes may be changed, if “surrogates” such as cuttings and mechanical fuel treatments are used instead of, or in combination, with fire. More landscape-scale, adaptive management research is needed. It is expensive and takes time to produce conclusive results. However, it is imperative that these research projects go forward without long delays from appeals and litigation. The purpose of research is to find answers; not to object to or delay decisions because we don’t have all the answers.

Finally, maintaining appropriate funding for hazardous fuels reduction activities (e.g. thinning and prescribing fire) is critical to reduce the risks associated with wildfires. This includes both National Forest System fire funds and Cooperative Fire funds in the State and Private Forestry budget as well as Research and Development funds. Without focused and ongoing fuel reduction efforts, progress will be limited on landscape scale processes that affect fire behavior.

SUMMARY

It is clear that restoring eastside forest health requires a significant investment of time and resources. Communities and the Forest Service share the common goals of sustainable forests and grasslands. The Forest Service remains committed to working together with people, integrating our thinking with action to realize these potential opportunities.

This concludes my testimony. I will be pleased to answer any questions you or the subcommittee may have.

STATEMENT OF NANCY GRAYBEAL, DEPUTY REGIONAL FORESTER, REGION 6

Ms. GRAYBEAL. I guess I can say good afternoon now. I'm Nancy Graybeal. I'm Deputy Regional Forester for the Forest Service here in the northwest region. And again, I'm really grateful to be here accompanying Sally to discuss these really important issues to the local areas as well as the region. And I just want to commit to you all that we understand very clearly and I've worked really hard and no action is not an option, not for our communities, not for our forest. The gap is growing and the cost to communities and forests and watersheds really is too great. And we are here and committed to hear your ideas and suggestions on how we who manage the public land can be much more important players and offer you the services, forests, watersheds and communities that we really wish to have. And we're open and eager to answer any questions and discuss these issues. Thank you.

Senator WYDEN. Okay. Very good. Mr. Ferrioli, we'll proceed with you.

STATEMENT OF TED FERRIOLI, STATE SENATOR, SALEM, OR

Mr. FERRIOLI. Thank you, Mr. Chairman. Senator Wyden, thank you. I'll echo the comments of the rest of the panelists for having this hearing. Thank you for sponsoring and carrying legislation to help stabilize communities. I feel that the Oregon Legislature has failed you in not making sure that the benefits of that legislation were distributed to schools as it was intended, but I really appreciate your ongoing efforts in that direction.

And finally, your advocacy of local input and more local control for communities and Federal resource management is something that we very deeply appreciate. It's my pleasure in District 30 to represent Baker, Gilliam, Grant, Harney, Jefferson, Malheur, Sherman, Wasco, Wheeler and parts of Clackamas, Deschutes and Marion Counties. District 30 is about 30,000 square miles. It has the same population as your Senate District, just more distance between households.

I'm the joint chair of the Legislative Committee on Natural Resources and chair of the Senate Revenue Committee. And I only mention those two things, Senator, because in Oregon natural resources and revenue are connected. I am very disturbed and actually very fearful of the prospects of having to go back to Salem early in June for a legislative special session facing a potentially \$1 billion shortfall in revenue in Oregon's budget. Much of that in the past has been derived from rural communities that produce value-added wood products and agricultural products.

The globalization of our markets, competition from Canadian producers and elsewhere has changed the face of the market. But also what's been added to that and what exacerbates that problem is the fact that Region 6 has the best planning and analysis process in the world and the worst outputs, the poorest forest health and the most devastated local communities. So I would submit to you that we've traded is procedure and process and productive discussions for outputs. And the outputs that used to support our schools and our roads and keep our communities healthy, and the entries

in the forest that used to keep our forest free of a lot of fuels and debilitating wood build-ups is what is lacking.

Judge Grasty on his panel mentioned that the Forest Service seemed to manage the forests so they could burn. I was wondering if he hadn't heard some of the rank and file Forest Service's motto, which is burn to earn. We spend millions and tens of millions of dollars in forest fire suppression and forest fire fighting. We can't seem to get our act together to actually enter the forest to do the fuel reduction that we need to do to restore forest health.

I brought testimony, which will be entered into the record, I'm sure. I just wanted to bring up one example, the Crawford Vegetative Environmental Assessment. Thirty-three thousand acres that everybody agrees needs to have fuel load reductions and ladder fuel removal and management of stand density and decommissioning of unneeded roads and improved watersheds. This project will treat 20,000 acres that's been deemed as having a very high fire hazard potential, about 13,000 acres that has a very high potential for crown fires, the most devastating and most rapidly moving type of fire.

We all acknowledge that this kind of fire can create terrible impacts on soil erosion and wildlife, and it's the very kind of thing that most folks agree needs to happen in our national forests to improve forest health. In fact most people agreed with that when this project was first proposed in 1993 as the Flat Project. They also agreed in 1994 when it was carried forward as a project into the next fiscal year and every year thereafter until in 1999 the project was repackaged as part of the Blue Mountain Demonstration Project, and only nearly a decade after the conception of this project comes out as a project under the Blue Mountain Demonstration Project banner.

The bottom line, Senator, is that this project has been reworked a dozen times, delayed a decade and now comes as a new repackaging, and it's called essentially improving or increasing shelf life through repackaging. This is exactly the example that you heard with the discussions over the Steens Mountain, where the Agency's given the order to continue a management direction in your legislation on the Steens, assumes to have additional authority and then makes an issue and requires an eco process. And basically instead of an outcome, which is a continued management direction for grazing, you get a process that threatens to involve hundreds of people and takes several years and on the face of it it appears to be insoluble.

It is in fact as the chief of the Forest Service called it analysis paralysis. That paralysis has in fact been so frustrating and created such fear and anger in my community that I am speaking to you as a resident of the only U.N. free zone in the State of Oregon. Some people may think that that makes Grant County residents look somewhat ridiculous, but I will tell you that vote is a referendum on the inability of the National Forest System to manage for sustainability. Not only sustainability of wildlife and watersheds in its own forests, but sustainability of the communities that are nested on the landscape of the forest.

I have some specific recommendations and I hope the committee will be able to carry those forward. First of all, there is over 65 mil-

lion board feet of carryover in the Malheur National Forest that's been cut in this analysis paralysis, and that 65 million board feet is in a variety of stages of completion in terms of project delivery. They have had environmental impact statements or environmental assessments completed. There is some work left to be done and the Agency simply lacks the personnel or the will to put this project forward.

We absolutely have to do, as the Senator suggests, reestablish accountability and judge the success of this Agency by its accomplishments, not by its willingness to participate in meaningful discussions. Accomplishments and accountability are lacking.

Then, furthermore, the Agency has lost some capacity within itself. The spiral, the death spiral of national forest management is illustrated in the graph that I included in my testimony, and it shows that from 1999 to fiscal year 2002, the outputs of the Malheur National Forest have dropped to near zero, even though the Congress has funded this forest for a significant output of goods and services.

So I would say that the capacity or the competence is lacking in this Agency. And where either capacity or competence is lacking, this Agency ought to be required to contract outside the Agency with the private sector using stewardship contracts, as Ms. Collins mentioned, or just outright contracting for NEPA processes that would bring some of these carryover projects to fruition and bring them forward out of the Agency.

Finally, I guess, Senator, the fact of the matter is that the local community, Grant County, voted on again what I'll call a referendum on lack of management, lack of accountability and lack of faith in this Agency to do its mission. I sincerely hope that you will take the time to read the editorial that appeared in *The Sunday Oregonian* and actually look at the whole commentary section, which relates to the fact that the east side of the State of Oregon has the highest level of poverty, the highest level of hunger, the highest level of unemployment, and the highest level of bureaucracy of any area of the State. And I would submit that those two things are connected.

We simply have to make the decision whether we agree with some of the environmental community that believe eastern Oregon is the site of all our future ghost towns, or whether we believe that we ought to take active management and implement the actions that we have heard described as necessary and desirable. And that's our challenge here, Mr. Chairman, is whether or not this Agency has the will and the capacity to actually implement with accountability the outputs that these communities depend on.

Our schools are currently in Grant County running on a 4-day week as we do not have a 5-day school week in the State of Oregon as far as Grant County is concerned. We are now looking at shortening the school year. We are looking at other districts in the State of Oregon having to go to a 4-day week because we simply do not have the revenues and the resources that we would have if we actively managed Oregon's natural resource base.

It's approaching criminal, Senator, and I'm terrified that the outcome may be far more expensive than communities in Oregon should ever have to endure. So I'm hopeful that your hearing acts

as a catalyst. That we create here a public record that will spur your colleagues in the Senate and in Congress to action. We simply cannot afford to dither any more while our forests burn and our schools close. Thank you.

[The prepared statement of Mr. Ferrioli follows:]

PREPARED STATEMENT OF TED FERRIOLI, STATE SENATOR, SALEM, OR

Honorable Senator Wyden and members of the Committee, thank you for the opportunity to appear before this committee and for your personal commitment to the issues of forest health and community stability. Your willingness to explore these issues, particularly in this venue, offer hope and encouragement to citizens whose communities are suffering from the Nation's highest rates of unemployment, and whose forestlands, watersheds, and wildlife habitats, reflecting years of neglect and mismanagement, are among the Nation's least resilient.

Other witnesses may recap the history of fire exclusion on the East Side and the current, deteriorated condition of forest health on our national forests. These conditions are documented in the Interior Columbia Basin Ecosystem Management Project Environmental Impact Statement and in the Cooperative Mortality Report produced in cooperation between USDA Forest Service and Oregon Department of Forestry.

My objective today is to help clarify the connection between deteriorating forest health, deteriorating community stability, and the cost of inaction by the USDA Forest Service to the taxpayer, to the ecosystem and to local citizens.

CRAWFORD VEGETATIVE MANAGEMENT ENVIRONMENTAL ASSESSMENT

This project would treat approximately 33,000 acres on the Blue Mountain Ranger District, Malheur National Forest, with prescriptions designed to reduce fuel load, remove ladder fuel promote lower stand density, decommission unneeded roads, improved watershed function and move treated stands toward desired future old-growth conditions.

More than 20,000 acres in the project area have been assessed as having a high fire hazard level, including 13,411 acres exhibiting high potential for crown fire. According to the EA, "Forest fires under current conditions are more likely to burn hotter, follow the available fuel ladder fuels into tree crowns and spread over larger areas. This type of fire behavior can cause undesirable impacts to soils, vegetation and wildlife habitat. Such fires leave barren, sterile soils that take considerably longer to revegetate, leaving the ground more vulnerable to erosion." (Pg. 10 *Purpose and Need, Crawford Vegetative Management Environmental Assessment*, USDA Forest Service, November 2001).

In addition, the project is designed to produce 15.2 miles of road closures, 24.5 miles of road decommissioning, hardwood protection at 22 sites, prescribed burning on 9,498 acres and approximately 7.5 MMBF of timber which could be captured by the local community for conversion into primary and value-added forest products.

This project defines precisely what is needed to improve forest health on the project area, and features components that will provide local employment opportunities and economic values.

Amazingly, these actions were first proposed and funded in 1993 as the Flat Project Environmental Assessment, and every year thereafter, as the project was carried forward on the books and in the work plan from 1994 to the present.

Each year, as the project was carried over, it was included in the budget proposal and used to justify funding for the Malheur National Forest. The timber volume represented by the project was included in the annual plan of operations for almost a decade. During each successive year, funds were allocated and expended on the project.

Finally, in 1999, this EA was renamed and became part of the Blue Mountain Demonstration Project and is only now, nearly a decade after conception, ready to move forward. Similarly, the SE Galena Project, involving treatment of 56,800 acres proposed for completion in 2001. This project was designed to improve riparian conditions, update travel management plans, reduce fuel loads and ladder fuels, correct overstocking, eliminate noxious weeds and restore wildlife habitat.

This project has been scheduled for completion, then delayed, five separate times, for a total delay of fifteen months so far, with potential for much more significant delay now that the project is being broken up and reworked.

In all, more than 65 million board feet of volume on the Malheur National Forest, and tens of thousands of acres scheduled for needed management services have been

deferred, delayed, cancelled, put on indefinite hold or are otherwise unavailable for projects scheduled by the agency and funded by Congress over the past decade.

Loss of revenue to the federal treasury and loss of income to the local employment base is obvious. Far less obvious, but just as real, is the damage to forest ecosystems where restoration plans have been delayed or cancelled. Maddeningly, these projects continue to be carried forward, reworked (but rarely offered for sale) and used to justify continuation of federal investment of human and financial resources.

No one benefits from this exercise. As I see it, environmentalists are being cheated out of restoration programs advocated and funded by Congress, local citizens have been cheated out of economic and social benefits advocated and funded by Congress, and taxpayers are being cheated out of the return on investment of their tax dollars in national forest management.

Even forest service workers lose as funding cuts resulting from lack of accomplishment, low return on investment and failure to complete scheduled projects drive a cycle of layoffs, consolidations and office closures increasing unemployment in rural areas.

Over the past decade (1992-2002), Malheur National Forest has accomplished less than half of the program of work authorized and funded by Congress. Less than half of the forest health treatments were accomplished, as illustrated by the attached statistical analysis and graph.

To reach a solution, we must break the cycle of gridlock, return accountability, and demand that forest health become the driver of all our management activities. Immediate action is needed to protect fragile and fire-susceptible areas from catastrophic wildfire that has become common in the West.

We must also act immediately to increase economic and social opportunity in timber-dependent communities, or risk the loss of the well-trained workforce and mill capacity necessary to meet ecosystem management objectives now and in the future.

RECOMMENDATIONS

- All Eastside national forests have “carry-over” projects in their work plans in various stages of completion. On the Malheur NF, nearly 65 MMBF fit this description. Bringing forward all available Eastside “carry-over” projects would help deliver forest health benefits previously advocated and funded by Congress and help alleviate timber shortages, stabilizing local timber-dependent economies.
- Accomplishment and accountability must be reinstated within management agencies. Failure to act has brought forest health and community economic issues to a crisis.
- Where capacity or competence is lacking, agencies should be required to contract with the private sector, using Request for Proposals based on existing funding authorizations to complete pending projects.
- Private sector contracting of NEPA work could help move “carry-over” projects quickly and efficiently, improving the record of accomplishment and accountability and helping to restore confidence in agencies.

ATTACHMENTS *

A statistical analysis of STARS Report 37-2 and 38-2 details Region 6 Eastside Forest Timber Sale Program and Accomplishment for fiscal years 1993 through 2002 reveals that accomplishment for Malheur National Forest averages only 48% for the past decade.

The graph, titled Malheur National Forest Timber Sale Program, also based on STARS Report 37-2 and 38-2, demonstrates trends evident from fiscal year 1996 through fiscal year 2002.

Editorial, Grant County's Fury, *The Sunday Oregonian* May 26, 2002

Senator WYDEN. Well, thank you very much, Senator. You make a number of extremely important points. We are going to retain those articles in the subcommittee files. I think they make such an important point. And I will just tell you, as you know my home is Portland and I love Portland. It's a wonderful home town. But I am not a U.S. Senator from the city of Portland. And as far as I'm concerned we are not back economically until Grant County comes back.

* The attachments have been retained in subcommittee files.

With you I've seen the hurt in these open, you know, community meetings, and these are people who work hard, play by the rules and the government is letting them down. It's just that simple. And I'll have some questions for the government folks here in a moment.

I want to thank you for voicing that important issue and for the cooperation you've shown me and our office in working with you. You can believe we will be back with the County Payments Bill to get every single dime of that money, every dime where it was intended, which is to the rural communities, and we'll have some discussions about that.

John Morgan, welcome. I've worked with you often and know the frustration you all have felt at Ochoco and look forward to your statement.

**STATEMENT OF JOHN MORGAN, RESOURCE MANAGER,
OCHOCO LUMBER COMPANY, PRINEVILLE, OR**

Mr. MORGAN. Thank you, Senator Wyden, and thank you for coming to central Oregon to discuss the issues on energy and natural resources and also on economics, and they all tie together very well. I am resource manager for Ochoco Lumber. And I spent my first 6 years in the U.S. Forest Service, and the last 29 years with Ochoco, so I have quite a forestry background and have seen a lot of changes in this length of time.

My testimony today is also on behalf of the American Forest Resource Council and its nearly 80 forest landowners and forest product companies throughout the twelve States that it represents on the west side of the Great Lakes. Our forest products industry has sales of over \$195 billion annually and employs about 1.6 million people, so it does have a major impact on the economics in our Nation.

Ochoco Lumber Company, the members of AFRC, the forest products industry at large are committed to sustainable forestry in all forest lands whether it be public or private. Specific to Ochoco Lumber Company, and I think you're aware of that, we were in business for 63 years and closed the doors last July.

It all started in Prineville in 1938 with the first mill started there. We've made quite a contribution and investments throughout the years. In 1978, because of the change in the species and the size of timber, we retooled to do that. Again in 1988 we invested over \$15 million to build a small log mill because that was the type of wood that was being commercially thinned from the forest.

However, because of the lack of timber being sold and some of it being sold that wasn't economical for our operations, again we had to close the doors. I know that you're familiar with the Prineville area. At one time it had five sawmills and a chip mill. None exist today. Redmond here where we sit today had a big plywood plant that closed. Bend had a large manufacturing facility with both large capability and small capability closed. And recently in the last 3 or 4 weeks, Korpine, which actually used a lot of products from the sawmills closed its doors. So the impact has been great to the workforce, but also the tools are being lost for the U.S.

Forest Service and BLM to manage the forests, along with the private lands, that is a major ownership also in this area.

We still have our sawmills in Prineville. We're sitting there kind of in a moth ball state. We would like to reopen them, but again it's lack of resource availability that we have them closed today, and until that changes they'll stay closed. And I don't again know how long we can sit on a piece of land 67 acres without going forward to do something with it shortly.

Forest health is a major concern of ours, and I would like to address with that four major issues today. Number one is active forest management, including timber harvest must be a part of the solution. And, you know, with that we need to be able to manage—the forest managers need to be able to manage all ages and all size classes. It's hard to manage just a certain bracket of forest. I think we have to start with seedlings to old growth, and we have to be able to manage the entire landscape.

As I mentioned before, timber harvesting is a tool and that tool is being taken away from both the BLM and the Forest Service to manage. And also with that the private lands. If there's any manufacturing facilities left it impacts us also.

The second issue, there's enormous risks to private landowners. So much of the private lands, and we own 68,000 acres, which isn't a great amount to manage but it's a lot to us, and many of these lands are at high risk because of the inactive management on Forest Service grounds and BLM grounds, because we're adjacent to or intermingled with Federal lands. And with fuel loading the way it is and through forest health issues, catastrophic fires are real and they do take private ground with it as it comes through in its path.

The third issue is hurdles to the implementation of the national strategy on forest health. And as an investment we're concerned with the processes. The NEPA process, Sally talked a little bit earlier, has been driven more by bureaucracy than the ultimate objectives in the decisions that's best for the resources on the ground. And it is indeed a lot of good management possibilities.

Lawsuits and appeals are prevalent and many of them are frivolous, and because of this it's purely a delay tactic and oftentimes it slows a project. And I think a good example of this is catastrophic fires and being able to harvest that timber immediately, and through the appeals and delays that is not happening and a lot of times the value is lost.

Other land management policies such as PACFISH and INFISH and Eastside Screens, they were interim policies but they're still with us today, 8, 9, 10 years later, and they have a major impact. And also with that is the Endangered Species Act and the consultation and the time that it takes to work through the processes, and again delay is what is harming us.

And the fourth issue I'd like to bring out is utilizing fuel reduction material to help produce electrical energy, and I think that this has potential. Millions of acres throughout the national forests and even private lands are overstocked and fire suppression is hard to suppress because of the overstocking. There should be some opportunities made available for the use of biomass. And I think that sometimes it can't stand on its own, so there might have to be some

tax incentives or some grants made available in some communities that lack the infrastructure to be able to handle it on their own.

And, Mr. Senator, various serious problems are facing our Nation's forests and we've heard a lot about that and we'll probably hear some more, but it affects 72 million acres on the national level and places at risk millions of private acres also. Thousands of rural communities are also affected by the management or no management that takes place in the decisions from that.

We don't need to authorize additional studies or pilot projects. Our forests, wildlife and communities can't afford any more delay. We have the science. We have the professionalism and the trained managers that are in the work place or the workforce that are available today to go out and handle the task that is in front of us.

What we need is leadership and we need leadership to act. And our expectation is that both the administration and Congress will provide that leadership to address the hurdles, provide the funding and to meet the challenges of improving forest health.

Again, we along with AFRC and others thank you for being here today and to act on the issues that have been brought forward.

[The prepared statement of Mr. Morgan follows:]

PREPARED STATEMENT OF JOHN MORGAN, RESOURCE MANAGER,
OCHOCO LUMBER COMPANY, PRINEVILLE, OR

EXECUTIVE SUMMARY

- Our Nation is experiencing record breaking fire seasons that are leaving in their wake millions of acres of blackened forests and wildlife habitat, hundreds of destroyed structures and the loss of human life.
- Report after report have documented the problem—we have 72 million acres of national forest, and millions of acres of private land, and tens of thousands of rural communities that are at risk to catastrophic wildfire. Many of the same reports have prescribed the solution—active management, including timber harvesting.
- There are numerous impediments that prevent the treatment of our forest health crisis. We need to address a never-ending environmental analysis process, overlapping agency jurisdictions, conflicting management policies and inadequate funding.
- The opportunity exists to utilize much of the excess forest fuels to manufacture wood products, produce paper goods and generate electricity that are so important to our nation's economy.
- What is needed is leadership—leadership from the Administration and Congress to aggressively address the problem with the goal of protecting our forests, wildlife and communities.

TESTIMONY

Good afternoon, Mr. Chairman. My name is John Morgan and I am the Resource Manager for Ochoco Lumber in Prineville, Oregon. My testimony today is also on behalf of the American Forest Resource Council and its nearly 80 forest landowners and wood product manufacturers located in twelve states west of the Great Lakes. Our proud forest products industry has sales of over \$195 billion annually and employs 1.6 million people, making a significant contribution to our nation's economy. Ochoco Lumber Company, the members of AFRC, and the forest products industry at-large are committed to sustainable forestry for all forestlands, public and private.

To start, I would like to tell the subcommittee a little about Ochoco Lumber. We started in 1923 and built our first sawmill in Prineville, Oregon in 1938. Originally, our log supply came exclusively from private lands because we had acquired the cutting rights to approximately 80,000 acres. The forests of central and eastern Oregon have been managed under a mixed aged scenario and harvest was done on a selective tree basis. The criteria for cutting the private land included removal of the dead, diseased and high-risk trees.

Shortly before the end of World War II, the Forest Service began offering timber sales on the surrounding national forests. Since these forests were comprised of

about 70 percent ponderosa pine, all of the sawmills in the Prineville area including Ochoco Lumber Company gained a reputation for producing quality ponderosa pine boards. In the late 1970's we experienced the Wilderness debate and the RARE I and II assessments. During this period, timber sale projects that were planned for unroaded areas were put on hold. As a consequence, management was limited to those areas previously treated. Management objectives for these areas included improving forest health and reducing fuel loads. Prescriptions typically were removing larger dead and dying trees and thinning overcrowded stands.

In response to these changing conditions, we installed new sawmill equipment in 1978 to better utilize the small logs being harvested from the national forests. These multi-million dollar improvements made it possible to continue to process large logs, but also efficiently handle the higher percentage of small logs. During this time, we developed new markets for products coming from the small logs while continuing to supply customers who were using the clear lumber for furniture, mouldings, and other engineered wood products coming from the large logs.

As the next few years passed, it became increasingly obvious that the direction the Forest Service was heading was to do more thinning in the smaller diameter classes, so in 1988 we invested \$15 million to build a small log sawmill to complement the original sawmill. To remain competitive, we needed to adjust our sawmilling operations to more efficiently manufacture the increased percentage of small logs from the surrounding national forests. Our forecast at the time told us that a long-term balance had been struck. The Forest Service had decades of thinnings to do in conjunction with selectively harvesting large high-risk trees.

Also during this period we acquired more private timberland as an insurance policy. Currently, Ochoco Lumber Company has over 60,000 acres of private timberland, and although our sawmills are starved for the raw materials growing on them, we have remained good stewards of the land, only harvesting what is sustainable from those lands. Our private timberlands only produce about 20 percent of our needs, and we will not deplete and degrade our lands short term to supply our sawmills.

But on May 25, 2001, we made a difficult announcement that we were closing our Prineville operations. Prior to that, Ochoco Lumber Company was employing 180 people with a payroll of nearly \$5 million, contract loggers and truckers were paid an additional \$8 to 10 million and the U.S. Treasury was receiving annual payments totaling about \$15 million for timber sales, which resulted in significant payment to the local counties. Finally, Ochoco Lumber has proven itself to be a very civic-minded member of the community always willing to lend a hand or help support a good cause.

The reality is that our mill is closed, while our forests and communities are threatened with catastrophic wildfires. The reality is that substantial efforts must be made to address the underlying cause of the problems facing our wildlands and the associated urban interface. If these efforts bear fruit, there may be an opportunity for our Prineville sawmill to begin operating again.

The rest of my testimony will focus on four issues associated with existing forest health strategies, such as the National Fire Plan and suggestions for addressing them. The issues are: active forest management, including timber harvesting, must be an integral part of fuel reduction efforts; there are enormous risks to private forest landowners; there are hurdles that must be overcome to implement the national program addressing forest health; and there is an opportunity to utilize fuels reduction material in the production of electrical energy.

My emphasis here is on sound management practices that help promote the long-term sustainability of our nation's public and private forestlands. It is imperative that efforts be focused on protecting forests, wildlife and communities. In order to accomplish these important objectives, timber harvesting must be a tool available to, and used by, the Forest Service.

ISSUE #1: ACTIVE FOREST MANAGEMENT, INCLUDING TIMBER HARVESTING, MUST BE A PART OF THE SOLUTION

Over the last decade, numerous efforts have identified the problem we are discussing here today. The disastrous effects of wildfires are mounting with each successive year. Already this year, nearly 3,000 fires have destroyed over a million acres. Last year over 81,000 fires burned 3.5 million acres, killing 15 firefighters. In 2000, one of the worst wildfire seasons on record, almost 123,000 fires scorched 8.4 million acres, killing 16 firefighters. There has been a long legacy of clear warnings and little action following the smoke of the last catastrophic wildfires.

There is no escape from the conclusion—our forests are in trouble. Numerous reports have indicated that the most important tool that can help reduce the threats

to our forests—timber harvesting. We are talking about common sense thinning to reduce the overly dense forest conditions that lead to catastrophic wildfires and destroy important ecosystems.

The practice of thinning to reduce the potential for stand replacing crown fires works. Every day, our foresters see more and more examples of the efficiency of thinning to reduce the effects of catastrophic wildfires and substantially aid in the success of firefighting operations. For example, the Newberry II Fire on the Deschutes National Forest, the Hash Rock Fire on the Ochoco National Forest and many others are recent examples of the role thinning of forests plays in fire control successes. Harvesting of trees played a major role in containing and reducing the effects of each of these wildfires.

The condition of the forests determines the risk of catastrophic wildfire and ignoring overcrowded forests along with the large component of dead and dying trees is clearly a prescription for disaster. As described above, millions of acres of national forests are at risk for catastrophic fires. As the GAO reports, “timber harvesting may make useful contributions to reducing accumulated fuels in many circumstances.”¹ Further, a Forest Service research report states, “well-thinned, relatively open areas scattered across the landscape, interspersed with denser, less intensively managed areas, would provide a wide array of wildlife habitat, and would be a forest less prone to large-scale catastrophic wildfire.”² Failure to treat these un-natural fuel levels dooms forest ecosystems and watersheds to catastrophic wildfires that are so devastating that it will take centuries for them to recover.

In some cases, depending on local conditions, hazardous fuel reduction through prescribed burning or other means may be more effective than timber harvesting. However, in most areas of the West, the most effective and cost-efficient method to reduce fuels includes timber harvesting, and this tool should remain available to the Forest Service for reducing hazardous fuels. Furthermore, when timber harvesting is used as part of the solution, the opportunity to utilize this excess vegetation to manufacture wood and paper products or even generate electricity means that a portion, if not all, of the public’s cost can be captured. This would allow for treating more acres within the budget limitations, providing economic opportunities for rural forest communities, while utilizing material that would otherwise simply go up in smoke. *Ochoco Lumber and AFRC respectfully suggests that language should be included in all national plans and in relevant related documents specifically stating that timber harvesting is a tool available to the Forest Service and Department of the Interior to maintain and improve forest health.*

ISSUE #2: THERE ARE ENORMOUS RISKS TO PRIVATE FOREST LANDOWNERS

Ochoco manages over 60,000 acres of some of the most fire prone forests in the Oregon. All of our management plans have one thing in common—how can we protect our forests from catastrophic wildfire losses. Our experiences and observations over the last 20 plus years have led to one inescapable conclusion—we must thin our forests to significantly reduce the fuel accumulations. We rely on existing authorities of the Oregon Forest Practices Act, the underlying science of fire management, our experiences, and the professional judgment of our foresters when we develop site specific harvesting plans to protect our forests. We are confident that our efforts in thinning and fuel reductions are effective in reducing the threats and, most importantly, they are developed in an economically efficient manner.

We recognize that we cannot “fireproof” our forests. But we can reduce the effects of wildfires by reducing the amount of fuel loading within our forests. Our principles are simple—open the canopy of the forest by thinning and reduce the potential for the most devastating of fires, crown fires. On areas near roads and ridges where we logically fight fire, our fuel reduction efforts remove the largest amount of vegetation and trees. This allows fire fighting forces a chance to control the fire, improve the effectiveness of air attack and fire retardant applications and control “backfires” when they are necessary for wildfire control. As we move beyond these obvious defense zones, we thin our forests and leave more trees to achieve a balanced goal of reducing the potential for crown fires while maintaining adequate growth rates on our thinned stands.

We can only do so much on our own lands. The greatest threat comes from the fact that our ownership, like so many other private forest landowners, is interspersed with federal lands which are in need of fuels reduction. Private forest products companies, like ours, as well as non-industrial forest landowners have aggressively tried to reduce the risks for catastrophic wildfires on their own holdings for

¹ Ann Bartuska, Letter to John Talberth, November 6, 2000.

² Dahms and Geils, 1997.

many years, largely through the use of thinning. However, these efforts cannot be effective without the cooperation of our federal neighbors, since wildfires do not recognize property boundaries.

According to the Forest Service, most of the 72 million acres of National Forest System lands at risk of uncharacteristic wildfire are not in the wildland-urban interface.³ However, because of limited resources, hazardous fuel reduction in many of these areas will be deferred for years. Accumulation of fine ground fuels and encroachment of shrubs and other vegetation beneath dominant canopies will continue. As a result, the likelihood of severe fire behavior in these areas will escalate. The forest industry is very worried about this situation, since these areas are precisely where our property is adjacent or intermingled.

The number of acres of public land that require hazardous fuel reductions far exceeds the number of acres treated by the federal land management agencies. The Forest Service's hazardous fuel reduction efforts have not kept pace with the steady increase in over-accumulation of vegetation, outbreaks of insect infestations and disease, and accumulation of fine fuels even though these efforts have steadily increased over the past decade. The Forest Service estimates that of the land it manages which is at risk of catastrophic wildfires, given the current pace of treatment, it will take more than 30 years to treat the existing areas.

Reversal of fuel conditions cannot occur overnight. Clearly, however, there is an urgent need to prevent fuel conditions from advancing at their current pace. It is not enough to provide funding for additional fire fighters and equipment. *Ochoco Lumber and AFRC request increased appropriations in the next several, fiscal years, for hazardous fuel reduction efforts in areas at high risk of catastrophic wildfires. Additionally, we respectively request that the appropriation language recognize and emphasize funding collaborative partnerships with owners of inholdings, state foresters, and other entities who have established strong programs to reduce the threats of catastrophic wildfires and are pursuing long-term fuels treatment strategies.*

ISSUE #3: HURDLES TO THE IMPLEMENTATION OF A NATIONAL STRATEGY ON FOREST HEALTH

The fuels reduction efforts are no different than other land management projects considered by the Forest Service—they must first go through a lengthy and sometimes cumbersome environmental analysis process as required by the National Environmental Policy Act (NEPA). Given the complexity of the ecosystems involved, there is no argument that a professional, scientific-based analysis must take place to assure that the proposed fuels treatment project will meet the needed objectives and not adversely affect the environment.

But what we have seen over the decades is a NEPA process that is driven more by bureaucracy than the ultimate objectives and decisions on the ground. As a result, the project planning process takes years, tends to be very redundant, with little or no innovative thinking. The NEPA process has become an impediment to professionally planned and executed land management projects and the entire NEPA process, as well as individual agency regulations and policies, must be reexamined.

In today's reality, very few land management projects, especially if they involve the cutting of trees, are implemented without first going through an administrative appeals process or litigation. Appeals and lawsuits take an enormous amount of time and effort, and often delay the implementation of a project for years. In most cases, a successful challenge can be traced to simple procedural mistakes and not the merits of the final decision. Often agency managers report that the NEPA process discourages innovation and professional decision-making because it focuses on procedures and not the substance of decisions.

Again, examples of this recently have been on the Hash Rock and Timber Basin Salvage Sales that were burned sales. Though both environmental analyses addressed the substance, they were remanded for procedural problems.

Given the critical forest health situation facing millions of acres of our western forests, special rules or exemptions must be authorized so that the land management agencies can quickly treat these overstocked and fire prone forests. The environmental consequences of not treating these areas in a timely fashion, resulting in the destruction of thousands of acres due to an uncontrolled wildfire, must be part of the environmental assessment and decision-making process.

The NEPA process is complicated by the jurisdiction of the President's Council on Environmental Quality (CEQ) over the underlying NEPA procedures of agencies. CEQ must examine its rules and the agencies must examine their procedures and

³Lyle Laverty, USDA Forest Service National Fire Plan Coordinator, Statement before the House Subcommittee on Forests and Forest Health, March 8, 2001.

policies to ensure they are part of the solution to the wildfire crisis, and do not remain a significant part of the problem. Regardless of whether the CEQ and the agencies revise the regulations or policies, there needs to be better utilization of categorical exclusions, emergency stay or appeal exemptions, and expedited procedures. There must be recognition of the fact that a “no action” alternative does indeed have serious and significant effects. Without these changes, more money will be spent in planning and assessing a project than will be realized by the land management activity on the ground.

In many areas in the west, due to the number of endangered species listings, Endangered Species Act (ESA) Section 7 consultation on land management projects, including fuels reduction activities, has become a real bottleneck. Since the existing Section 7 regulations were put in place in 1986, the National Marine Fisheries Service (NMFS) and U.S. Fish & Wildlife Service (FWS) have been asked to conduct nearly 300,000 consultations, with a dramatic increase in the numbers in the last several years. The first cause of this bottleneck has been a shortage of personnel to perform the consultations. A special appropriation this year to supplement the agencies’ budgets for National Fire Plan support should help, but it is like buying more fire trucks, it treats the symptoms and not the cause.

One real fix is to address the Section 7 consultation problem, which is shifting more of the assessment responsibility to the land management agencies. A review of the Section 7 consultations finds that less than 1 percent resulted in a jeopardy opinion by either NMFS or FWS. Given this extremely low risk, changing the threshold at which the land management agencies are required to enter into formal consultation from a “may affect” to a “likely to affect” threshold would seem like a logical proposal. This would free up personnel in both the land management and regulatory agencies for review of activities with the much higher risks to listed species and would also allow them to get out of the office and focus on efforts to protect and enhance the species at risk.

Existing regional land management plans and policies can also be impediments to the implementation of the National Fire Plan. They lack flexibility for project planning to address actual on-the-ground circumstances. Allocating areas to “no treatment” with the objectives of providing habitat for listed species ignores the reality that the listed species are at great risk of losing critical habitat to a catastrophic wildfire.

Specific here to Eastern Oregon are the PACFISH, INFISH and Eastside Screen interim land management policies also directly affect the ability to the land management agencies to treat excessive fuel buildups and suppress wildfires. These interim policies limit the size, number and location of trees that can be cut without allowing site-specific professional determinations based on the specific ecosystem conditions. It also appears that guidelines of the PACFISH and INFISH management policies severely restrict firefighting personnel from dropping fire retardant within 300 feet of (and dipping water from) streams that are inhabited by listed fish species. These short sighted guidelines have resulted in wildfires growing larger than necessary, and in some cases totally destroying the fish habitat they were intended to protect.

The ultimate solution to addressing the hurdles affecting the implementation of a national strategy is for the Administration to designate a senior official to coordinate its implementation. We feel that CEQ is the best place for this leader to be located. As I have described, CEQ has the responsibility for overseeing NEPA and could be empowered to facilitate coordination between departments and agencies. Without this kind of leadership, agencies will continue to operate under their own visions and directives. Clearly CEQ could address the problems with NEPA and facilitate the use of categorical exclusions, emergency stay or appeal exemptions, and expedited procedures. The Council could also provide the leadership and coordination for dealing with challenges to fuels reduction projects. They could also facilitate a more workable Section 7 consultation process and coordinate consistent and timely products from NMFS and FWS. Finally, CEQ could coordinate changes to regional land management plans and policies that would result in professional, science-based decisions at the project level that address the conditions present on the ground. *Ochoco Lumber and AFRC believe that the failure to have this kind of leadership will result in more acres burned by catastrophic wildfires, destroying not only productive forests, but also wildlife and fisheries habitat, and rural communities.*

ISSUE #4: UTILIZING FUELS REDUCTION MATERIAL TO PRODUCE ELECTRICAL ENERGY

For years now, forest product manufacturers and others have been generating electricity from wood waste, or biomass. While the operations have been small, limited in their geographic distribution and most cases for internal use, the technology

is clearly available and proven. Several of these facilities are operated by our competitors here in Eastern Oregon and my company has investigated adding this capability to our operations.

Given the fact that millions of acres are in dire need of treatment to reduce unnatural accumulations of small trees and that much of this is too small to be utilized in the manufacturing of lumber products, there is a perfect opportunity to utilize this material to generate electricity. Currently, over two-thirds of the biomass-fueled electric power is generated from forest-related activities, which includes: slash, brush & tops associated with timber harvesting activities; bark, chips and sawdust from forest products manufacturing processes; and small diameter material derived from thinning overly-dense forests identified as being at great risk to wildfire. Some have commented that there could be a biomass power plant associated with each ranger district on our western national forests.

Promoting biomass electric power generation is not only fiscally sound, but also environmentally and socially beneficial. In 1999, the Department of Energy published an independent research report entitled "The Value of the Benefits of U.S. Biomass Power," which compared the impacts of biomass energy production with the most probable alternative fate of the residuals described above. The report also looked at the values of non-energy benefits resulting from biomass power production such as: air pollutants; greenhouse gas emissions; landfill use, forest and watershed improvement, rural employment and economic development; and energy diversification and security.

In a market economy, one would assume that with the great potential and benefits described above, that there would be an abundance of biomass power facilities on line or under construction. Unfortunately, this is not the case. This is primarily due to the fact that benefits of biomass as a clean, renewable energy source are extremely hard (if not impossible) to quantify in market terms. It is very difficult to assign market values to forest fuel reduction when the benefits are clean air, watersheds, wildlife habitat and other environmental benefits. Finally, much of the potential fuel supply is located on lands that are under public ownership and therefore, tend to operate outside the marketplace. For these reasons, we believe an appropriate role for the federal government is to make commitments and support an opportunity with such great net public benefits.

There are two categories of impediments to an expansion in biomass energy production that need to be addressed. First, there must be a commitment to a long-term supply of biomass (at least 10 years), through innovative government contracting and congressional appropriations, so that investments into facilities are worth the risk. Second, there needs to be some sort of upfront tax incentives or grants to construct and operate these facilities in locations close to the biomass supply and in rural communities lacking the needed infrastructure.

An opportunity to marry a national energy policy with the national forest health strategy is not only good energy, forestry and fiscal policy, but also good environmental policy. It will take at least a decade to get new fossil fuel, hydroelectric and nuclear energy on line, so we need a bridge to close that gap. If not, history has shown us that mother nature will consume these excess forest fuels, leaving in her wake destroyed homes, wildlife habitat and forest ecosystems that will require millions of dollars and decades to repair. *Ochoco Lumber and AFRC feel that the opportunity is clear—produce clean affordable and renewable electricity from the nation's forests, while supporting economic diversification of rural communities.*

CONCLUSION

Mr. Chairman, a very serious problem facing our nation's forests has been identified and needs our immediate attention. It affects 72 million acres of our federal forests and places at risk millions of private acres and tens of thousands of rural communities. We don't need to authorize another study or pilot project—our forests, wildlife and communities can't afford any more delay. We have the science, the professionally trained resource managers and a workforce ready for the task. What we need is leadership—leadership to act. Our expectation is that both the Administration and Congress will provide that leadership, in a bipartisan fashion, to address the hurdles, provide the funding and meet the challenges of improving forest health, enhancing wildlife habitat, protecting rural communities and utilizing this excess forest fuel to manufacture wood products, produce paper goods and generate electricity that are so important to our nation's economy. This concludes my prepared remarks, I would be glad to answer any questions you or the subcommittee may have for me regarding this important issue.

Senator WYDEN. John, very good. Very helpful. Rick Brown, welcome.

STATEMENT OF RICHARD T. BROWN, SENIOR RESOURCE SPECIALIST, DEFENDERS OF WILDLIFE, LAKE OSWEGO, OR

Mr. BROWN. Good afternoon, Mr. Chairman. Thank you for the opportunity to discuss the topics at hand and also I think I'll thank you for getting me over to the east side today.

I think I'd like to start by trying to make one thing very clear. It's a little frustrating that I need to do that, but that is that I unequivocally support forest thinning as an element of ecosystem restoration, and I understand that much of the material that would be removed in those thinnings has economic value, and I support capturing that economic value for the benefit of the American public and for the benefit of the communities here on the east side.

I think I can tell you, to the extent that I talked to them all, I agree with Sally Collins' suggested points. But I think we need to be clear, too, about how we consider that activity of thinning and the context that we put it in. And I'm afraid, frankly, that the term forest health is not adequate. It's a term that historically has been used to speak only about trees, and we need to talk about ecosystems and watersheds in their entirety from soils to treetops.

We need to talk about a whole host of activities, not only prescribed firing and things, but dealing with culverts and roads and livestock management and noxious weeds and other activities. And as Steve Grasty suggested in the previous panel, we need to be careful about terminology. There's a lot of seemingly simple words like fire or thin for forests that seem friendly, but can mean many, many things, and we need to be careful about the context in which we're using those words.

And in particular, I think we need to be very careful about distinguishing the Wildland-Urban Interface and the wild lands. The concerns and condition and the treatments that may occur in both those areas are oftentimes very different. I won't bore you with the entirety of my checkered past, but I will say that it was almost exactly 10 years ago and before this very subcommittee that I know that I can document that I was speaking in support of thinning and in support of a strategic approach to forest restoration that I think you were alluding to in your opening comments.

And over those 10 years I've also had substantial opportunity to go out on the ground to look at recently burned areas, and in part I've sort of overcome my indoctrination by Smokey Bear and come to clearly understand that even a severe fire can be not such a bad thing and maybe even a good thing under certain circumstances. But I've also seen a lot of uncharacteristically severe fire in dry forests that did not experience that fire prehistorically. And I've seen a lot of old growth pine lost in those fires that I think unnecessarily died because we did not treat those lands either with thinning or prescribed fire prior to wild fire.

So I share many of the frustrations that have been expressed by others on the panel that more of these activities have not been taking place, but I also think it's important that we not let that frustration blind us to what's happening. We have a clear articulation policy and an actual cohesive strategy, and the National Fire Plan

now has a 10-year strategy and implementation plan that the administration has developed in concert with the Western Governors Association involving a broad array of interested publics.

There has also been an effort going on over the last year and a broad variety of environmentalists and community forest practitioners have developed a set of principles and guidelines that they agree on for restoration projects. There's a lot of overlapping and commonality among all of us.

More locally, I think the Blue Mountain Demonstration Area has not been perfect, but I think it's also gotten a bum rap to be honest, in large part due to, I think, unrealistic expectations. There are, I think, now at this point some 70 stewardship pilots underway around the West testing a variety of authorities. There's a monitoring program associated with that, but I think that's going to allow us to learn a good deal over the next year or two.

There are the new County Payment Resource Advisory Committees that are not only getting money around for projects, but getting people at the table talking to one another and finding agreement that they never thought they had. And then there are a host around the West, but especially here in Oregon, I think, of what you might think of as unsanctioned or informal efforts, such as the Lakeview Sustainability Initiative that's been alluded to and of which I'm a member. That gives me great hope not only that things are happening but even more will happen in the future.

What we have here, I think, is a lot of experimentation, and I think not only is it making things happen but it's going to shed some light on how to proceed down the line. And I think it would be unwise to prejudge the results of those experiments.

There is one point I would like to make that I have learned, I think, over my years of working on these issues that, I think, is key and that is that it's unreasonable to expect that restoration projects will pay their own way. If you expect them to do that, and especially if you couple that with goods for services and retention of receipts, I am certain that that will lead to inappropriate projects in the wrong areas and it's guaranteed to deepen the mistrust on the part of the environmental community that's so much the source of our inability to move forward at this point.

There are two key things that I think Congress can do to help the situation. First of those is continued oversight, such as this hearing today. My experience is that good ideas, such as those generated in Lakeview, can be well received by the Forest Service and things can move forward. But if indeed it's the case that good ideas are being resisted within the agencies, then I think we need to highlight that and we need to try to understand why and we need to try to understand how to overcome that, and oversight is a key way of doing that.

The most important thing, however, I think, that Congress can do is in the realm of appropriations. In my experience the problem is not a lack of will, it's a lack of capacity within the Agency. We have cut and cut and we've cut beyond the bone, I think, frankly at this point. But maybe even more important than the amount of funding is how that funding comes down.

At this point the Forest Service is trying to accomplish restoration using timber sale funds, because that's what Congress pro-

vides. And what that leads you to is circumstances that the timber industry looks and says, these are timber sales. Where's the volume? The environmental community looks and says, Aha, I knew it. This restoration stuff was all just a ploy to keep on pushing timber.

Until the funding, the budgetary message, the Agency gets from Congress is consistent with the restoration message that is given verbally, I don't think we're really going to move ahead with what the Agency needs for funding for restoration. Thanks again.

[The prepared statement of Mr. Brown follows:]

PREPARED STATEMENT OF RICHARD T. BROWN, SENIOR RESOURCE SPECIALIST,
DEFENDERS OF WILDLIFE, LAKE OSWEGO, OR

Mr. Chairman and members of the committee, I am Richard Brown, Senior Resource Specialist in Defenders of Wildlife's West Coast Office in Lake Oswego, Oregon. I am pleased to have this opportunity to discuss the important topics of forest health and ecosystem restoration in eastern Oregon. I have previously addressed some aspects of these issues in a paper titled "Thinning, Fire and Forest Restoration: A science-based approach for National Forests in the interior Northwest," published by Defenders of Wildlife. I will not elaborate on the themes from the report here, but encourage you or others who may be interested to read the report itself. I have received much positive feedback on the report, from sources ranging from agency personnel to timber industry representatives, community forestry practitioners and environmentalists, leading me to hope that the report identifies some important common ground, at least as it pertains to the science that I hope will provide the foundation for action.

Any discussion of these topics should probably be prefaced by a clarification of terms, since many of the relevant words have multiple formal and informal meanings. "Forest health" can be a convenient short-hand for a more inclusive concept such as forest ecosystem integrity, but has a history of being used too narrowly, to refer simply to the status of trees while ignoring other essential elements of ecosystem integrity such as soils, water, fish and wildlife, and the ecological roles of fire and other disturbance. Similarly, when discussing fire, one must be careful to keep in mind what kind or severity of fire, burning in what kind of forest (or other vegetation), in what condition and in what landscape context, and whether the severity is characteristic of historic fire regimes for that vegetation or not. Finally, one must take care to clearly distinguish between the needs for fuel treatment in the Wildland-Urban Interface (WUI) a relatively narrow zone including dwellings and their immediate surroundings and wildland settings, where concerns about fire and the need to integrate fire-related treatments into a more comprehensive approach to ecosystem restoration are apt to be very different.

It is also important to be clear about expectations. For instance, even if implementation of the National Fire Plan and other efforts at ecological restoration are highly successful, we should not expect acres burned (the most common, if often misleading, measure of wildland fire) to decline. In fact, considering the necessity of expanding prescribed fire programs, total acres burned should increase. What will change is the nature of the fires that occur and the severity of their effects on ecological values. Similarly, it is unreasonable to expect restoration of wildland ecosystems to have much effect on the incidence and severity of residential fires in the WUI, as these fires are almost exclusively a function of structures and their immediate surroundings. And, as a final example, one should not expect post-fire salvage to contribute to ecological restoration. In fact, the purely economic impetus behind salvage virtually ensures that it will contribute to ecosystem degradation, a result I have seen play out all too frequently.

It has been almost thirty years since I first visited the Blue Mountains with a forest ecologist who could help me understand the natural dynamics of the forests there and how they had been changed by logging, grazing and fire exclusion. It has been ten years since I first testified before this Senate subcommittee in support of understory thinning as one element of ecosystem restoration and in support of a strategic approach to deciding how and where to apply limited resources to thinning and other restorative techniques. In the intervening years I have on many occasions visited the sites of wildfires, often seeing the unsurprising results of fires (even severe fires) burning in much the way they did historically in higher elevation forests. But I have also seen the results of fires burning with uncharacteristic severity in dry forests, killing old growth ponderosa pine that may have survived twenty low-

severity fires prior to the changes fire exclusion and other practices have brought about. I continue to believe that carefully conducted understory thinning in many of these dry forests could reduce the frequency of such losses, and I also believe these thinnings can provide—as a by-product—trees that can be processed in local communities. I share much of the frustration expressed by others that more of this thinning has not occurred, and I understand that we need to find ways to sustain the community and industrial infrastructure that will be necessary to accomplish much-needed restoration.

Nonetheless, I find there is much that causes me to be encouraged and hopeful that more ecologically appropriate thinning, as well as other practices of ecological restoration, will be taking place, with multiple benefits for both ecosystems and communities in eastern Oregon and throughout the West. None of the initiatives I will mention below is sufficient, and none is without flaws, but collectively they give me substantial hope that we can frame a strategy for ecosystem restoration, find broad agreement for the role of thinning in that strategy, and continue and expand on-the-ground efforts that will both improve the sustainability and resilience of forest ecosystems and provide meaningful work and valuable by-products for communities in this region. At the risk of sounding chauvinistic, it seems to me that, in many key respects, Oregon is leading the way and setting an example for the rest of the West.

The Forest Service's Cohesive Strategy, which underscores the importance of clearly distinguishing among forests (and other types of vegetation) based on their historic fire regimes and current condition, is about to become more truly cohesive with the involvement of agencies in the Department of Interior. The odds that the Cohesive Strategy and the National Fire Plan will be effectively and appropriately applied have increased with the joint development of a 10-year strategy and implementation plan by the Western Governors' Association and the Administration. Also at a national level, a broad group of conservation advocates and community forestry practitioners have agreed upon a set of principles and guidelines for forest restoration that will provide them with a common basis for evaluating proposed projects.

Regionally, I see very encouraging cooperation among federal and state agencies to develop strategies and priorities for implementation of the fire plan, including refinements such as design criteria and streamlining that should speed consultation under the Endangered Species Act while maintaining the integrity of that process. Cooperation and coordination among agencies and private landowners continues to be facilitated by your amendment encouraging cross-ownership cooperation and allowing use of federal funds for restoration on private lands when the results will also benefit public resources.

Close at hand, the Blue Mountains Demonstration Area, while much maligned in some quarters, actually has many accomplishments to be proud of, both in terms of on-the-ground projects and improved relationships among agencies and levels of government. The relatively newly established Resource Advisory Committees (RACs) working to recommend allocation of funds under Title II of the Secure Rural Schools and Community Self Determination Act are providing opportunities for people of varying interests to sit down together, perhaps for the first time, discuss issues around forest restoration, and, sometimes quite unexpectedly, find areas of agreement. Stewardship Pilots are having mixed success, I believe, in accomplishing this same goal, but at least there is a formal monitoring process for these pilots that may eventually provide some useful insights as to what fosters improved approaches to restoration and what does not.

And, around Oregon and throughout the West, a variety of cooperative efforts are underway, some officially sanctioned under one program or another, many not. I have had the good fortune for nearly four years now to participate as a member of the Lakeview Sustainability Initiative, which has brought together what some would consider an unlikely group of people who have worked through some difficult issues, moved forward with a common vision and purpose, and are beginning to see some tangible on-the-ground results. Most recently, the Winema-Fremont RAC has approved funding for a community-based monitoring program that will not only ensure that this often neglected element of management will occur, but will also train and employ high school students from the local communities.

All of these efforts, especially those formally incorporating monitoring or other forms of accountability, can be viewed as experiments of a sort, experiments that are still very much in process. There is sufficient activity and foment that it will be difficult to properly document and learn from the lessons these experiments will provide over the next year or two. In the meantime, I think Congress has little need to instigate additional formal exercises such as more Stewardship Pilots. It would also be premature to make permanent the authorities being examined in the pilots.

While I have no wish to prejudge the outcomes of these experiments, there are some lessons I believe I have already learned from my years in the field, as well as participation on Governor Kitzhaber's Eastside Forest Advisory Panel, the Lakeview Sustainability Initiative, two Resource Advisory Committees and a regional monitoring team for the Stewardship Pilots. Chief among these is that we should not expect restoration projects, including thinning projects, to pay their own way. I have no doubts that such projects can produce by-products that have commercial value and can help off-set costs. Nonetheless, it is also clear that we have for decades extracted the wealth of these forests while forcing forest ecosystems to bear many of the costs. To expect those ecosystems to now pay for their own rehabilitation would be both unrealistic and misguided. As a nation we benefited from that unsustainable extraction, and we have a national responsibility to provide the investment necessary to restore these lands to a condition where they can again provide the values we expect of them.

Although I understand the enthusiasm with which many Forest Service employees view the Stewardship Pilots' provisions for goods for services and retention of receipts, it is an enthusiasm I am afraid I do not share. It is inevitable that these authorities will lead to projects that are located not where restoration is most needed, but where there is the greatest prospect for valuable products. They also likely to encourage projects designed to remove trees not because their removal is ecologically appropriate, but because they can help pay for the project. Permanent adoption of these authorities would be guaranteed to perpetuate the distrust that is the fundamental impediment to moving on with much-needed restoration efforts.

I see two things that Congress can do to help foster the current experimentation that is allowing Oregon to set an example for the West. One of these is continued exercise of Congress's oversight authority. The greatest promise of collaborative efforts is that local knowledge and the creativity that can come from bringing varied interests to the table will lead to better proposals about how to proceed. A major fear of those participating in these collaborative efforts is that they will come up with good ideas that won't be seriously considered by the federal land management agencies. Reluctance on the part of the agencies may be quite appropriate if the collaborative efforts don't comply with the law, but resistance may also be based on bureaucratic opposition to new ways of doing business or a misplaced and exaggerated sense of expertise on the part of agency staff. A continuing conversation among Congress, the agencies and other interested parties can help bring these inappropriate impediments to light and explore ways to overcome them.

The single most important thing Congress can do to help make restoration projects happen is to provide the Forest Service a budget that corresponds to the need. While I am referring in part to the need to improve overall funding for an agency that has already been cut to the bone and beyond, I am mostly suggesting that the funding provided needs to be explicitly targeted for restoration, and, to the extent possible, be part of a long-term commitment. Agencies will attend to your words, but what they hear most clearly and convincingly are the messages carried in their budget. While some of the National Fire Plan funding can be used for ecological restoration, and while some funding is provided for watershed restoration, the majority of the funding currently being used to try to accomplish restoration is in the timber budget, which comes with timber targets. Even in the best of circumstances, the result is hybrid projects that are part restoration, part timber sale. Such projects help perpetuate the suspicion held by many in the environmental community that restoration thinning is just a ruse to allow more industrial-scale logging. Even if they might be persuaded that understory thinning can be an appropriate element of restoration, groups and individuals opposed to the timber sale portion of projects must appeal the entire project, delaying or halting restoration along with the timber sale.

While many of the disputes over these projects may appear to be arguments about the subtleties of ecological responses to various restoration treatments or the merits of different equipment to apply these treatments, the real issue is lack of trust—most importantly, lack of trust from environmentalists that restoration really is the agenda. I think many, perhaps most, Forest Service staff in this region are ready to move on with an agenda of ecological restoration. What they need now is a budgetary message that can make that a reality.

Again, thank you for the opportunity to testify today. I will be happy to try to answer any questions you may have.

Senator WYDEN. Thank you, Mr. Brown. We are going to take some time with this panel, because this is an area that I really want to make a sequel to the County Payments. We broke new

ground last session. I think we are going to need to do it again in the forest health area, and I'm going to spend some time now walking through some of these issues with you. And let me start with you, if I could, Ms. Collins, and let me just paint a picture in terms of what people tell me at these open community meetings in central and eastern Oregon.

What they tell me in central and eastern Oregon is that there are millions and millions of board feet on the ground in these forests in central and eastern Oregon where the EA's been done. The Environmental Analysis has been completed. And they just say, Ron, what in the world is it going to take to get these projects unstuck and to get them actually out and the wood to these mills and these communities, such as the ones that Senator Ferrioli represents where there is so much hurt?

What's your answer to that? What is it going to take? And this is work that has been done. The Environmental Assessment is completed. Maybe Mr. Ferrioli has the exact number. I know there's millions and millions of board feet just on the Malheur alone that is not getting unstuck. What is it going to take?

Ms. COLLINS. Well, I think there's some general issues around this analysis paralysis that really relates to this question, and it really, I think, comes down to a couple of things. We have had so many—

Senator WYDEN. Just stop there for a second. This is not an analysis paralysis question. This is work that's been done. The EA is done.

Ms. COLLINS. I understand that. And what I was getting at that with that point is that when we have projects that get litigated, and many of our timber sales and salvage sales do get litigated and appealed and then challenged further, the test in terms of winning that particular lawsuit are pretty high. And what that requires and what that does, as time goes by, for example, in this case that Mr. Ferrioli talked about, as time goes by we get new requirements added to that that requires retooling and retooling.

All I'm saying is that in general what happens is that we have to add more to make sure it can absolutely sustain itself if it goes into court. Now, I think we have a lot of projects that are done that we are getting ready to move forward with. And in fact I was just talking with Leslie this morning about it. We've got a number of projects in central Oregon that I don't know of any that we're sitting on that we're not going forward with and the EA is completed. Maybe you have an example.

We have a number of large scale plans, I think, all the way from Sisters down to Crescent that will result in quite a lot of wood. I think 50 to 60 million board feet.

Senator WYDEN. When is it going to get unstuck? A lot of this is always like the marquee at the old movie house where the movie house, you know, outside says, you know, coming soon and, you know, it talks about this wonderful picture and it never quite gets there. So tell us, if you would, if you're able to come to central and eastern Oregon today and say all of these projects where the EA's done are getting unstuck, tell us when and where and how much.

Ms. GRAYBEAL. I would say that it depends on where you're talking about. I don't think they're struck. I don't think they're stuck.

I think they're going through a process here in central Oregon that it takes roughly 1 to 3 years to get a project completed, and when the EA is completed it will be—it will go through and have a decision and then after the decision, we'll actually within 30 days have a timber sale if it's a timber sale project.

But why don't I let Leslie answer? Do you want to do that?

Senator WYDEN. Great. I want to hear about the ones that are prepared.

Ms. WELDEN. I would like to know what those are too, because I have to tell you, Senator, that I'm not aware of any that are simply sitting there with no litigation, with a decision, the computations are completed that are sitting there and not being offered. So I mean I'm simply unaware of those. We may have some projects prepared, maybe a few road projects or fire projects that are unfunded that might be sitting there, but I'm unaware of that situation. So we just need some more information.

Senator WYDEN. Mr. Ferrioli, which of the projects do you want to get out?

Mr. FERRIOLI. Senator, in the Malheur National Forest there are programs and projects at various stages of completion, where the Agency works on a project for a while, changes priorities, goes to another project, works on that one for a while, encounters a difficulty, gets a new directive, adds another memo, and that's the process I think Ms. Collins was alluding to.

So 65 million board feet is over the past decade. They're in a variety of stages of completion in a variety of different projects. Many of them are in stages where very little additional activity could bring the project to the point where it could be sold. We've documented those. We've submitted that documentation to the Malheur and the region. We'd be happy to do it again to identify those projects by name.

Ms. COLLINS. Would it be helpful to give you some information about the projects here in central Oregon?

Senator WYDEN. Yes, let's hear about what's coming to central and eastern Oregon some time soon.

Ms. WELDEN. Thank you. Coming soon I would say in central Oregon we have a number of projects that we've worked on over the last 2 years that I would say that just over the last 3 to 4 months have what we would call made it through most of our process, including the Charlie Brown Project, McCash up at Sisters.

Senator WYDEN. How much wood would be available in the first one?

Ms. WELDEN. I can give you a total for each and then for all three together. For all three together we're looking at for commercial harvest about 54 million board feet. So we're in the process now of developing timber sale contracts, doing pre-sale layout work, to get those offered—advertised, offered and awarded.

On top of that there's quite a bit of pre-commercial thinning to the tune of 14,000 acres across all of those projects, which is getting into that work that is understory thinning, some of that smaller diameter material. When you talk about projects that we have probably trouble implementing, they do follow more in the range of those pre-commercial thinnings that we do have a longer period of time to wait for funding. So I would say if there is a backlog of

projects, it's in that realm where we are waiting for funding to get to that.

The National Fire Plan is helping and to a degree our ability to submit projects to the RACs is also helping. But that's an area where if we have some backlog it would be with pre-commercial thinning.

Senator WYDEN. Well, that's another area that has been baffling to me. I've heard it said we could get more out if we had more funding. But my understanding is that the region has volunteered basically to give up some of its funding and that it's going to other areas. This region, Region 6, is slated to lose 2 to 3 percent of its overall funding over the next 5 years.

So I guess I just don't want to see the Forest Service put these rural communities into debtors' prison. In effect it just looks like for many of these projects we're not getting the projects unstuck, and that's what I'm told again and again in one iteration or another. It's not getting unstuck. The wood is not getting out.

Ms. COLLINS, your associate just told me if we had more funding we could get it out, but there's been an agreement for this region to give up funding presumably because people don't think we're cutting enough. So make sense out of this.

Ms. COLLINS. What Nancy was talking about and what Leslie was talking about earlier, we notoriously have been underfunded for pre-commercial thinning. That's that thinning where you don't have a product coming out, but you are actually doing some of the forest health treatment that needs to be done to produce the stand density that we've all been talking about here.

It's watershed restoration work that's not necessarily directly tied with the National Fire Plan and Fuels Reduction work. That's the work that we need funding for. Now, again the timber sale, salvage sale program, is one of those programs that we've got a lot of—each region gets an—we get an allocation per region, and we basically are falling back on this premise of accountability, where we are putting the money where we get results, which is the right thing to do. It's good government. And we are trying to get results everywhere.

As you said earlier I think we're finding that the results are scattered. They are different. Some places seem to be able to magically get work done and others are struggling. And some of it depends on the forests we're dealing with and the community dynamics.

Senator WYDEN. Well, your associate just said, We could get more work done if we had more funding. And I just cited what appears to be an agreement among the regional foresters for this region to give up funding to other parts of the country. Is that right?

Ms. COLLINS. Every regional forester could say that, that they could get more work done if they had more funding.

Senator WYDEN. Is this region giving up money to go for this work? I'd just like a yes or no answer to that.

Ms. COLLINS. I think they are, and I think that was the agreement that all the regional foresters collectively agreed the money would again be distributed along—actually it's a part of a pattern that was started probably a decade ago as the timber volume from Region 6 in Oregon and Washington started to go down, the money started to shift to other regions. And so this is part of kind of a

long-term plan. It's just how we're actually implementing it. And I think it's coming from the frustration of not getting on with it.

Senator WYDEN. It just seems as if the Forest Service is putting the rural communities into a death spiral and then saying it's their fault. I mean just think about it. Debtors' prison, people aren't being put into jail any longer just because they're poor, and if effect what we have got here are policies that are very similar. What happens is we've got projects that are "stuck" for various reasons. Money would help to unstick them. That is what your associate has just said. But yet the region is loosing out on that money that would free up those projects because the cut is going down.

By way of what you have described, I think this area is just being put by the Forest Service on a sort of relentless kind of death spiral that I want you to know I'm going to do everything in my power to block. I have been impressed by a number of the approaches that you have taken, but for the life of me I can't understand the analysis here today. There are projects that need to get out now and we have got a variety of descriptions being used to describe at what stage of the process they are, but what these communities tell me is they are ready to go. And we were told about a number of them today that more could be done if there was money for it. But yet somehow we're giving up the money because the cut is going down, and once you give up the money the cut is just going to go down, and down, and down until you've turned these communities into sacrifice zones. I'm not going to be part of it.

I'm going to move on unless you want to add anything further, but I hope that you will change your mind on this question of taking money out of this region at such a key time when Mr. Ferrioli's constituents and others obviously would benefit from having that money to complete these projects. Do you want to look at that again?

Ms. COLLINS. I will take a look at that again. I want you to know that we are committed to this region and we are committed to putting money where we can get results. And like I said in my opening statement, I have seen in eastern Oregon people coming together to get results, and when we start seeing results the money will come. It's going to be tried again.

Mr. FERRIOLI. Mr. Chairman.

Senator WYDEN. Yes.

Mr. FERRIOLI. The budgeting process in the Forest Service does not include a process for the partial completion of projects. Each of the projects that we referred to on the Malheur was previously fully funded. It was accumulated along with other projects to create an annual operating plan which was submitted to the region, which was then forwarded to the national office and approved at that level and then forwarded to the Congress.

Projects typically are not submitted for partial funding. So that the projects that we're referring to on the Malheur over the past decade that were carried forward as unoperated volume or unfinished projects have been repeatedly fully funded year after year and carried forward in the funding requests for the Agency.

And when we use the term lack of accountability, I think we do a violence to our argument because people don't understand what

we mean. When we say accountability, what we mean is when you're funded for a project that you described in your work plan and Congress appropriates the project and the dates of the gateways of completion and you don't get through those gateways, that is a lack of accountability.

Senator WYDEN. Ms. Collins, I don't think anybody can say it any more clearly. What's your response to that? These are projects that Mr. Ferrioli is saying his constituents got them through the process not just once, but again and again and again. How do you get them unstuck?

Ms. COLLINS. I know. We need to get it unstuck. And part of our concern is taking a look at that, what is it in terms of a larger dynamic that gets things stuck and how can we work through that? And that's why I said at the beginning we're working with a lot of these process requirements are getting it stuck and trying to see how we can make some changes there.

Let me also just say one other thing about this region's funding, because I want to make sure it's real clear. We do have every region making the same case about funding and outputs and the ability to take action with appropriate funding. And I also don't want to leave you thinking this isn't a region that produces, because they do good work here. And we have some really good examples of that here, so let me just make sure that this is really not about people not performing; it's about people operating in a system that is somewhat dysfunctional, and we're trying to fix that.

Senator WYDEN. Well, you aren't going to fix it by taking money out of this region. And if you believe that good work has been done here, and I know you're sincere in your views, then certainly that doesn't make the case for sending the money somewhere else because people aren't any good in Region 6. You've got to get this money back here.

When will you report back to me on whether this money is going to be returned to this region? This was something that was done, I gather, internally and I want those dollars back so we can get projects out, and particularly the projects along the lines that Mr. Ferrioli was talking about where again and again they have been approved.

Ms. COLLINS. What I will do is commit to you that we will get together with you. We will get the information on what's happening with that money and—

Senator WYDEN. Isn't the region slated to lose 2 to 3 percent of its funding on these key projects over the next 5 years?

Ms. COLLINS. I really do not know that.

Senator WYDEN. Do your associates know the answer? That's correct, isn't it?

Ms. GRAYBEAL. That's correct.

Senator WYDEN. What I want to know, Ms. Collins, now that your associates have said that's right, when we're going to hear we're going to get that money back?

Ms. COLLINS. What I will commit to you is I will tell you what exactly is going on and what decisions were made and why. And again I'm not—I need to talk through this at a much larger level, because we have every regional forester, as I've said, making that

exact same case. And we did come together in terms of national priorities and looked at this.

Senator WYDEN. Who were the people in this region who said they were willing to give up their money for work that would unstick these projects? What are their names?

Ms. COLLINS. One of the things that really—I will say I'm proud of the fact that we have regional foresters that came together looking at a very national perspective and said, What is it that we need to do nationally? And they came to a consensus about that. And it wasn't an easy decision for anybody because there were losers and there were winners all over the country. And there were people frustrated and people feeling like it's about time. This is a well-funded region. It has been a well-funded region for many, many years. Comparability between regions is if you go to a place like Colorado, you'd find a very different situation in terms of funding.

Senator WYDEN. Do your associates know the people from the region who said it was okay to give up the money? Any of your people in the back?

Ms. COLLINS. It wasn't a person. It was a collection of people, and that was the point I was making.

Senator WYDEN. I'm going to wrap this part of this discussion up by way of asking you how does the Forest Service reach their national priorities to cut this money from a region like this? We've got the highest unemployment rate in the country. We've got projects that you have said work and what more do we have to do to get a fair shake in terms of the dollars? Highest unemployment, projects that work, projects that Mr. Ferrioli has said repeatedly have been approved. What else is there left for us to do to get our fair share?

Ms. COLLINS. Well, I think one of the things that continues to make a difference is to have hearings like this, to talk about the issues, to talk about what is going on to make people aware of what's going on here.

Like I said before, I think people are making this case everywhere, but you are and we have great examples in Oregon. As I said at the beginning, this is a place where the beginnings of a lot of creative ideas start here, and so I think it just makes people aware of what's going on.

I also think that we live in a national world with national priorities, and we have got to keep all of those, we have got people all over the country making the same or a different set of cases.

Senator WYDEN. Let me ask you a technical question. Did NEPA law and regulations allow forest agencies to use categorical exclusions as a way to expedite the NEPA process? The service lost its categorical exclusion authority for timber sales because it lacked information for why it set the levels for categorical exclusions. You know, 250,000 board feet and that sort of thing.

Now, the Forest Service still has not corrected that lack of information. What is the time line for the Service to complete this work so that once again you can use these, you know, exclusions again to help the people in this part of the country?

Ms. COLLINS. Yes, categorical exclusions are really an important tool and they were taken away through a lawsuit a couple years ago. We have been in the process of gathering that information and

we do have that information gathered. We should have a draft *Federal Register* notice out this summer on a couple of those categorical exclusions, getting them back. And the ones that are really important to us here are the ones for small sales of material and prescribed burning and some of those that relate to forest health treatments. Two that are coming out this summer are related to the sale of product, vegetation of the national forest.

Senator WYDEN. Let me ask another couple of process questions that might speed things up for folks in central and eastern Oregon. I think it would be fair to say that probably every few months we get pretty frantic phone calls, our delegation does, that some particular project, XYZ project, is going to be stalled for 6 months or so unless your NMFS or Fish and Wildlife Service can complete endangered species consultation responsibilities.

Now, as you know Congress has considered allowing authorized agency biologists—Forest Service, BLM, a variety of agencies—to perform this function. What do you think having this kind of authority would do for you in terms of expediting the process for these projects that we're talking about?

Ms. COLLINS. Somebody presented that just in the last couple of days, so I haven't really done a lot of thinking about it. What we do know is that the kind of biologists—the qualifications of the average biologist who does consultations for the National Marine Fishery Service basically has the same credentials as the biologists that are doing our biological work. So there's no reason in terms of skills that we could not do that work, and I believe they would have the knowledge or understanding or ability to do it.

And so the question is, I think, it's one of those things that we're going to have to talk about and spend some time exploring. As it stands it would take some legal authority. We're not right now a regulatory agency. We're given some regulatory authorities. But the side that we have to look at is what does that bring to us in terms of we might be able to expedite projects, but I also know that National Marine Fishery Service has a lot of lawsuits. We may be inheriting all of those along with all the benefits of an expedited process.

I think we just need to talk about it and look at it. I certainly think we have got the qualifications. We have got our folks out there talking with each other, and I think 99 percent of the time there's unanimity and agreement on what we need to do. And there are places where we actually have paid to have a National Fishery biologist to do our consultation. They work for National Marine Fishery Service but we work closely with them.

Senator WYDEN. Rick, what's the take on this from the environmental community? It would seem to me that working something out here among all the stakeholders would just make sense, and I'd be interested in your position.

Mr. BROWN. I guess I wouldn't rule out the possibilities, but I guess as part of that checkered past that I alluded to, I spent 6 years as a biologist with the Forest Service. And I think it's really important that, particularly in the endangered species setting where the stakes are so high biologically, it's really important to have that independent examination of what's being proposed with-

out sort of the within-agency context and the pressures that go with that.

As I said, I don't want to rule out any possibilities, but I think there will be a lot of reluctance on the part of the environmental community.

Senator WYDEN. There's a couple of other questions, Ms. Collins, for you. On this question of streamlining and paralysis analysis issue, this is an area that is indisputable. There is all kinds of just sort of excessive, you know, gobbledegook in those rules. My colleague, Senator Craig, made a number of very good suggestions over the years to get at some of these rules and requirements. And I know you all are looking at a number of them and we're anxious to have your views on it. But isn't it correct to say that the only way you're going to cut through some of the regulatory surplus, the stuff that's on there really for no logical reason, isn't it correct to say the only way you're going to do that in a timely fashion is through legislation?

I mean you can go off and spend probably 5 years talking about this and having discussions that are useful, and it certainly sounds useful from what I've heard, but isn't it correct that the only way you're going to make significant changes in streamlining the process in a timely fashion is through Federal legislation that does it?

Ms. COLLINS. I think you're right. I think that we have the ability and the authority to work with regulations, Council of Environmental Quality, which we're doing, U.S. Fish and Wildlife Service, which we're doing, and we will do that and we will continue to do that and we will continue to try to make the changes that we can make internally with our own regulations, which we're looking right now, but it does take a tremendous amount of time.

John and I were talking before the hearing that I've only been back in Washington 2 years, but things move slowly there. I thought they moved slowly in terms of project management out here. They work really slowly back there. And so I do think that there's a potential to expedite the process if there's some congressional help.

Senator WYDEN. The Forest Service is looking at a variety of ways to work with resource dependent communities to find new commercial uses for various opportunities: small trees that need to be removed to decrease catastrophic fire risk. And my question to you is if Congress accepts the administration's fiscal year 2003 budget request to zero out the Forest Service's economic action programs, how would that affect your ability to assist communities in creating these economic uses of various kinds of products on the forest floor?

Ms. COLLINS. Well, I think in some places it will have an impact for sure.

Senator WYDEN. A negative impact?

Ms. COLLINS. A negative impact. We've seen a lot of positive impacts with those dollars being distributed in Oregon, but we also still have quite a lot of authorities for economic development in our State and private authorities. We still have the Wyden Amendment. The National Fire Plan has a number of dollars that are going to continue to be available for biomass, for additional alternative forest products, small diameter material. So while we've

traded some programs, we've gotten others with the National Fire Plan funding.

Senator WYDEN. Well, you just did something really gutsy, because, as you know, the administration is proposing to zero out those programs, and you've said, and what I think I've heard from every single official in rural Oregon, that's going to have a negative impact. And (A) I commend you for your candor, and (B) we will work with you to try to make existing dollars stretch, number one. Number two, I can tell you Senator Craig, Senator Murkowski, myself and Senator Bingaman have already weighed in we're going to do everything we can to keep those dollars, because I think it would be a tragic mistake to take away the Forest Service funds for economic action programs when there is so much to do. I don't think you can defend that in front of Senator Ferrioli's constituents.

Let me turn now to some of our other panel members. I'm sure Sally will be happy to have a break. John, if you would, describe what has happened at your mill and why the predicament that the community now faces in your view has reached this point and what we ought to do.

I mean it seems to me you, and nobody wants to be the poster child, you know, for this, but it seems to me that you provide a very real world example of what all sides ought to be somersaulting to void. It just seems so needless and so unnecessary, and I think it would be helpful if you could sort of lay out what you think got us to this point and then what you think is necessary to extricate us starting on a path that makes sense for the environment and for economic needs.

Mr. MORGAN. Well, number one, I think we're victims of circumstance. I don't think it's lack of management skills or anything that's caused where we are today with the shut down of facilities and with the amount of dollars that we have invested in retooling, because we thought that the Forest Service was heading towards smaller material and we retooled and invested, like I said, a lot into that.

The problem is a lack of resource availability. The funding is there but a lot of times it has to be—they're redoing over and over because of appeals and lawsuits and having to go back. In industry when we get a certain amount of dollars we go out and we put that into good work and we accomplish something. It's like a farmer plowing his field. You make a circle, you look back and you feel that you accomplished something.

With the Forest Service, they look back and I don't see that they feel that they've accomplished anything. And a good example of this is a 34 cent stamp and the process that halts it. A good example, I think, is just 2 years ago when the Ash Rock Timber Sale burned 18,500 acres, 15,000 of that was in the wilderness and was not going to be touched at all. There was only 3,500 acres that was outside that was in management to where it could be logged and harvested. Of that 3,500 acres, only 500 acres was targeted for cutting. The 34 cent stamp comes, goes through the court system, and it was held up not on content, more of a procedural deal, because it didn't identify aspects in the report. All of the things the Forest Service did in the EA was there, but because they didn't mention

a certain report that was mentioned by the regional forester, the project got halted.

We can take a look at the BLM sale in the John Day area. Timber Basin same way. There is one right now, the R and R salvage in the Deschutes is the same way.

It's a lot of money and time and effort has been put into these projects, but they're being halted and then you have to redo them, and all of a sudden they give up on them. Particularly fire sales. They throw it out and they go forward and all that money is wasted.

Senator WYDEN. So you've got people particularly on each side of your flank, two people that can do something about this: an environmental leader and a leader from the Forest Service. What do you want to tell him that everybody ought to work on together to avoid this?

Mr. MORGAN. Well, I think I know for our company and I think the industry as a whole, you're always going to find extremes on either side, and we need to find the middle ground to go forward. And with the Forest Service I feel their frustrations a lot of times, because I know some of the questions that you asked Sally about the funding and all the things that goes forth there, that the money is being spent and work is being done over.

From the environmental community we understand that everybody has their thoughts and their ideas on how things are running, but again we need to find a middle ground and go forward and not have to be halted. And there is a certain group that's on the outside that'll come back after something's been done collaboratively supported by a general group and it's stopped. And I think that's the processes that we've got to do is we've got to get back to reason and common sense and let the professionals be able to manage.

It's like us as foresters, we don't go and tell a doctor how to operate on a brain surgery. And a lot of times I think that that's it, the professional people are not being able to manage scientifically. It's more public sentiment.

Senator WYDEN. Rick, you've heard John talk about what happened with the mill and all the devastation that he's seen visited on the community. You've heard Senator Ferrioli talk as well. What is your sense about how the environmental community can help make some common ground here and come up with projects that make sense?

And by the way, when I was talking to you about unsticking the huge number of board feet in terms of the projects, I want to make it clear, that projects consist of a lot more than just board feet. There's a tremendous amount of restoration work that can be done that is enormously important in terms of environmental value. So that is why I have become so passionate about getting these projects done, is that they make sense from the environmental standpoint and they make sense from an economic standpoint. Rick, what are your thoughts in terms of how you respond to the frustrations that John and Ted have described?

Mr. BROWN. Well, on a very simple level I share them. As I alluded to earlier, I've been writing, testifying, talking for years, better than a decade at this point, trying to get these same sorts of things moving on the ground. I've spent 3 years on the Governor's

Eastside Forest Advisory Panel. I've spent 4 years in Lakeview trying to promote this. I've put substantial time and effort into producing a report for Defenders of Wildlife, Getting Fire and Forest Restoration, a Science-based Approach for National Forests in the Interior Northwest.

Trying to find that common ground of a science, we spent a lot of time, I think, pretending that the issues are either scientific or technical or that they're part of NEPA process or something else. What they're really about is trust: lack of trust. And particularly a lack of trust from many in the environmental community.

I think that there are some in that community who you will never bring in the fold of agreement. They are steadfastly opposed to commercial logging and logging on the national forest lands.

I think there is also a substantial number in the environmental community that are currently opposed to many of these activities because of their history with the Agency and with the funding that the Agency is getting and how things have been driven in the past. Until we can get a clear message of what restoration is and that that is what is going on and that the timber is a by-product of ecologically justified restoration, we are not going to get past that distrust.

The Forest Service is easy to pick on and it's many things. It's a bureaucracy. It's a collection of individuals that have the strength and opinions that we all do, but it's also an instrument of public policy. And I think a large part of the problem right now is that the public policy is not clear. There are divided messages. There's the one that you clearly state today about restoration and a lot of things need to be happening on the ground. The budget that comes down doesn't correspond.

Senator WYDEN. I don't want to go into the budget with Ms. Collins anymore.

Mr. BROWN. Until we get that message out, we're not going to overcome that distrust, and overcoming that distrust is manifest. That's what I spend a lot of my time trying to do. I think I've made some progress, but not enough obviously.

Senator WYDEN. Let me just ask one other question in terms of projects. As I approach it seems to be low hanging fruit from the standpoint of the environment and the timber industry, and yet it hasn't worked out that way, and that's the biomass and energy production question. Now, Mr. Morgan's been interested in this for quite some time in developing long-term biomass contracts in which the Agency would assure an energy producer a 10- or 15-year steady supply of a certain amount of wood fibers. Here would be a chance for a real live partnership. You know, mills, Forest Service and the environmental people. And yet we can't seem to get there. Can't seem to get it done.

Why don't we just lock you two in a room with the Forest Service and say we're going to keep you there until we get a major biomass initiative done that will address clean energy, family wage jobs for Ted Ferrioli's constituents and something the Forest Service can back stop? Why shouldn't I just go tell Senator Smith and Congressman Walden, Let's clear our calendars for a couple days and we'll all just sit there until we walk out of there with a major biomass initiative?

Mr. BROWN. It's not clear to me, Senator, that that proposal that has been brought forward in this state anyway, that have been brought forward to the point where they have been actively and effectively opposed by the environmental community. What I run into is simply lack of inventory data. Knowing what's out there in terms of potential for reducing that material. But I agree in the abstract, it's a potentially very viable use. To the extent that I have heard concern from the environmental community, it's about establishing yet another industrial capacity out there that then 10 years down the line somebody turns around and says, The capacity's here; the forest is obliged to meet its demands.

I think if we can find a way to get past that hurdle, but I think it's largely a scaling problem. Maybe a technology problem. But I think there's some real possibilities.

Mr. MORGAN. Senator, a lot of it is of course based on economics, and the intent there, I mean, if you could have the facilities operating, just the small material itself won't stand on its own. It can't pay its way. There has to be a fallout of some kind of a merchantable product that goes with it. But there's so many other benefits that goes with it. I mean fire suppression, of course, is key. Besides the benefit of reducing the stock, you're adding growth on other trees to bug proof them and also be able to grow bigger trees quicker.

But I think the real key to it is the economics, and it won't stand on its own currently, and it's a trust level. I mean it's just like us putting in \$15 million for a small log mill and 13 years later we're out of business because we don't have a supply. I think there's always that fear going also. And so that's why there needs to be a long-term supply availability and a commitment level and accountability level to make sure that that's there.

And there is so many benefits positive that would come forward with that, but again the initial part of it is it won't stand on its own with just dealing with a small product and the power to pay for it because of investment.

Senator WYDEN. Ms. Collins, I'd welcome your views on this.

Mr. BLACKWOOD. I'd just like to comment on that because we really agree there's a lot of material out there that could be utilized along those lines, and the question of how much has pestered us for years. And through the Blue Mountain Demonstration Area, we teamed up with the Oregon Department of Forestry to actually find out how much is out there and where it is. And especially these densely stocked stands. And what we found was in a report that is soon to be released here, that only about 20 percent of those densely stocked stands will pay their own way out of the woods. So Mr. Morgan is right on. The economics aren't there.

We're exploring some other things through the Fire Plan and other methods to see if there are ways to rent processes to help augment that transportation cost, but I think there are some options out there, and there certainly are some opportunities.

Senator WYDEN. My understanding of this situation is that the Forest Service does not have the legal authority today to enter into long-term contracts on something like this, but if we could get the Forest Service, our mill operators and environmentalists together on a significant biomass initiative, that would certainly lay the

ground work for me to try to get the legal authority for the Agency to do that. I'd like to pursue that. I'd like us to have the Forest Service get with Mr. Morgan and others in the industry and, Rick, you would be involved and anybody else you'd like to bring in. Could we pursue that as a joint effort between the Forest Service, the timber industry and the environmental community in terms of a biomass initiative?

Ms. WELDEN. I think that would be great, if I can just speak for Sally here. In central Oregon we have an effort underway that's resulted from one of our Fire Plan grants that is specifically looking at how we build markets and really examining what the need is, and around central Oregon there's quite a bit of need associated with our Wildland-Urban Interface and our wild lands.

We've got a market analysis that's going on through a grant that was provided to Central Oregon Intergovernmental Council asking that question: How can you figure out how to make this kind of market work? And as John has said and Jeff has echoed, a lot of it has to do with our ability to guarantee some profit as it relates to getting those materials out of the woods.

And I think further analysis will be needed to make sure that we've got the ability to have some infrastructure to support those kinds of studies. So we're right here, I think, to take on that kind of opportunity.

Senator WYDEN. Let's do this, then, let us have the Forest Service, and Mr. Morgan and the industry, Rick and the environmentalists begin to work with Mr. Blair, who all of you know in our central Oregon office, to see if we can get the outlines of a significant biomass initiative together. One that would have support from the major stakeholders. I'll tell Senator Smith and Congressman Walden about that, and of course their folks are here. And if we can come up with a significant biomass initiative here, we might be able to break the gridlock on something that looks like a very promising opportunity.

This is something that could make a real difference to people in rural Oregon. If it's sound from the environmental standpoint, if it's sound from the energy standpoint, then it looks to me like a no brainer in terms of going out there and hustling and trying to put it together.

So we will have all of you designate one of your people. David Blair is this young gentleman sitting behind me. He's single so he has all kinds of free time, evenings and weekends, and just work him to the bone to get this biomass initiative.

All right. Let me wrap up with one last thought. This is by any calculus a really blue ribbon panel. I look at a legislative leader who speaks with great expertise for his constituents. Rick is an environmentalist. John is on the front lines in terms of industry issues for years and years. And Ms. Collins is someone who a lot of people think will be the head of the Forest Service one day.

By any calculus this is a blue ribbon panel. And I want to wrap up by way of saying that we're going to try very hard to pass a significant Forest Health bill in this session of Congress, even though there's not a lot of time left. And it's built around the proposition that I don't think you can do the important work without legislation. And to your credit, Ms. Collins, you basically said as much in

terms of one of the key elements is some way to get out of this unnecessary set of regulatory hoops that seem to accomplish nothing except add time and expense to the process. But to do it we're going to have to find some common ground among people like yourself.

We did it on the County Payments. Nobody thought that that was possible. Nobody thought that you could bring together people like Larry Craig and I and pass a bill where there was tremendous pressure from all sides to drive this to extreme positions. We will have even more of that on the forest health issue.

So I want to wrap up by way of saying thank you and these are important issues to people in these rural communities who feel strongly about them. People all over the State of Oregon feel very strongly about them, because we've said in this State that we want to protect our treasures and be sensitive to the need for people to have good paying jobs, and that's a lot easier to say than to actually do day in and day out. But I've got enough confidence that there's talent in this panel to help us and help us in a meaningful way.

We urge you to give us your suggestions as to what ought to go into a forest health initiative and invite you to do it with us, and we'll do it on a bipartisan basis. And Senator Craig and I have talked already about a number of times. Your ideas and suggestions are very welcome and I thank you for taking the extra time this afternoon. I guess we began in the morning and people must think they ought to start ordering dinner. But you've been very helpful, very constructive, and I thank all of you for your participation.

Let us go now to our third panel: John Howard, commissioner from Union County; Bill Tovey, Confederate Tribes of the Umatilla Indian Reservation; Tom Brumm of the Oregon Economic and Community Development Department and Mark Jeffrey, superintendent of Paisley School District Number 11.

Folks, we've been going at it now for about 3 hours, and I want to let these good souls have a chance to get at least part of their day for their business. Let's go first to John Howard, and we're going to make everybody's prepared remarks part of the record in their entirety. And I know there's almost a biological compulsion to read the statements, but if you can just sort of summarize your key concerns.

We're very pleased to begin with somebody who's been a great help to this subcommittee in the past. John Howard is an outstanding county commissioner and, John, please proceed.

**STATEMENT OF JOHN HOWARD, COUNTY COMMISSIONER,
UNION COUNTY, OR**

Mr. HOWARD. Thank you, Senator Wyden, and, you know, again from our county we'd like to express our appreciation to you for all the work you've done for us and working with Senator Smith and Congressman Walden, and particularly in the County Payments Legislation. It's been put to good use.

But I do have my written statement and then I'll just leave that for the record and just summarize my comments. I think what I'd

like to do, Senator, is talk a little bit about resource management issues and fold it into the need of looking at economics.

But in the early nineties the issue of forest management and when I look at it it actually occurred in the early nineties when the salmon, steelhead, bull trout were listed in the Endangered Species Act. That started a watershed fall of putting in interim strategies called PACFISH and INFISH, and then Eastside Screens came into play with concerns over the old growth management. And from the early nineties, that pretty much tightened the net up on the pipeline as far as timber that was in the works.

And there was an attempt to try to resolve these interim strategies around 1994 with the Interior Columbia Basin Management Strategy was established. We thought we were there in 1996. We had a first draft plan. The counties were really at the table at that time. However that draft plan got put on hold and it was pretty much politics was downhill from there on. And the whole process pretty much collapsed from that point on.

And then from that period on there's been a lot of mill closures, and I just can't count how many mills have closed. There have been three in our county, two in Wallowa County, one in Baker County, several in Harney County, and I can just go on throughout eastern Oregon. The heart of the problem that I see is the need to replace the interim strategy, PACFISH and INFISH. Those are very restrictive strategies and we still don't have anything resolved in the long-term. And we need to figure out how we're going to address these outstanding issues and that's how we're going to get back to the process of managing our public lands.

There have been some bright moments in eastern Oregon. It was mentioned earlier by the panel, the Blue Mountain Demonstration Project. It did stumble early on. It's gotten back on track to a certain degree and we are seeing some projects coming out. But we need to use that demonstration to get to the heart of the problem on the process, on how the projects are developed and the time and length it's taken.

Some of the things that we have done in our county, we have taken initiative in creating a Community Forest Restoration Board. In fact, Senator, we talked about this last year.

Senator WYDEN. Right.

Mr. HOWARD. And I told you I'm interested in it and I've been working with the district ranger on this and our goal is to kind of turn out projects within a year's turn-around time to the NEPA process. And we are getting close to being there. We've got one that's taken 13 months. We have one more it's on track for about 12 months and another one about the same schedule.

But we do have a pilot authority stewardship contract. We are looking at what we call an integrated resource contract. It uses a timber sale contract as the basis and refines the contract methods from other steward-like service contracts. It creates a new method. And we feel this is probably a trend that's going to be seen and developing.

We think it gives more flexibility to the ranger for management and it gives more long-term contracting ability for local contractors. I would like to also add that the other areas of concern that I've seen over the years is we're dealing with three cabinet levels on re-

source management. We're dealing with the Department of Ag with the Forest Service, Department of the Interior with Fish and Wildlife Service, and then with the Department of Commerce with National Marine Fishery. It's somewhat of an uncoordinated effort in resource management and it just takes so long getting projects through the consultation process. And I'd like to give you a little history.

Last year we had a county bridge that we were going to be replacing on Pelican Creek, and it dried up around August or September or so. And we were toward the end of the window of opportunity to do this construction work for the bridge replacement, and our public works director called me and our watershed program called me and said, Time's running out. We have until Tuesday to do the work. And this is Thursday.

And I called the consultation office in La Grande and said, Randy, now would be a good time to get that permit. And it was in the afternoon and finally we got the go ahead to do the work. But it was a not likely effect call. It was a no brainer. No water in the stream. The creek was dry. We were taking a culvert out and putting an eco block bridge construction in place. But, you know, it took me to call to get the project out and get the work done on it.

I'd like to talk about Region 6 a little bit. And Region 6 Headquarters Forest Service is looking at a new appointee for a person there. I would like to see this person be very aggressive in going after funds, defending the region during when budget cuts are being sought. We need someone there that can stand up and defend the rest of the rank and file within Region 6 office.

I would also add, Senator, we need a Region 6 supervisor that will take their share of stewardship contract authority. I think the last go-around I think we got three, four, something of that nature, stewardship contracts out of 23 or 26, whatever it was. When I was back in D.C. in March I had a chance to visit with Dale Bosworth, the forestry chief, about when he was in Region 6 how come he got so many stewardship authorities? And, you know, basically I went and got his take on it. But when I came back to take a look at it again, it was not in the interest of the region to look at these stewardship authorities. So I guess I would ask you, Senator, to help us get a Region 6 supervisor that's going to be a strong advocate for the region, and also somebody that's going to be looking out for rural assistance programs as well.

We utilize those programs to the max. In fact we used our county funds to match Forest Service projects on their public land and then we used rural systems projects to work for our benefit as well. It's been working both ways. I would also say that we are working on the biomass end of it too. We have a company called Sustainable Northwest or Sustainable Energy, I believe it is, is making an investment into the biomass operation in our county, so we're working on it too.

One of the things that I would like to talk more about is the economic assistance program. We've been working the last 3 years in eastern Oregon communities and I want to say Idaho, Montana and Washington and the interior Columbia Basin on an economic investment strategy. And we have done studies on this doing some

analysis on it, looking at social impacts. And we made an effort to try to get it in the budget last year. We thought it was going to be there, but it was taken out, and not only was that taken out, but other rural assistance economic programs were cut as well.

And when you have communities in eastern Oregon that have double-digit unemployment rates for the last 4 or 5 years or beyond, and we have not seen the economic surge in the nineties on the east side as the west side, you know, that's kind of heart breaking for us to do to take those setbacks. And I guess what I'm asking you, Senator, is we need your help to secure funding for these rural assistance programs as well as fixing the problems on forest management. And that concludes my comments.

[The prepared statement of Mr. Howard follows:]

PREPARED STATEMENT OF JOHN HOWARD, COUNTY COMMISSIONER,
UNION COUNTY, OR

Thank you for the opportunity to testify at this field hearing today. I would like to take this opportunity to answer some questions regarding public land impacts on rural communities.

1. Explore the relationship between how lands are managed and the impacts on rural economy.

How our national public lands are managed has a direct economic and social impact to communities. In the early 90's when bull trout, steelhead and salmon were listed as a threatened species under the Endangered Species Act, it led to review of existing management plans and as a result temporary management strategies were set in place which included PACFISH and INFISH. Additionally, Eastside Screens were set in place to address assumptions that forest plans did not give direction for management of old growth forests. Eastside Screens have directed public land managers to only remove trees that are 21 inches and smaller constraining their ability to meet resource objectives. The PACFISH and INFISH strategies have created 300 foot buffer zones on each side of streams. There are also buffer zones of 150 feet on each side of intermittent streams.

These temporary strategies were only to be in place for 18 months and that was back in the early 90's. There was an attempt in the mid 90's to develop a long-term plan for the eastside forest and rangeland called the Interior Columbia Basin Eastside Ecosystem Program that would replace the restrictive temporary strategies. However, the planning process became polarized by Washington politics and collapsed. We are also witness to the time and energy it has taken for public land managers to produce projects through the NEPA planning process and the consultation process with regulatory agencies. These federal decisions have had a profound effect on the economies in rural communities in Eastern Oregon. We have consistently seen double-digit unemployment in the majority of rural counties from the closure of so many sawmills. To date these communities have had limited success in improving their economies and with limited federal help.

2. Review the environmental health of the National Forest.

With the limited ability of the public land managers to manage the forest and those organizations that have been successful in their attempts to stall the process, we are a long way from having eastside forests sustainable for the long haul. In fact, with the public land managers having been tied up with policy constraints and the lack of past leadership ability to resolving the issues surrounding public land management direction, the eastside forests have continued to become over stocked with small diameter trees. The Blue Mountain Forest historically was comprised of 60 percent pine and 40 percent grand fir and Douglas-fir species. Today we have just the opposite of 60 percent fir species and 40 percent pine. The gridlock of management from the early 90's to date has accelerated the forest condition to be prone to beetle bait and has become more susceptible to major wildfires. Many streams in Eastern Oregon also lack the woody debris and stream structures for improving habitat conditions for aquatic species. There has also been an encroachment of fir stands in riparian habitat that has pushed out cottonwood and brush along stream sides. Cottonwood and brush provide excellent habitat conditions for streams. There is much work that needs to be done to improve our riparian habitat conditions for

our forest and rangeland streams. The current PACFISH and INFISH interim strategies are standing in the way of improved stream habitat conditions.

The Blue Mountain Demonstration Area has given rural communities some encouragement working with state, private and local public officials to improve the management conditions. We have seen success with the Blue Mountain Demonstration Area, but more needs to be accomplished such as replacing the temporary restrictive strategies with a long-term plan and improving the length of time it takes to produce projects. The consultation process also needs improvement to assist land managers. The process spends too much time worrying about short-term impacts and not considering the long-term improvement benefits for species habitat conditions.

I want to stress that the restoration needs on public lands surpasses the ability to complete work because of interim strategies and the NEPA and consultation processes. Thus, even though on the La Grande Ranger District they are exploring innovative techniques and processes they are unable to get ahead of the restoration curve.

Our Union County Community Forest Restoration Board that was created last spring has been working hard with our local U.S. Forest Service district ranger to improve the planning process and to give guidance for restoration projects. We also have been supportive of testing new contract methods for improving forest function conditions such as an integrated resource contract. We also will be monitoring the new contracting method. We believe that we need to explore new contracting methods to meet the needs of restoring our forest sustainable levels.

3. Review the economic assistance to natural resource dependent communities.

Federal policies from the past ten years and the laws that govern public land management have hard hit resource dependent communities' economies. During the last ten years we have seen these rural economies tumble to double-digit unemployment as mill after mill closed. Many of these mills have been auctioned off and sent to other Countries. Eastern Oregon rural communities did not have the economic surge that was seen in the 90's in other Oregon communities. State, Tribal and local officials have been working together to form an Interior Columbia Basin Economic Adjustment Strategy for the past three years. We had hoped that the President had budgeted the funding of the initiative. We not only lost our struggle to secure funding for the strategy in the Presidents budget to rebuild our rural economies cause by federal policies, but we were also surprised to see major cuts proposed in other existing rural assistance programs. The communities in Eastern Oregon need federal economic assistance to rebuild our struggling communities from there past federal decisions. Our federal government also needs to resolve the long-standing forest management constraints.

Thank you for allowing me the opportunity to comment on these issues of critical importance to Eastern Oregon communities.

Senator WYDEN. Very good, very good. Mr. Brumm, welcome. No one has done more on these issues than you.

STATEMENT OF TOM BRUMM, INTERGOVERNMENTAL RELATIONS MANAGER, OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT, SALEM, OR

Mr. BRUMM. Thank you, Senator. Good afternoon. I appreciate being here. John took a little bit of my thunder but not enough that I won't go into it. I would like to discuss with the committee a project called the Inland Northwest Economic Adjustment Strategy. It's a project of Oregon, Washington, Idaho and Montana, that we've been working on for 2 years. This region consists of 97 counties and 14 tribes in eastern Oregon, eastern Washington, Idaho, and western Montana.

I don't need to go into all the Federal resource management policies and court decisions that have got us to the point of where we're seeking Federal assistance to redress some of these. I think you heard a lot of real life examples from Senator Ferrioli. But I would like to point out why I think the Federal Government has

a particular responsibility to this 97-county region that we have identified.

There is a greater concentration of Federal land ownership in the inland northwest, 54 percent versus 23 percent nationally. And just, for example, we know that 52 percent of Oregon is owned by the Federal Government. Nearly two-thirds of Idaho is owned by the Federal Government. Our economic analysis that Commissioner Howard referred to shows that 97 of the 99 counties in this region are economically distressed with 53 counties or 55 percent low or very low economic vitality.

Possibly the 2000 census might change that, but I doubt it will change it much, and I think in many areas it's getting worse. Such as the 17.5 percent unemployment in Wallowa County, for example.

There's been a continued decline in per capita income with this region falling further behind the rest of the Northwest and the Nation and widening the urban-rural economic divide in all four States.

This region is also more dependent upon forest products than the west side of Oregon and Washington or the Nation. More mills have closed in this region than remain open. While 110 have closed, 109 remain open and these aren't counting mills that have closed in the last year. We've heard about one, Ochoco, so there are others.

Our analysis also shows that lack of Federal timber supplies is a significant factor in the closure of eight of ten of these mills. In addition to wood products, this region has seen serious declines in many agricultural sectors, mining and the downsizing of Federal energy facilities in Washington and Idaho.

From 1993 to 1998, the Federal Government spent approximately \$1.2 billion addressing very similar problems in western Oregon, western Washington and northern California. Even though the problems of this region are the same or possibly more severe because you have more remote, more resource dependent communities, no Federal funds have been targeted to relieve the economic distress in this region, and the needs of this region exceed existing allocations for Federal economic assistance programs.

What we are looking for is a coordinated effort on the part of the Federal Government working with State, local and tribal governments to address economic conditions in the region.

As I've said, we've been working on this for a couple of years. We've done a number of things and I'll just mention them very quickly to show that this isn't, you know, sort of something that we just happened upon. We've really tried to make a case as to why things are different.

We secured two Economic Development Administration Grants thanks to Ann Burg, who's sitting in the back of the room there, to help us do these studies. We have a steering committee that's representative of State and local governments and tribal governments in all four States. We hired some consultants to review 164 community and tribal economic development plans to try to get some idea of what people thought needed to be done.

We held 14 forums in four States attended by over 800 people to tell us what kind of assistance communities needed most. This

project has been endorsed by all four governors, the Affiliated Tribes of Northwest Indians and most city and county associations in the four States.

We've continually met with representatives in the Bush administration and had a continuing discussion with members of the Congressional delegations from the four States.

However, despite all that we failed in an attempt, as Commissioner Howard said, to get included in the President's proposed fiscal 2003 budget. I think we might have succeeded had not 9-11 happened, but nevertheless it doesn't change the need. We're going to review whether we should try for 2004, but we do need help from Congress. We would like to secure some funding in this appropriation cycle.

Our forums identified needs in the areas of business and workforce development, funding to support value added and sustainable natural resources, infrastructure investments, tourism promotion and community capacity and building.

I think the Federal Government can and should help this region. I just noticed that in the farm bill something called the Great Plains Basin Initiative or whatever secured \$180 million over 6 years to address economic problems in five Midwest States, none of which have hardly any Federal land whatsoever. So I do think that this—I think we can make a case as to why the Federal Government needs to be involved. We just need your help in getting there. Thank you.

[The prepared statement of Mr. Brumm follows:]

PREPARED STATEMENT OF TOM BRUMM, INTERGOVERNMENTAL RELATIONS MANAGER,
OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT, SALEM, OR

Good Afternoon. Thank you for the opportunity to testify at this field hearing. I would like to discuss with you a project that we call the Inland Northwest Economic Adjustment Strategy. City, County, Tribal and State governments in Oregon, Washington, Idaho, and Montana have been working for over two years to help distressed resource-dependent communities in the Inland Northwest, a region consisting of 97 counties and 14 tribes in Eastern Oregon, Eastern Washington, Idaho, and Western Montana. Over the past decade a collection of federal resource management policies, federal court decisions, and other factors, have had intended and unintended consequences for this regional economy. Therefore, we are asking the federal government to help mitigate the effects of its decisions on local economies and communities. The federal government can do this by working with the States, Tribes and local communities to invest in their continued social and economic vitality.

In attempting to answer your questions on the relationship between how public lands are managed and the impact on rural economies and an evaluation of economic assistance to natural resource dependent communities, I would like to give the committee some examples of needs and conditions in this 97 county region and why the federal government has a special responsibility to the region:

- There is a greater concentration of federal land ownership in the Inland Northwest, 54.6% compared to 23.5% nationally, nearly two-thirds of Idaho is owned by the federal government.
- Our economic analysis shows that 97 of the 99 counties in the region are economically distressed with 53 Counties or 55% with low or very low economic vitality.
- There has been a continued decline in per capita income with this region falling further behind the rest of the Northwest and the nation and widening the urban-rural economic divide in all four states.
- This region is more dependent on forest products than the Westside or the nation.
- More mills have closed in the region, 110, than remain open, 109, and these figures have worsened since our analysis.

- Lack of federal timber supply is a significant factor in 8 of 10 of these mill closures
- In addition to wood products, this region has seen serious declines in many agricultural sectors, mining, and the downsizing of federal energy facilities.

From 1993 to 1998, the federal government spent approximately \$1.2 billion addressing very similar problems in Western Oregon, Western Washington, and Northern California. However, despite the growth of similar and possibly worse problems in the Inland Northwest region, no federal funds have been targeted to relieve the economic distress in the region and the needs of the region exceed existing allocations for federal economic assistance programs. What is needed is a coordinated effort on the part of federal, state local, and tribal governments to address the economic conditions of the region.

We have done the following to build understanding and support for the Inland Northwest Economic Adjustment Strategy:

- Secured two Economic Development Administration grants to help document the conditions and needs of the region.
- Created a Steering Committee, which has met quarterly, consisting of four state representatives and representatives of Tribal, City and County governments in all four states.
- Reviewed 164 community and tribal economic development plans.
- Held 14 forums in the four states, attended by over 800 people, to both document the need for federal assistance and tell us what kind of assistance the communities needed most.
- Received endorsements from the four Governors, the Affiliated Tribes of Northwest Indians and most City and County Associations in the four states.
- Met with Administration representatives to seek federal funds in the President's FY 2003 proposed budget
- A continuing discussion of the proposal with Members and staff from all seventeen Congressional offices in the 4-state, 97 County region.

We failed in our attempt to get funds allocated to the Inland Northwest in the President's FY '03 proposed budget. We are evaluating whether we should try again for the FY '04 budget. We would like help from Congress and our 17 member collective delegation in securing some funding for FY '03. Our forums identified needs in the areas of business and workforce development, funding to support value added and sustainable natural resources, infrastructure investments, tourism promotion and community capacity building. The federal government can and should help this region in these areas. I hope this committee hearing is a beginning in that direction.

Thank you again for the opportunity to testify before this committee.

Senator WYDEN. Very good. Thank you. We have a delegation that teamed up and brought \$1.5 billion plus to the region in terms of the County Payments Bill. So we're holding our own and you did draft very good work. I'm going to have to keep you all to the 5-minute rule just so we can close up the building at some point.

Mr. Tovey, you've been very cooperative, you and the Tribe working with us.

**STATEMENT OF BILL TOVEY, CONFEDERATE TRIBES OF THE
UMATILLA INDIAN RESERVATION, PENDLETON, OR**

Mr. TOVEY. Thank you, Mr. Senator, and good afternoon. My name is Bill Tovey. I'm the economic development director for the Umatilla Tribes of Northwest Oregon. I've been working with John and Tom for these last 3 years on this economic development initiative.

On behalf of the great tribes of the Pacific Northwest, the Umatilla Tribe is one of those 14 tribes that is working with the four States within that region. The Affiliated Tribes of Northwest Indians have approved a resolution supporting this effort. However, there is one issue, there's a condition. The Tribes are really interested in supporting it, but they don't want restrictions lifted on timber cutting, those types of things. It's sometimes amazing that

the Tribe is involved in timber cutting, grazing, agriculture, mining operations. And we are affected by Federal policies.

One example is the Warm Springs Tribe which revenues dropped from \$26 million annually to \$4 million. Similar to the effects of county governments and timber receipts they receive from the Forest Service. One major issue is over the last 15 years over half of the mills within this four-State region have closed. That's over 110 mills. Even within our county, Umatilla County, we've had two, both in Hepner and Pilot Rock that have drastically reduced, been drastically downsized or closed.

Some of the key elements of the initiative is the Federal, State and tribal local teamwork. The support of the four Governors, the support of Affiliated Tribes of Northwest Indians, which encompasses 14 tribes. It's a group of 54 tribes in a four-State region.

I think we've done a pretty good approach which will follow the Westside Adjustment Strategy. What that requires is significant financial support both from staffing as well as money. I believe the States and the tribes must be key and equal participants in that. I think there's still within project development within a regional coordinated body we need to develop that.

Currently through economic development administration we've got an application in to them to fund a position that would help out local communities, tribes and county governments.

Valuation and feedback. I think benchmarking is very important. The tribes are working hard to develop their own benchmarks. A lot of benchmarks that have been created are Federal or through the Bureau of Indian Affairs. Tribes are wanting to develop their own benchmarks and to have access to those similar to the census that's been done 2 years ago. Finally the information is coming out. We want that now so we can move forward from there. Information on employment, income, education, landownership are very important.

A few things that the tribes and States can do to implement this strategy is to create a regional hub, provide assistance with economic development administration on their planning grants that will help projects come to fruition rather than decide we want to do a project to develop time lines and financing options, work with different agencies that we need to.

Pretty much—I know my 5 minutes is getting pretty close, but I think our goal has been to obtain Federal fiscal year 2003 monies. I think the time is now. I hope we can move forward to make that happen. This concludes my testimony, Mr. Chairman, and thank you.

Senator WYDEN. Very good, Mr. Tovey, and thank you for all the work you do for the tribes. Mr. Jeffrey, welcome.

**STATEMENT OF MARK L. JEFFREY, SUPERINTENDENT,
PAISLEY SCHOOL DISTRICT NUMBER 11, PAISLEY, OR**

Mr. JEFFREY. I think I can stay within my 5 minutes if you'll allow me to read my comments as opposed to rambling on?

Senator WYDEN. Whatever works.

Mr. JEFFREY. Thank you very much. My name is Mark Jeffrey. I am the superintendent/principal of Paisley School District Number 11. Our district serves the communities of Summer Lake and

Paisley, Oregon. We have a combined population of about 350 people. We are an isolated, rural community located about 3 hours southeast of Bend, Oregon, and approximately 50 miles to the next nearest school district either north or south. We have an average enrollment of 100 students in kindergarten through twelfth grade. We run an international dormitory housing 18 foreign exchange students and four American students. This arrangement allows us to support our enrollment and provides an opportunity for our students and community to gain exposure to a wider world view. We have a nationally ranked FFA program, a zero percent drop-out rate, and have been rated as an "Exceptional School" by the State of Oregon for the last 2 years.

I wanted to speak today on the importance of our local Federal agency to our local school district and our communities. The Forest Service office in Paisley is vital to the health and survival of our community. The economic structure of our community is dependent on three major employers. The best analogy for this is to picture a three-legged stool. These legs are the Forest Service, the school district and the ZX Ranch, which is a division of Simplot Corporation. Instability in any one of these legs will have a negative impact on the whole. Each leg is inseparably connected and necessary to the continued existence of the communities of Paisley and Summer Lake. While there will always be locally owned and operated ranches in the area, the quality of life would be diminished with the loss of any one of these three.

The Forest Service brings much to the communities that make up our school district. They have partnered with other groups and individuals in numerous community service projects, most recently the purchase and installation of new playground equipment at the school. They bring people into our community with a range of skills, broader contacts, new and different perspectives and access to programs that would not be available without them. All of this expands the community capacity, enriching and improving the general quality of life.

The essential and interconnected relationship between the Forest Service and our two communities is not unique. I'm certain that there are a multitude of other small towns and small school districts that share this vital relationship. Many of our predominantly rural counties share the benefits of these relationships. In Lake County, where our school district is located, Federal agencies are an essential part of the economic health of the cities of Lakeview, served by Lake County School District, and Silver Lake, served by the North Lake School District.

The quality of life in any community is tied to its economic health. Federal agencies by their presence and their function play a key role in determining the quality of this economic health. Decisions on staffing, local hiring, timber cutting, access to public lands and a myriad of other decisions both big and small have a significant impact on our quality of life. We are fortunate that our local Forest Service office is staffed by personnel who understand their role and importance in the life of our communities. Our local ranger, Bill Aney, is an excellent example of this. His support of our school and our community and his active involvement serves as an

example of how Federal agencies and our communities can work together.

The obvious and vital connection Federal agencies have to the communities in which they are located make it essential to consider the economic needs and health of those communities in the decision making process at both the local and national level. It would be very easy for a single decision made without such consideration to have a significant enough impact to damage a school district or kill a small community. I would encourage your thoughtful consideration in any and all future decisions.

The relatively stable nature of Federal funding, at least as compared to State funding, is now more important for our community than ever. Our district is in serious peril due to State funding shortfalls and negative financial adjustments related to long-term inadequate funding and the current condition of our State economy. With the recent failure of a legislative plan to cover some of the shortfall, Paisley School District faces the very real possibility of closure. We are left waiting the outcome of a special session and the importance of which for us could be life or death. The instability of the district leg increases the importance of a consistent Federal agency presence in our communities. The assurance that community needs will be considered in decisions relating to that agency are essential to assist in providing some form of stability in these uncertain times.

I want to thank you for the opportunity to come. I feel I'm a bit of an anomaly in that I don't speak for a large group, but I do speak for a hundred wonderful children and about 350 excellent citizens. Thank you very much.

Senator WYDEN. I'll just tell you on my watch, Mr. Jeffrey, you're only a small town but a big voice.

Mr. JEFFREY. Thank you very much.

Senator WYDEN. Most of the towns in Oregon have under 5,000 people. It's really striking. That's where our State is. So your voice is particularly important. I'm glad you're here.

Mr. JEFFREY. I appreciate that.

Senator WYDEN. Just a few questions. John, first for you. As you can tell from the previous panel, I intend to stay very close in attempting to look at the activities in Region 6 with respect to forestry, because I think we've got to have some changes there so we can address these concerns we're hearing about in terms of economics and restoration work and the various issues that came up earlier.

If you could wave your wand and just divine, you know, the changes you would want in Region 6 to be responsive to what folks are talking about in Union County, what would they be?

Mr. HOWARD. I think it would be on the budget. I think I have a concern about the up years of 2 to the next 5 years in the budget for the Forest Service. In our Community Forestry Board, we're really ramping up some major projects, and about the time we get ramped up, I have a big fear we're going to have a downturn on the funding and we're going to be going down rather than continuing on the path of working together on these projects that we've been working together on. So I think that's a big one.

The other one is having an advocate for stewardship for our forests. I really think that's the key for restoration work. Where, you know, you can get a contractor for 3 years, you can hire out the employment and do restoration work throughout the year. That's not seasonal employment; that's year-round employment. And I think that's where we need to be at.

Senator WYDEN. Tom, in terms of getting the money, Federal funds, Northwest Economic Assistance Funds, what would be your priorities if you get the dollars?

Mr. BRUMM. Well, I think the first priority and what was identified in the forums we had is that most of the communities in the four States are very small and they need more help in building capacity to really determine what they do want. That money could either go through the Economic Development Administration or through the States themselves.

There's a huge need for infrastructure. That is very expensive and I don't know whether you could pull that off in one appropriation cycle. But I did note that the farm bill provided some new authorities for the U.S.D.A. rule, and there might be some way to focus some of those funds to our part of the country.

The other areas are probably more general. Business development, working with the Forest Service and the BLM to help do community forestry type projects. There's certainly some good examples in this region, such as the project at the Blue Mountain Demo, the projects that Wallowa Resources is involved with. Those could and should be expanded throughout the region, but I don't think the Forest Service probably has enough funds to do those or BLM, and also frequently they don't also have the right leadership to focus on that community forestry.

Also to just kind of jump in on John's answer on Region 6, I think one of the things you want in a regional forester is someone who's really committed to working with communities. That has not always been true of the regional forester. I think our current one is better than the two previous foresters in working with communities, but I think that's a very, very high priority because if they're not committed to working with communities, it really makes it difficult for these communities like Paisley to partner with the Forest Service.

Senator WYDEN. Mr. Tovey, in terms of the tribes' efforts to work with the Western States as we have tried to distribute the money, the Umatilla Tribe, I think, is recognized as one that has consistently good relations with all the surrounding governmental bodies. Are there additional ways for the tribes to participate with the Western States to ensure that the tribes get a fair shake in terms of distribution and that we practice good government and have some sound criteria for dealing with that.

Mr. TOVEY. Yes. I think the main one is working with the four States and being involved with them in the technical assistance and how the funding is distributed out to the local governments and to tribes. I believe continued support of Economic Development Administration and a lot of—the past administration was pushing a lot of that toward more glitzy urban type funding rather than the rural communities, and just deal with the regional base type funding.

I think another area with the Affiliated Tribes, their Economic Development Corporation, currently they do a lot of technical assistance with tribes in energy development, towards telecommunications, and I think those are very important in rural communities both for tribal and non-tribal is getting hooked into the telecommunications and energy as well as bio, which we have been working on as well.

Senator WYDEN. Yes. Mr. Jeffrey, on the secure rural schools and money, first, so that people understand the math on this, Oregon is going to get \$260 million or thereabouts each year over the next six. What's in question is the \$30 million or thereabouts that's supposed to go to rural schools and because of our school fund it goes into kind of a pot. And I'm curious whether you're having any discussions, the school districts among themselves, the rural school districts, about how this might be dealt with come January with the new Governor and new legislature? And I want to make sure that money goes where it's intended to go.

Mr. Jeffrey. Well, we wish it would have too. The impact of your dollars on our district would have been much greater. We estimated that even in our little district we would have received about \$86,000, which in times like these would have been—could be life saving. As it was the way it was redistributed through the equalization formula, we received about \$23 per ABMW or per weighted student numbers. A significant loss to our district.

So the districts who have never cut a tree or seen their forest receipts restrained are receiving the benefit of that money. It's a great frustration. As far as what to do, I don't think that at least as far as I'm involved there's been much discussion on a solution. One of the common things we hear is that that was a battle that was fought and lost. I'd like to see it fought again and come out to our benefit.

I think one of the things that was most frustrating is that those districts who argued against it going to where it was intended was one of equity, and yet what they failed to discuss was that they had access to donations through patrons that aren't equalized: Intel, Hewlett Packard, the city of Portland, places like that. There was a Portland elementary, I think, that just this year received \$600,000 in donations.

Schools like Paisley have no patrons that we can rely on to that extent. We have started a fund-raising effort in our community looking at attempting to raise \$100,000 just to keep our building, our school, open. To date we've raised about \$20,000, but that's being done through our contacts, through our alumni and our community members, who again have seen their income earning ability decreased over these years. So anything you can do on our behalf.

The Wyden money is spoken of fondly in our districts, at least in its attempt, not necessarily the outcome, because it would have made a great deal of difference. If our State legislature doesn't act on our behalf, at least on behalf of small districts, I estimate in the next 3 years we will see significant district closures in schools with under 300 students, because they're no longer economically viable and most of them are located in communities that are suffering due to significant downturns. And it'll be a very different landscape if it continues.

Senator WYDEN. I want people to know that 90 percent of this money is going where it was intended to go, which is to rural communities. And what is at issue is the education side, which has been so critical. The metropolitan area is huge of course to yours and others. You go back and tell that fellow who said the battle was fought and you lost, he hasn't bumped up against me.

Mr. JEFFREY. Thank you. I appreciate that.

Senator WYDEN. I'm going to stay at this until we get that money where it was intended to go. I take a back seat to nobody in terms of fighting for education in metropolitan areas. I did that as a House member and I'm doing that in conjunction with Senator Smith now serving Oregon in the Senate. This money was intended to go to the rural communities period. That's what the legislation is about. It says supplement, not serve as substitution for existing funds. It's to supplement them.

So anybody who thinks this battle is over and operating under that premise ought to be ready for the next round.

Mr. JEFFREY. Thank you very much.

Senator WYDEN. Well, I thank you all. We've been at it, I guess, close to 4 hours at this point. This has been a very, very good three important subjects on Steens, on forest health and economic issues. To all of you who have been so patient in the audience, we'll hold the record open for additional submissions for 1 week so that those who would like to add their views and were unable to participate today will have a chance to add their views to the subcommittee, the Energy and Natural Resources Committee. And with that the subcommittee is adjourned.

[Whereupon, at 2:38 p.m., the hearing was adjourned.]