



United States  
Department of  
Agriculture

Forest Service

FS-982

July 2011



# Forest Service Summary of Performance and Financial Information, Fiscal Year 2010





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## ***About This Report***

This report provides performance and financial information for the Forest Service, an agency of the U.S. Department of Agriculture (USDA), for fiscal year 2010. It contains highlights from two other documents—the *Agency Financial Report* and the *Annual Performance Report*. This summary report promotes greater transparency and accountability to Congress, the President, and the American public.

Although the *Agency Financial Report* is a stand alone document, the Forest Service includes the *2010 Annual Performance Report* with its *Congressional Budget Justification*.

All of these documents are available on the Forest Service Web site at <http://www.fs.fed.us/>.

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### **Our Mission**

*Sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations.*

### **Our Values**

- *Care for the Nation's forests and grasslands*
- *Value the varied skills and contributions of a diverse workforce*
- *Strive for accountability by every employee for the efficient management of the capital resources he or she uses*
- *Be responsive to national and local interests*
- *Be focused on the needs of future generations*

### **Our Strategic Goals**

- *Restore, sustain, and enhance the Nation's forests and grasslands*
- *Provide and sustain benefits to the American people*
- *Conserve open space*
- *Sustain and enhance outdoor recreation opportunities*
- *Maintain basic management capabilities of the Forest Service*
- *Engage urban America with Forest Service programs*
- *Provide science-based applications and tools for sustainable natural resources management*



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## Contents

Message From the Chief.....	1	Strategic Goal 4: Sustain and Enhance Outdoor Recreation Opportunities.....	13
Introduction.....	3	Strategic Goal 5: Maintain Basic Management Capabilities of the Forest Service.....	15
Organizational Structure.....	4	Strategic Goal 6: Engage Urban America With Forest Service Programs.....	16
Accountability at the Forest Service .....	4	Strategic Goal 7: Provide Science-Based Applications and Tools for Sustainable Natural Resources Management.....	18
The Forest Service’s Strategic Goals .....	5	Summary of Financial Information.....	19
Budgetary Resources.....	5	Consolidated Balance Sheets.....	19
Forest Service Accomplishment Highlights.....	5	Net Position .....	20
Opportunities and Challenges .....	6	Net Cost of Operations.....	20
Program Performance by Strategic Goal .....	9	Expenses .....	20
Strategic Goal 1: Restore, Sustain, and Enhance the Nation’s Forests and Grasslands .....	9	Summary of Key Management Challenges .....	21
Strategic Goal 2: Provide and Sustain Benefits to the American People .....	11		
Strategic Goal 3: Conserve Open Space.....	12		



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## Message From the Chief

We at the Forest Service, an agency of the U.S. Department of Agriculture (USDA), work to ensure that America's forests and grasslands are in the healthiest condition possible. By doing so we are better able to provide the American public with the opportunity to use, enjoy, and care for the lands and waters that sustain us all. As Chief, I am pleased to present the *Forest Service Summary of Performance and Financial Information, Fiscal Year 2010*. This report shows how we are fulfilling our mission and presents highlights of our budget, financial performance, and program accomplishments.

Our agency is committed to sound financial management. In fiscal year (FY) 2010, we once again obtained an unqualified (or "clean") audit. We continually strive to improve the way we manage our organization. The USDA has identified emerging issues crucial for enhancing management, two of which relate to the Forest Service. These issues include a need for adequate workforce planning for fire suppression activities and for the additional work required to eliminate improper payments. We will address these issues as we work to fulfill our mission to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations.

In addition to protecting the national forests and grasslands, the Forest Service is charged with managing these lands to provide benefits to the American people, including environmental services such as clean water, timber and other forest products, access to grazing land, a variety of renewable energy resources, rural jobs, and recreational opportunities. We work with State governments, tribes, and individuals to ensure that all forests and grasslands, both public and private, are maintained in

good condition. Our agency also supports education and community forestry programs to improve the quality of life in populated areas and to reconnect all Americans with the great outdoors. In all that we do, we constantly emphasize employee safety.



An effective research program is central to the Forest Service mission. The information and tools that agency scientists produce enable us to continually improve the way we manage national forests and grasslands. We share this knowledge with a variety of partners, both in the United States and abroad, contributing to the sustainability of natural resources on a global scale.

Thanks to the efforts of all who implement and support these programs, the Forest Service achieved nearly two-thirds of the strategic targets we set for ourselves in FY 2010. Nonetheless, significant challenges remain. I am proud to present the results achieved by Forest Service employees, partners, and volunteers, and I have confidence that these efforts will continue to be successful as we move forward.

A handwritten signature in black ink that reads "Thomas L. Tidwell". The signature is written in a cursive, flowing style.

Thomas L. Tidwell  
Chief



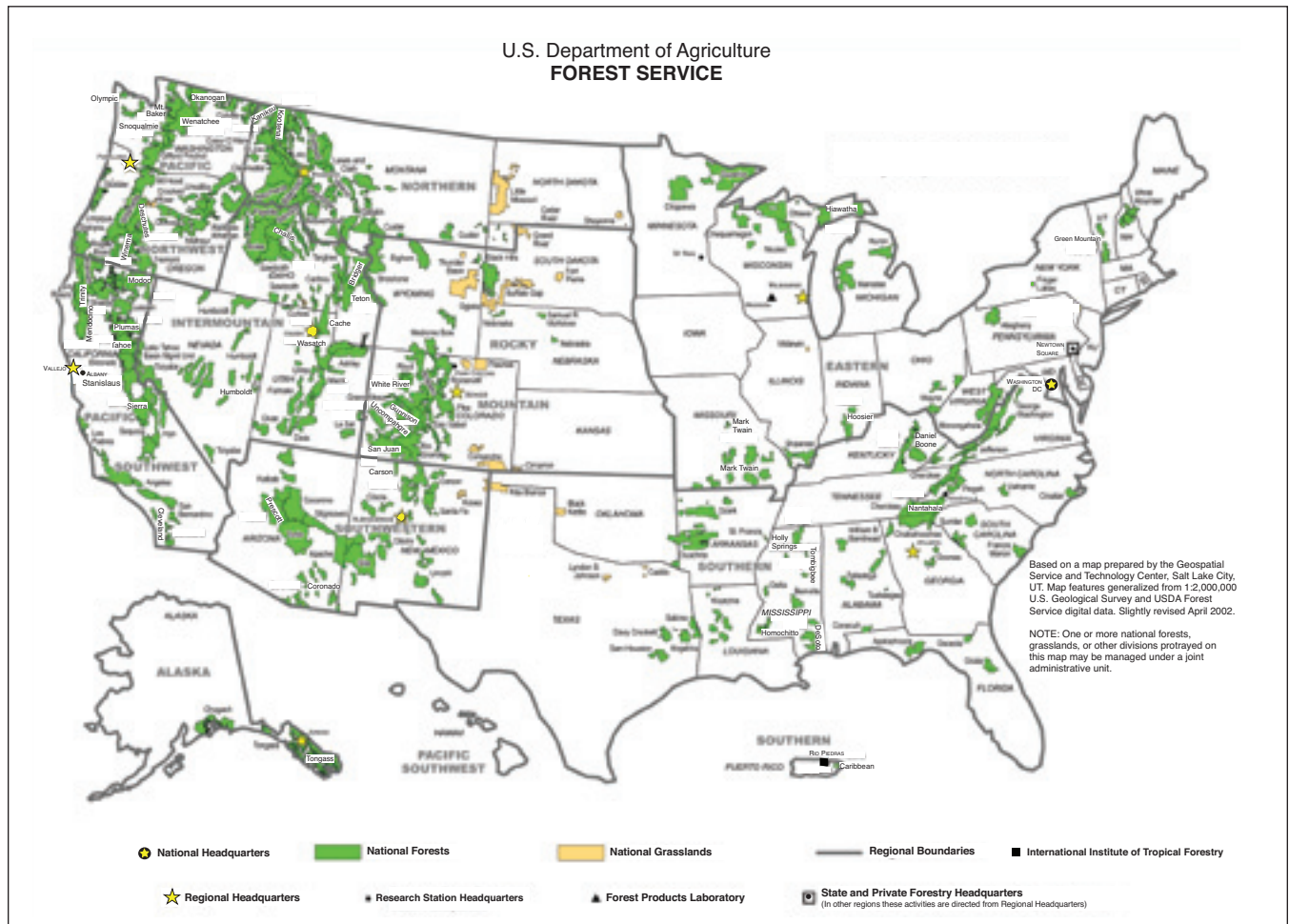


# Introduction

When managed appropriately, the Nation’s forests and grasslands protect U.S. water resources, supply wood and wild foods, provide outdoor recreation opportunities, and preserve a host of environmental and cultural assets.

The Forest Service, an agency of the U.S. Department of Agriculture (USDA), manages nearly 30 percent of all federally managed lands. The National Forest System (NFS) land comprises 193 million acres in 44 States and territories. The agency’s independent Law Enforcement and Investigations unit enforces Federal laws and regulations governing these lands.

The Forest Service also works with State forestry agencies to support the conservation and management of 500 million non-Federal rural and urban forests acres. The Wildland Fire Management program protects life, property, and natural resources on national forests and grasslands and about 20 million acres of other lands under fire protection agreements. The Forest and Rangeland Research staff creates science-based tools for sound forest stewardship. Finally, the agency’s international programs promote sustainable land management practices outside the United States and import valuable technologies and innovations.



## Organizational Structure

The Forest Service operates under the guidance of the USDA Under Secretary for Natural Resources and Environment (NRE). The Chief of the Forest Service is based in Washington, DC, as are the Chief Financial Officer and Deputy Chiefs for the following organizations:

- The NFS.
- State and Private Forestry.
- Research and Development (R&D).
- Business Operations.

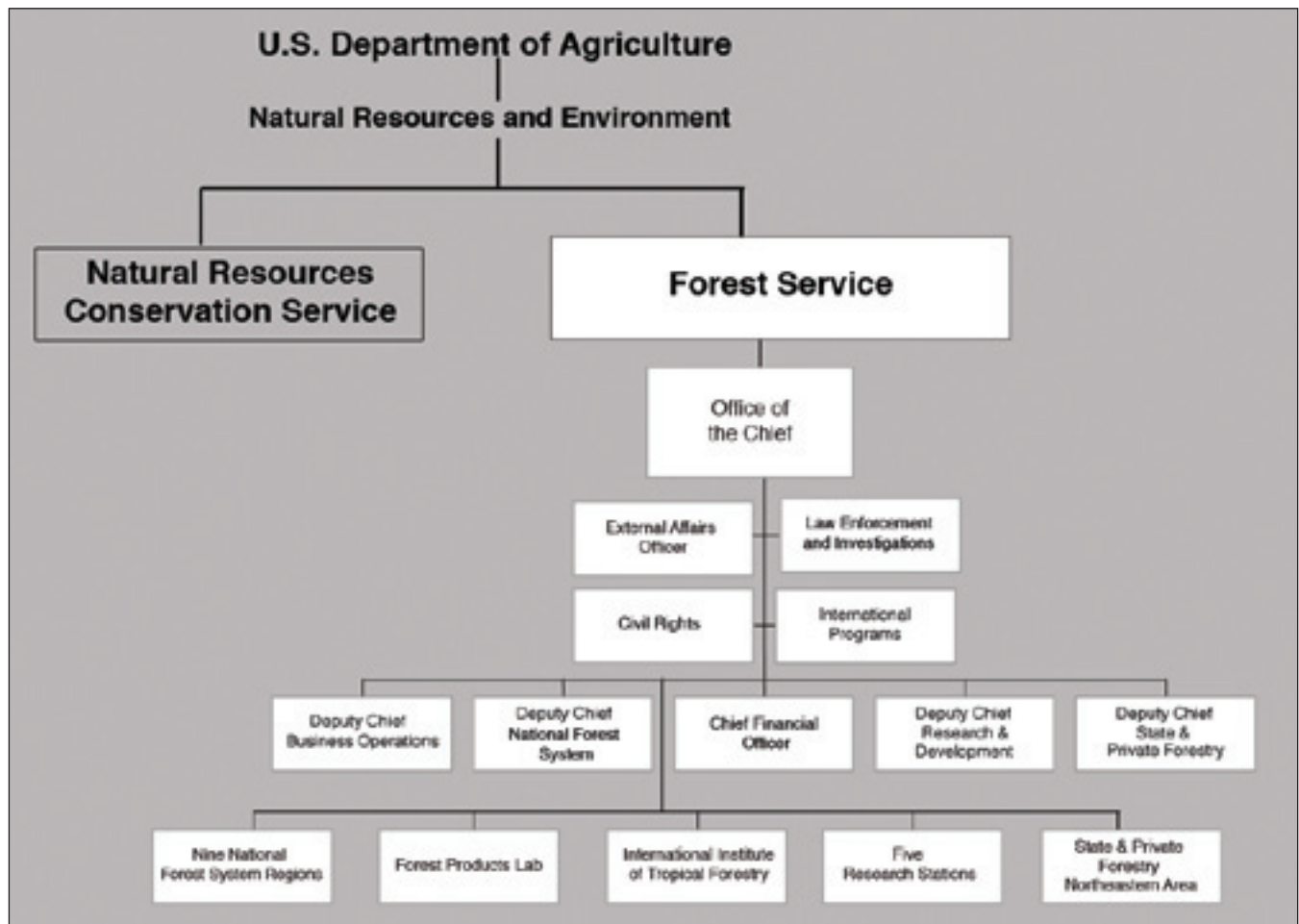
The bulk of the agency, however, is distributed across the country into the following units:

- 155 national forests and 20 grasslands that contain more than 600 ranger districts.
- 9 NFS regional offices.
- The Northeastern Area for State and Private Forestry.
- 5 research stations.
- 3 major business service units.

## Accountability at the Forest Service

The Forest Service is committed to achieving results and promoting accountability. Employees in each unit within the Forest Service develop a work program consisting of specific projects and appropriate accomplishment targets consistent with strategic plan goals and objectives. They incorporate key performance measures into annual performance evaluations for regional foresters and other Senior Executive Service members.

Managers, supervisors, and project staff continually review the completeness and quality of performance data at the ranger district, national forest, and regional levels. The Forest Service requires regional leaders to certify that employees have followed all appropriate procedures to ensure validity and reliability of key performance data and to document data items that do not meet the standard. The Washington Office staff conducts reviews to ensure that regional staff members adhere to appropriate procedures during the year. They also analyze year-end accomplishment reports to develop national-level corrective action plans for unmet expectations.



Furthermore, the agency's financial staff takes action to ensure that—

- Agency obligations and costs comply with applicable laws and regulations.
- Funds, property, and other assets are safeguarded against waste, loss, or mismanagement.
- Revenues and expenditures are properly recorded and accounted for.

The Forest Service's annual evaluation, conducted at all levels throughout the agency, indicates that the agency's internal controls are achieving these intended objectives.

## The Forest Service's Strategic Goals

The *USDA Forest Service Strategic Plan—FY 2007–2012* identifies seven strategic goals consistent with the agency's mission.

Goal 1: Restore, sustain, and enhance the Nation's forests and grasslands.

Goal 2: Provide and sustain benefits to the American people.

Goal 3: Conserve open space.

Goal 4: Sustain and enhance outdoor recreation opportunities.

Goal 5: Maintain basic management capabilities of the Forest Service.

Goal 6: Engage urban America with Forest Service programs.

Goal 7: Provide science-based applications and tools for sustainable natural resources management.

Each goal includes specific strategic objectives and strategic performance measures, with baselines and FY 2012 targets for each measure. The *USDA Forest Service Strategic Plan* is available at <http://www.fs.fed.us/plan/>. In 2010, the USDA published a new 5-year strategic plan. The Forest Service plays a major role in the departmental goal to—

*Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.*

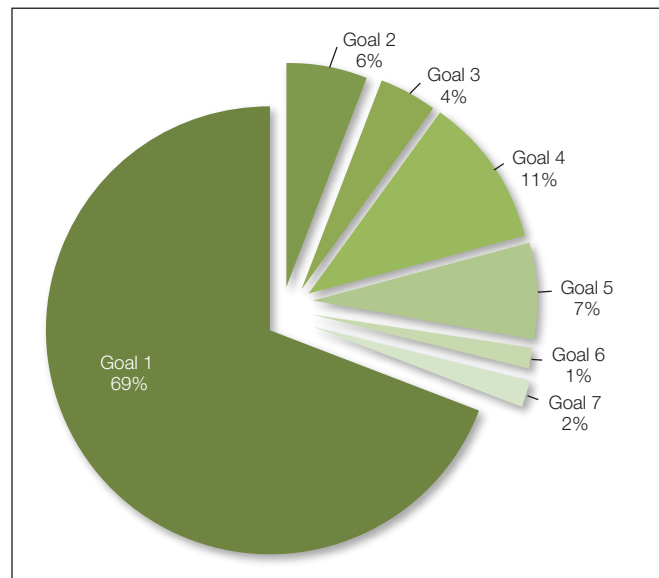
Our agency also contributes to the Department's strategic goal to—

*Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.*

## Budgetary Resources

The Forest Service received \$6.1 billion in spending authority in FY 2010. The agency also continued to spend the \$1.15 billion in American Recovery and Reinvestment Act funding that it received in FY 2009. Additional information about the budget is available at <http://www.fs.fed.us/aboutus/budget>.

*FY 2010 Budget by Strategic Goal*



## Forest Service Accomplishment Highlights

The Forest Service met or exceeded 65 percent of its strategic performance measure targets in 2010. Of those targets not met, the agency made improvement from last year's accomplishment in one-third of the cases. Goals are considered "met" if actual accomplishments are within 5 percent of the stated target for that year.

The following list includes some of the Forest Service's broader accomplishments for FY 2010:

- While managing more than 7,000 fires on NFS lands, the Forest Service also reduced hazardous fuel amounts on 2 million acres of land in the wildland urban interface. The agency estimates that more than 3,000 communities have a reduced risk of wildfire due to Forest Service assistance in FY 2010.
- Forest Service staff protected water resources by replacing culverts, decommissioning roads, and improving trails on 191,000 acres of NFS lands. The agency also improved more than 3,500 miles of stream habitat and nearly 28,000 acres of lake habitat. Habitat improvement is vital for conserving economically important fisheries across the United States.

- Working with States, the Forest Service protected more than 136,000 forest acres from conversion to other uses. As with the national forests and grasslands, these lands maintain key wildlife habitat, protect valuable watersheds, and help mitigate the adverse effects of climate change.
- The Forest Service assisted more than 7,000 communities in developing urban forestry programs—reaching 177 million people across the country.
- The Forest Service R&D program reduced the damages caused by invasive forest pests by developing new approaches, such as fumigants and heat treatments to eradicate Sudden Oak Death disease from nurseries. The agency also developed a DNA-based tool to detect White-

Nose Syndrome, which has been devastating bat populations in recent years. Forest health staff treated more than 445,000 acres of Federal land and nearly 800,000 acres of private land for invasive and native pests.

In addition to striving to meet the agency’s own strategic goals, the Forest Service contributes to several new USDA-wide goals. For example, the Forest Service collaborates with USDA’s Farm Service Agency and Natural Resources Conservation Service to achieve the USDA “high priority performance goal” to protect water resources.

Multiple USDA agencies contribute to this new performance measure. In 2010, the agencies identified priority landscapes and updated the contribution each agency will make to the goal.

USDA High Priority Performance Goal	2009 Baseline	2010			2011 Target
		Target	Results	Rating	
Number of acres on which high-impact targeted (HIT) practices are implemented on national forest and private working lands in priority landscapes to accelerate the protection of clean, abundant water resources (Forest Service contribution)	0	750,000	409,786	Unmet	600,000

USDA = United States Department of Agriculture.

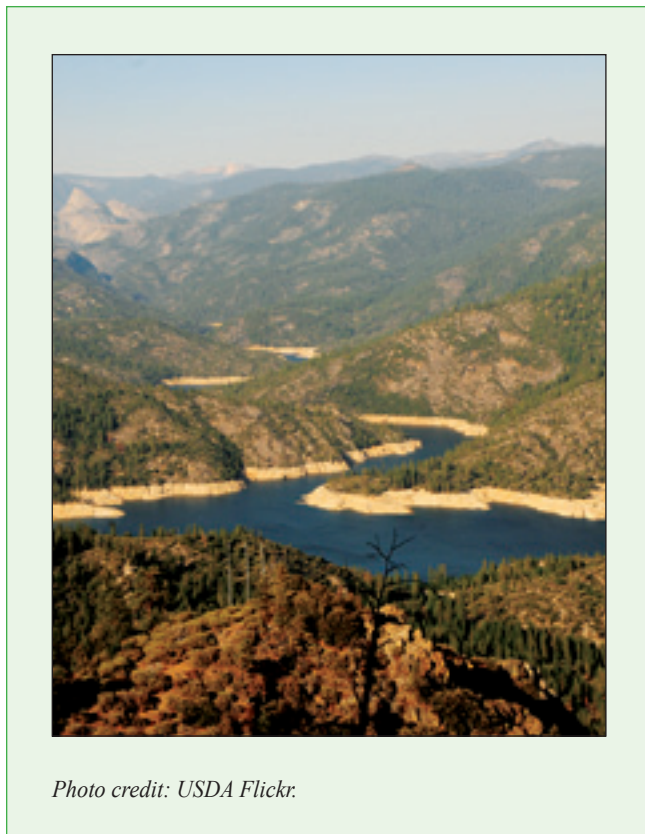


Photo credit: USDA Flickr.

## Opportunities and Challenges

### Water Resources

Forests are vital for America: they provide the Nation’s people with clean and abundant water. More than one-half of the U.S. water supply comes from forest lands, both publicly and privately owned. National forests alone provide drinking water to about 66 million people. To ensure abundant, high-quality water sources now and for future generations, the country must restore the healthy functioning of watersheds. In 2011, the Forest Service will finalize a national framework for assessing watershed health and use this framework to classify all of the Nation’s watersheds. This framework will enable the agency to more accurately measure its progress in protecting water resources.

This goal also has high priority within the Department, as discussed previously. The USDA’s strategy in meeting this goal is to work with farmers and forest managers in several priority landscapes to help them more effectively protect or enhance the Nation’s water resources.

### Climate Change

Climate change poses a real and significant threat to America’s forests and grasslands. It jeopardizes many of the benefits of nature, including fresh water supply, recreational opportunities, and wildlife habitat. Forest management problems have been

driven in part by a changing climate, and future effects are projected to be more severe. Rising air temperatures are reducing snowpack, along with faster snowmelts earlier in the season. Greater variability in rainfall causes more floods and droughts. Warmer water in lakes and streams alters critical habitat. Higher temperatures lead to drier vegetation and more fire, invasive species, insects (such as bark beetles), and disease. All these events can significantly affect watershed health.

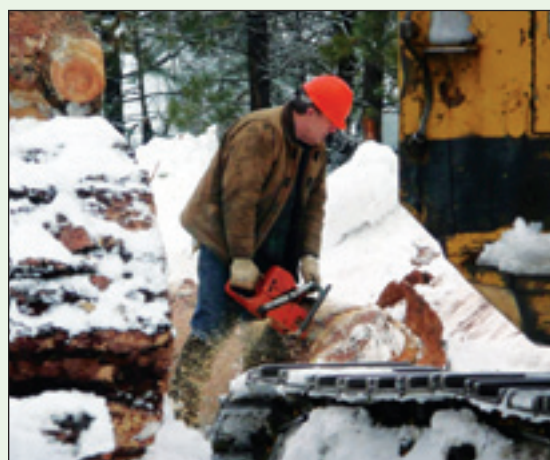
The new *USDA Strategic Plan for 2010–2015* sets a departmental goal to “Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.” As a measure of this goal, all national forests are to come into compliance with a climate change adaptation and mitigation strategy. The Forest Service has developed a *Roadmap for Responding to Climate Change* and a Performance Scorecard that will measure the agency’s progress (<http://www.fs.fed.us/climatechange/roadmap.shtml>).

### Community-Based Stewardship

The Forest Service has seen some of its biggest successes during the past decade when the agency approached its work through community-based stewardship and engaged the public in land management decisions. Through stewardship programs, the agency collaborates with communities and partners to achieve multiple restoration objectives through stewardship contracting. This collaboration will be the primary means of implementing watershed and ecosystem restoration projects in the near future. Using resources from the recently established Collaborative Forest Landscape Restoration Fund (CFLR), the Forest Service works with local partners to implement several large-scale restoration projects. For example, in FY 2010, CFLR funded the \$1 million Selway-Middle Fork Clearwater project in Idaho. This joint effort between the Clearwater Basin Collaborative and the Nez Perce and Clearwater National Forests includes prescribed burning, commercial timber harvest, culvert replacement to restore fish passage, and road decommissioning.

A number of stewardship programs help local communities conserve priority forest land and create community forests. These programs can be used for local recreation, forest products, wildlife habitat, and conservation education programs. Stewardship volunteer opportunities connect students and volunteers with their natural and cultural heritage and promote citizen stewardship and a healthy lifestyle.

The Forest Service is also writing a new planning rule that will govern the way in which the agency develops its forest plans. The new rule will take into account public input that the agency has been gathering since FY 2010. Collaboration with partners and the public is critical to developing, revising, or amending these plans. Collaborative activities help identify needs, establish desired conditions, craft alternatives or scenarios for future management, and identify information needs and monitoring requirements. The Forest Service looks forward to continuing its work with local communities to ensure their engagement in national forest planning.



The Knox Stewardship Project, funded by the Recovery Act, is using stewardship contracting authorities to reduce hazardous fuels on more than 6,500 acres on the Malheur National Forest in eastern Oregon. Stewardship contracting enables the Forest Service to maintain healthy forest ecosystems while providing a continuing source of local income and employment. Hazardous fuels projects involve the removal of small trees and brush that increase the risk of wildfire near communities. Raw material generated from these projects goes to local sawmills, cogeneration facilities, fuels for schools projects, and a new pellet plant located in Grant County. This stewardship project has provided jobs for equipment operators, thinning crews, log truck drivers, and mill workers.

*Photo credit: USDA Flickr.*

## Jobs To Assist Rural Communities

Forests are important to rural economies. Nearly 3 million Americans have forest-related jobs in fields ranging from forest land management and outdoor recreation to the forest products industry.<sup>1</sup> In addition, the Forest Service provides service contracts for many types of activities, including tree planting, timber harvesting, noxious weed control, culvert replacement, and road reconstruction. The agency is working to expand a forest restoration economy through innovation in wood utilization and targeted grants to assist small businesses.

Restoring and conserving forests and working lands can provide jobs and support communities. These lands can generate economic value by attracting tourism and recreation visitors; sustaining green jobs; and producing timber and other forest products, food, and energy. In 2010, the Forest Service's recreation-related spending on NFS lands indirectly supported 224,000 jobs, contributing approximately \$14 billion to the national gross domestic product. Watershed restoration creates jobs through projects to improve the road system and fish passage. Restoration also provides woody biomass for bioenergy production and timber and forest products, supporting local communities with employment opportunities.

To meet the challenges of the recent economic downturn, the President signed into law the American Recovery and Reinvestment Act (Recovery Act) of 2009 on February 17, 2009. Under this law, the Forest Service initiated a number of projects to (1) create jobs that sustain the Nation's forests and grasslands and (2) improve or maintain capital assets such as roads, buildings, trails, and other infrastructure. These projects continued through September 2010. For more information about Recovery Act projects, visit [http://www.usda.gov/wps/portal/arra?navid=USDA\\_ARRA](http://www.usda.gov/wps/portal/arra?navid=USDA_ARRA).

Finally, the Forest Service's 28 Job Corps Centers provide approximately 6,200 young people each year with the skills they need to become employable and independent so they can increase their opportunity to find meaningful jobs or seek further education. One goal of the President's America's Great Outdoors Initiatives is to build on the success of programs like Job Corps. Creating a 21st Century Conservation Service Corps program will remove barriers to employment and improve career pathways to jobs in natural resource conservation.

### Forest Service Recovery Act Project Jobs FY 2010

FY 2010 Quarter	Number of Jobs Created or Retained
Q1	2,463
Q2	2,675
Q3	4,466
Q4	7,401

*FY = fiscal year.*

*\* Job calculations are based on the number of hours worked in a quarter; the figures reported in each quarter are not cumulative across quarters.*



Job Corps students help restore Grey Towers National Historic Site, the ancestral home of the first Chief of the Forest Service and two-term Pennsylvania Governor Gifford Pinchot. This project at the 123-year-old site repairs various deficiencies with the buildings and grounds, restores areas of the historic landscape, improves visitors' safety and site security, provides a more sustainable facility, and enhances the visitor's experience. The project also helps to ensure that the historic site will be maintained for years to come.

*Photo credit: Keith Riggs.*

<sup>1</sup> U.S. Department of Agriculture, Forest Service. 2011. National Report on Sustainable Forests—2010. <http://www.fs.fed.us/research/sustain/>.

## Program Performance by Strategic Goal

### Strategic Goal 1: Restore, Sustain, and Enhance the Nation's Forests and Grasslands

Goal 1 Resources (in millions)			
2007	2008	2009	2010
\$3,385	\$4,896	\$4,620	\$4,240

The national forests and grasslands were established to protect land and water resources that provide goods and services to the American people. In addition to managing these lands, the Forest Service provides technical and financial assistance to State forestry agencies and private forest landowners. During the past century, the agency achieved a balance between protecting the health of NFS lands and meeting public demands for various uses of these lands. Challenges persist, however. For example, in recent years, people have become more aware of forest disturbance. The increasing extent and frequency of uncharacteristically severe wildland fires and insect and disease outbreaks have caused particular concern. Various Forest Service programs aim to restore, sustain, and enhance forests and grasslands so they are healthy and productive.

#### Goal 1 Results: Wildland Fire Management

The Forest Service works to restore fire to its natural place on the landscape and thus improve the condition of fire-adapted ecosystems. Although the agency treated more acres overall in FY 2010, it did not meet the target for moving those treated acres toward desired conditions. Numerous factors influence the agency's ability to meet this goal. It often takes multiple treatments to move an area toward its desired condition, and it may take repeated entries over time to maintain an area in desired condition. The Forest Service continues to emphasize treating more strategic acres near towns and cities, which are often more costly.



The Forest Service restores fire-adapted ecosystems using a variety of techniques, including prescribed fire. Longleaf pine forests—like the one shown in the photo above—depend on periodic fires to remain healthy. These forests, which are economically and culturally important in the Southern United States, are highly adaptive to climate change. They are also home to a number of rare plants and animals.

*Photo credit: Forest Service Archive at <http://www.forestryimages.org>.*

#### Goal 1 Results: Forest Health

The Forest Service invasive species program is designed to effectively reduce the effects of forest pests on priority Federal and non-Federal lands. The agency prioritizes treatments based on risk, efficacy, and cost. Because partnerships and program integration continue to contribute significantly to the amount of acres treated on NFS lands, the agency struggles to conduct adequate monitoring to meet its objective.

In 2010, treatment areas for native pests, such as the southern pine beetle and western bark beetle, focused on high-priority, large-scale watersheds. For invasive pests, priority treatments focused on slowing the advance of the gypsy moth infestation

Representative Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Percentage of acres treated to restore fire-adapted ecosystems that were moved toward desired conditions	39	32	23	27	49	24	Unmet	40	40



Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Percentage of priority acres restored and/or protected from invasive species on Federal and cooperative program lands									
National Forest System	90	76	81	82	90	79	Unmet	90	90
State and Private Forestry	NA	19	28	26	20	20	Met	20	20

NA = Not applicable. State and Private Forestry accomplishments are not cumulative and reflect meeting 100 percent of a 5-year (2007–12) target of nearly 4 million acres.

from North Carolina to Wisconsin. The program also continued to protect critical forest ecosystems from established nonnative insects and diseases, such as Port-Orford-cedar root disease, white pine blister rust, and hemlock woolly adelgid. Moreover, the program addressed the threats of relatively new nonnative invasive pests such as the emerald ash borer, Sudden Oak Death disease, thousand cankers disease, and gold-spotted oak borer.

### Goal 1 Results: Healthy Watersheds and Diverse Habitats

Due to improved reporting, higher partnership contributions, and additional funding under the Recovery Act, the Forest Service exceeded its targets for habitat restoration in 2010. Much of the success in these programs depends on integration with other agency programs, such as vegetation management, fuels management, and road management. The agency also often accomplishes these targets by collaborating with other agencies and conservation organizations.



A Recovery Act project employs a crew of young adults through an agreement with the Coconino Rural Environmental Corps (CREC) to control invasive plants. Here a CREC crewmember is working along the shore of Saguaro Lake. The invasive fountain grass plants are in the foreground. This project has eradicated two perennial invasive grasses from two capital improvement projects on the Tonto National Forest in Arizona. Removing the invasive plants eliminates fine fuels that create a wildfire hazard in the Sonoran Desert.

Photo credit: USDA Flickr.



Forest Service staff plant willow slips along a streambank.

Photo credit: Jo Wargo.

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Acres and miles of terrestrial and aquatic habitat restored consistent with forest plan direction									
Acres of terrestrial habitat restored	642,000	273,562	1,962,962	2,153,749	1,607,646	2,037,110	Exceeded	2,137,300	3,973,000
Miles of stream habitat restored	4,600	1,542	2,346	3,498	2,600	3,577	Exceeded	2,800	2,670
Acres of lake habitat restored	18,000	13,002	18,290	23,570	19,060	27,779	Exceeded	26,300	23,600

## Strategic Goal 2: Provide and Sustain Benefits to the American People

Goal 2 Resources (in millions)			
2007	2008	2009	2010
\$411	\$400	\$572	\$384

America's forests and grasslands contain abundant natural resources and opportunities that help meet the country's demands and needs. The Forest Service manages 193 million acres of NFS lands for use by the American people by maintaining raw material supplies for wood products, energy resources and transmission infrastructure, forage for wildlife and livestock, wildlife diversity, water supplies, and other goods and services. Primarily through State and Private Forestry programs, the agency provides technical and financial

assistance for natural resource management and the sustainable use of resources on non-Federal U.S. lands. The agency's international technical assistance advances forest resource sustainability abroad and improves conditions here at home. The Forest Service carries out research to maintain a solid scientific foundation for the sustainable management of forests and grasslands and their related products.

### Goal 2 Results

The Forest Service met two-thirds of its targets under this goal in 2010. The agency's timber harvest continues to meet annual targets. Thanks to hazardous fuels reduction projects funded by the Recovery Act, the agency was also able to significantly increase the amount of woody biomass made available from Federal lands. As part of the Woody Biomass Utilization Strategy (<http://www.fs.fed.us/woodybiomass/strategy/>), the Forest Service is developing new and expanded markets for this resource.

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Amount of wood fiber provided each year to help meet the Nation's demand for forest products in an environmentally sustainable manner									
CCF	5,400,000	3,111,523	4,753,979	4,829,254	5,093,400	5,020,841	Met	4,800,000	5,232,000
MMBF	2,700	1,610	2,484	2,415	2,546	2,592	Met	2,400	2,616

CCF = hundred cubic feet. MMBF = million board feet.

The initial data collection for this performance measure commenced at the beginning of fiscal year 2007.

### Strategic Goal 3: Conserve Open Space

Goal 3 Resources (in millions)			
2007	2008	2009	2010
\$180	\$162	\$165	\$210

Open spaces—including working farms, ranches, and timber lands—provide many environmental, social, and economic benefits to rural and urban communities. Current population growth trends show a steady loss of vital open spaces to developed uses. Many people and organizations must cooperate across ownership boundaries to maintain the benefits all America’s people enjoy. The Forest Service works with State organizations and private landowners to conserve environmentally important forests, ensuring their value and use for current and future generations. The agency provides cutting-edge technology to identify critical private forest landscape areas where conservation threats and opportunities overlap. To provide public recreation areas, conserve wildlife habitat, protect water quality, and achieve a number of other conservation goals, the Forest Service acquires land for the NFS, often through purchase or exchange.

The agency’s Forest Stewardship Program helps private landowners develop stewardship management plans to keep their land in forests and manage those forests sustainably. These plans provide landowners with practical guidance for achieving their own unique objectives in a way that also maximizes public goods and services provided by forests, such as clean drinking water, clean air, carbon sequestration, wood fiber, recreation, and scenic landscapes. Landowners who implement forest stewardship management plans are in a

much better position to participate in certification programs and access emerging markets, such as those for ecosystem services and carbon credits.

#### Goal 3 Results

In FY 2010, the Forest Service acquired 813 percent more land under the NFS than originally planned, thanks to a large donation from The Nature Conservancy on the Lolo and Flathead National Forests for the Montana Legacy project. The agency also met its target for protecting land from conversion to other uses such as housing development.

The Forest Service fell somewhat short of its Forest Stewardship Program goal, however, because, in 2010, State agencies focused on producing their Statewide Forest Resource Assessments and Strategies. They have begun to reorganize and redirect resources to address new program priorities.



Photo credit: Teresa Prendusi.

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Acres of environmentally important forests and grasslands protected from conversion (cumulative)	1,360,000	1,448,091	1,643,078	1,897,809	2,085,809	2,056,107	Met	2,300,809	2,601,809
Acres of nonindustrial private forest land that are being managed sustainably under forest stewardship management plans (cumulative)	15,133,689	16,848,895	18,737,799	18,582,449	22,000,000	19,592,387	Unmet	23,500,000	25,750,000

Includes acres managed under current forest stewardship management plans only; as plans expire, they are not always renewed, resulting in a slight drop in the cumulative number for this measure from 2008 to 2009.

## Strategic Goal 4: Sustain and Enhance Outdoor Recreation Opportunities

Goal 4 Resources (in millions)			
2007	2008	2009	2010
\$582	\$602	\$851	\$677

The Forest Service faces the challenge of providing high-quality outdoor recreation opportunities while maintaining the ecological health of national forests and grasslands. During the past several years, an average of 177 million people visited national forests. America's population is projected to increase by nearly 50 percent by the middle of the 21st century.

Increasing population demands and declining public access to privately owned forest lands place extensive pressure on public lands to provide recreational opportunities.

If public lands are to provide additional recreational benefits without damaging the landscape, management must be based on a strong scientific foundation. Forest Service researchers, in part, provide this foundation. Preserving high-quality recreation opportunities also requires maintaining the lands and the buildings, roads, and trails on those lands. This infrastructure makes it possible for visitors to interact with wildlife, explore wilderness and cultural heritage areas, participate in educational activities, and access off-highway vehicle trails. The Forest Service continues to work with its partner volunteers, nongovernmental organizations, other agencies, and the private sector to achieve results.



Hiking is one of the many popular outdoor recreational activities in the national forests. A hike on a national forest trail in the White Mountain National Forest in Maine during the fall offers a kaleidoscope of color.

*Photo credit: Bob Nichols, USDA.*

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Percentage of customers who are satisfied with recreational facilities, services, and settings	80	90	89	91	90	94	Met	90	90
Percentage of NFS lands covered by new motor vehicle use maps reflecting a designated-use system of roads, trails, and areas	0	13	27	44	98	67	Unmet	100	100

*NFS = National Forest Service*

#### Goal 4 Results

In FY 2010, the Forest Service met or exceeded many of the targets under this goal, in part because of additional resources provided through the Recreation Enhancement Fund and the Recovery Act. Volunteers and youth organizations also helped the agency manage the recreation, heritage, facilities, and trails programs. By focusing on more cost-effective activities, regions were able to maintain their recreation sites and trails to agency standards.

The time needed to complete Motor Vehicle Use Maps (MVUMs), however, continues to be longer than anticipated. Legal appeals have also delayed production of many MVUMs. The agency has made some schedule changes and is working to complete nearly all of them by the end of calendar year 2011.

To address ongoing road maintenance challenges, the Forest Service is working to identify the appropriately sized, safe, and sustainable road system for passenger cars that provides access to and through NFS lands.



The South Fork Salmon River road is a popular road for recreation activities and a main access route to the community of Yellow Pine, ID. This Recovery Act project will maintain 70 miles of paved road and restore three deficient bridges. When complete, the road will enable people to have safer and better access to campgrounds, trails, and



wintertime access to backcountry communities. Because of the Recovery Act funding, a local construction company has been able to keep 15 to 20 workers on the payroll. Here, workers install gabion baskets on the road.

*Photo credit: USDA Flickr.*

## Strategic Goal 5: Maintain Basic Management Capabilities of the Forest Service

Goal 5 Resources (in millions)			
2007	2008	2009	2010
\$432	\$429	\$663	\$440

Forest Service employees have a broad range of skills and capabilities to ensure the agency understands and can successfully manage our forests and grasslands. Effective management requires good-quality data, strategic planning, law enforcement, and facility maintenance. The agency's inventory and monitoring activities provide data to support land management planning, assessments, and other program management needs. The Forest Service collaborates with the public to ensure that the agency is addressing changing conditions and community needs. It also maintains and manages dams, fire and administrative facilities, and supporting infrastructure critical to achieving its goals and objectives. To streamline the agency's efforts, the Forest Service is standardizing the way it inventories and monitors information.

## Goal 5 Results

In FY 2010, the Forest Service met all targets under this goal and completed its fourth year of piloting tools designed to assess data quantity and quality in corporate applications. The agency has focused on assessing the completeness of selected data layers in internal geographic information systems data sets. The results of this testing have indicated that our new tools and techniques are ready for general use.

The Forest Service Pacific Southwest Region took initiative in FY 2010 to establish a team dedicated to resolving title claims and encroachments. This action helped the agency surpass its target for that activity and furthered its efforts in protecting the public lands it manages. The agency continues to develop long-term, outcome-based performance measures that fully cover the Capital Improvement and Maintenance program. In the future, the Forest Service will develop and implement a strategy to prioritize road, facility, and trail improvements to reduce the deferred maintenance backlog.

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Percentage of administrative facilities that are being maintained to standard	64	66	63	66	68	64	Met	65	65

## Strategic Goal 6: Engage Urban America With Forest Service Programs

Goal 6 Resources (in millions)			
2007	2008	2009	2010
\$35	\$33	\$35	\$37

The Forest Service promotes understanding and professional management of the Nation’s forests, including its urban forests. The agency promotes understanding and sound management of the urban forest through conservation education, community “greening” efforts, and youth programs. Through various partnerships, it builds connections between rural and urban communities.

The Forest Service uses its institutional capacity, expertise, and extensive partnerships to engage and benefit urban America by—

- Providing all Americans with broader access to the benefits trees and forests provide, such as clean air, clean and abundant water, reduced energy costs, reduced green house gas emissions, recreation, improved human health, and jobs.

- Enriching the connections between urban America and nature by providing conservation education and meaningful outdoor experiences.
- Developing future natural resource leaders and providing meaningful outdoor recreational opportunities.
- Providing urban residents with increased opportunities to participate in natural resource stewardship and management, including green jobs, and enhancing sustainable urban natural resource management for the benefit and well-being of all.

### Goal 6 Results

In FY 2010, the Forest Service met its goal for assisting communities with developing or established urban and community forestry programs. The agency, which achieved a 3-percent increase over the number of communities assisted last year, assists communities in partnership with State forestry agencies. Together, these partnerships assisted 7,102 communities, where nearly 177 million people live. This number represents approximately 77 percent of the people living in communities with the potential to develop programs to care for their trees and urban forest resources.



Denny Mattison, Forest Service, tells scouts how water from sudden rains can damage ecosystems.

*Photo credit: Jerry Snyder.*



Abundant harvests are shared among gardeners and community service programs. Yreka High School in Yreka, CA, received funds from a Forest Service grant (Partners in Flight Program) to enhance its agriculture and natural resource program and provide wildlife habitat on school grounds.

*Photo credit: USDA Flickr.*

The Forest Service also reached more than 6.8 million people through its environmental literacy programs and activities—a 60-percent improvement from 2009. The Conservation Education program provided assistance to Forest Service field units and partners to help them connect children to nature. This program is an effort to inspire future environmental stewards. With grants from the Forest Service, partners such as Girl Scouts of America, Enviromentor, Canon Envirothon, Hispanic Communication Network, and Latino Legacy developed or enhanced multiple programs to reach underserved communities.

The agency used technology to enhance distance learning and Web-based education tools, such as “Finding My Forest” and

the “Discover the Forest” Ad Council campaign. These tools, along with environmental stewardship activities, strengthened environmental awareness and citizen involvement in sustainable resource management.

The Urban and Community Forestry program also plays an important role in responding to climate change. In FY 2010, the Forest Service encouraged State and territory partners to focus efforts on helping localities improve the resilience of their urban and community forests. Through strategic tree planting and active urban forest management, program partners were able to help communities increase carbon sequestration, reduce energy consumption, and protect water resources.

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Number of communities with developing or established urban and community forestry programs resulting from Forest Service assistance	6,564	6,326	7,139	6,853	7,200	7,102	Met	7,200	10,000



## Strategic Goal 7: Provide Science-Based Applications and Tools for Sustainable Natural Resources Management

Goal 7 Resources (in millions)			
2007	2008	2009	2010
\$101	\$102	\$99	\$127

The Forest Service R&D program is a global leader in natural resource science, conducting research and producing technologies to improve the health and use of the Nation's forests and grasslands. Science informs policy and land management decisions to help achieve desired outcomes. To accomplish this strategic goal, the agency focuses on organizational effectiveness of public and private entities involved in natural resources management. By producing science products for policymakers, wildland fire managers, and local communities, natural resources knowledge is transferred to communities.

Important components of the agency's work include—

- Developing and testing innovative methods for synthesizing available science.
- Transforming science and technology into usable technologies and tools.
- Creating science applications and disseminating them to users.

Partnerships with educational institutions and others are critical to program success and effectiveness.

### Goal 7 Results

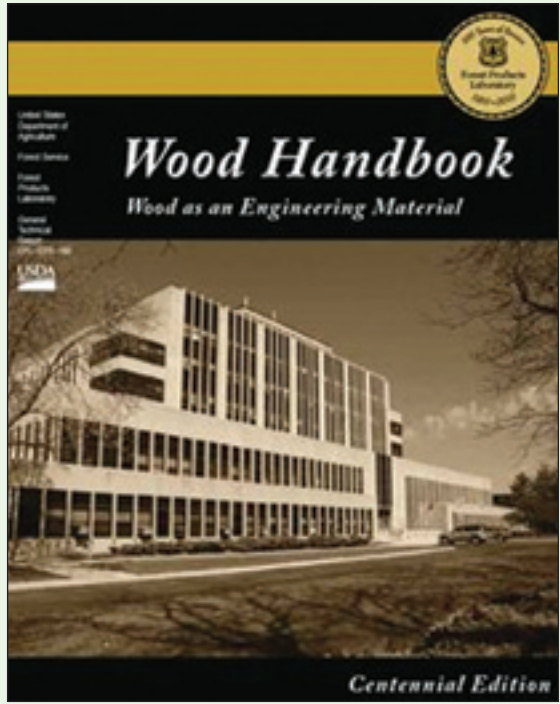
Customer satisfaction with Forest Service science products met expectations and remained consistent with FY 2009 results. Forest Service R&D will continue to focus on delivering research results and deploying tools and products of that research.

Agency research has produced—

- Cheaper and more effective wildfire management techniques.
- Numerous invasive species risk maps that are used across the country.

- Improved understanding of how Americans use national forests and grasslands for recreation.
- Tax guidelines for forest landowners.
- Improved paper recycling efficiency resulting from a new method for removing ink.

In addition, the 3-year average number of patent applications filed remained steady at the target level of six.



The Forest Products Laboratory's *Wood Handbook: Wood as an Engineering Material* serves as a primary reference document for a wide variety of users—from the general public to architects and design engineers who use wood in highly engineered structures. It is one of the most widely downloaded Forest Service documents—more than 16,000 downloads of all or parts of it occur weekly. This special Centennial Edition builds on previous editions, with several important additions.

Performance Measure	Baseline	2007 Results	2008 Results	2009 Results	2010			2011 Target	2012 Goal
					Target	Results	Rating		
Customer satisfaction with R&D products and services (ACSI score)	72	72	72	75	75	75	Met	75	75

ACSI = The American Customer Satisfaction Index, which assesses the satisfaction of private and other external customers with the relevance, usefulness, and accessibility of R&D products and services. R&D = Research and Development.

## Summary of Financial Information

The Forest Service produces a series of quarterly financial statements to summarize agency activity and associated financial positions. The four principal statements follow:

- Consolidated Balance Sheets.
- Consolidated Statements of Net Cost.
- Consolidated Statements of Changes in Net Position.
- Combined Statements of Budgetary Resources.

By producing these statements, the agency seeks to provide relevant, reliable, and accurate financial information related to Forest Service activities. Analysis of the agency's September 30, 2010, financial statements provides the following highlights, and the accompanying exhibits reflect the comparative amounts for FY 2010 and FY 2009.

### Consolidated Balance Sheets

#### Assets

Assets are the resources the Forest Service holds to meet its statutory requirements. As of September 30, 2010, the Forest Service reports \$6.8 billion in assets, representing a 1-percent increase from FY 2009 amounts.

#### Liabilities

As of September 30, 2010, the Forest Service had \$2.1 billion in liabilities, or probable future expenditures, based on past events. This amount represents a minimal change from FY 2009 amounts. The major liability amounts for Federal employee benefits, accrued liabilities, payments to States, and other liability categories appear in the Liabilities table.

By law, Federal agencies cannot make any payments unless Congress has appropriated funds for such payments and the Office of Management and Budget has apportioned the funds. A portion of liabilities reported is currently not funded by congressional appropriations. The unfunded amount includes employees' annual leave (earned, but not yet taken) and Federal Employee Compensation Act benefits that are accrued to cover liabilities associated with employees' death, disability, medical, and other approved costs not yet appropriated.

A major program generating unfunded liabilities is Payments to States, which authorizes annual revenue-sharing payments to States for public schools and public roads in the county or counties in which the national forests are located. A portion of the Payments to States program is funded with agency receipts. The program balance is recorded as an unfunded liability for which the Department of Treasury's general receipts are apportioned when the payments are made in the following year.

Assets (in millions)				
Assets	FY 2010	FY 2009	Differences	
			Dollars	Percentages
Fund balance with Treasury	\$5,252	\$5,146	\$106	2%
General property and equipment	1,383	1,359	24	2%
Receivables, net	139	210	(71)	(34%)
Total of major categories	\$6,774	\$6,715	\$59	1%
Other asset categories	51	47	4	9%
<b>Grand total assets</b>	<b>\$6,825</b>	<b>\$6,762</b>	<b>\$63</b>	<b>1%</b>

Liabilities (in millions)				
Liability	FY 2010	FY 2009	Differences	
			Dollars	Percentages
Federal employee benefits	\$443	\$421	\$22	5%
Other liabilities				
Accrued liabilities	734	721	13	2%
Payments to States	409	442	(33)	(7%)
Other categories	551	554	(3)	(1%)
<b>Grand total liabilities</b>	<b>\$2,137</b>	<b>\$2,138</b>	<b>(\$1)</b>	<b>0%</b>

## Net Position

As reported in the Statement of Changes in Net Position, the Forest Service reported \$3.0 billion in unexpended appropriations and \$1.7 billion in cumulative operation results, indicating a \$64-million increase (1 percent) in net position from FY 2009.

Net position represents unexpended appropriations consisting of undelivered orders, unobligated funds, and cumulative operation results. In accordance with the Statement of Federal Financial Accounting Standards (SFFAS) 27, *Identifying and Reporting Earmarked Funds*, earmarked funds for which the Forest Service is responsible for program management are presented separately on the Statement of Changes in Net Position. Both earmarked and other fund totals are included in the Net Position table.

Unexpended appropriations reflect the spending authority made available by congressional appropriation but not used. The cumulative result of operations amount reflects the

cumulative effect of financing in excess of expenditures and includes earmarked funds.

## Net Cost of Operations

The net cost of operations for the Forest Service was \$6.1 billion in FY 2010, representing a 3-percent increase from FY 2009 amounts. Earned revenue from the public includes the sale of forest products (timber and firewood); recreation opportunities (campgrounds); mineral resources; livestock grazing; and special land use fees for power generation, resorts, and other business activities conducted on NFS lands. The Forest Service also performs reimbursable activities, such as work completed mainly for other Federal agencies, in accordance with the Economy Act and other authorities.

## Expenses

Forest Service program costs were \$6.7 billion for FY 2010, representing a 2-percent increase from FY 2009.

Net Position (in millions)				
Net Position	FY 2010	FY 2009	Differences	
			Dollars	Percentages
Unexpended appropriations	\$2,991	\$2,966	\$25	1%
Cumulative results of operations	1,697	1,658	39	2%
<b>Total net position</b>	<b>\$4,688</b>	<b>\$4,624</b>	<b>\$64</b>	<b>1%</b>

Gross Expenses (in millions)				
Responsibility Areas	FY 2010	FY 2009	Differences	
			Dollars	Percentages
National Forests and Grasslands	\$3,808	\$3,434	\$374	10%
Wildland Fire Management	2,078	2,385	(307)	(13%)
State and Private Forestry	448	412	36	9%
Forest and Rangeland Research	368	358	10	3%
Total gross costs	\$6,702	\$6,589	\$113	2%
Less: total earned revenue	623	679	(56)	(8%)
<b>Net cost of operations</b>	<b>\$6,079</b>	<b>\$5,910</b>	<b>\$169</b>	<b>3%</b>

Numbers in parenthesis are negative.

## Summary of Key Management Challenges

Two emerging USDA management challenges pose risk potential to the Forest Service mission. Specifically, the risk potentials are—

- **Eliminating improper payments.** Although the Forest Service and other USDA agencies made considerable progress in meeting the goals of the Improper Payments Information Act (IPIA) of 2002, in FY 2010, new legislation and an executive order expanded the requirements for identifying programs and activities susceptible to improper payments to improve agency accountability.
- **Workforce planning for fire-suppression activities.** The Forest Service does not have a national firefighting workforce plan. The absence of a plan poses a significant risk because a proportion of employees, especially those involved with fire-suppression activities, are currently eligible to retire or will be eligible in the near future. This

potentially diminishing workforce becomes a critical issue because the demand for trained fire-suppression personnel has increased and the agency already relies on employing retired personnel to perform many tasks.

In addition to the emerging management challenges discussed previously, the Forest Service continued to make progress on the following previously identified issues:

- Strong, integrated management control (internal control) systems still needed.
- Better Forest Service management and community action needed to improve national forest health and reduce firefighting costs.

Details on these challenges, including actions taken to address them in FY 2010 and activities planned for FY 2011, are available in the *FY 2010 Agency Financial Report*.

## Summary of Financial Audit and Management Assurances

Audit Opinion: Unqualified						
Restatement: No						
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material weaknesses	0	0	0	0	0	0
<b>Total material weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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