

Testimony of Richard A. Schwab

Before the Subcommittee on Conservation, Energy and Forestry

Committee on Agriculture

Hearing on “*Formulation of the 2012 Farm Bill: Energy and Forestry Programs*”

May 18, 2012

Chairman Thompson and distinguished Members of the Subcommittee on Conservation, Energy and Forestry, my name is Richard Schwab and I am a third generation logger who has worked in the forest industry for the past 22 years helping to manage our small family business. I have been educated and trained on how to practice the art of forestry by the guidelines of Florida’s Best Management Practices and am a Florida Master Logger. I am here today representing M.A. Rigoni, Inc. We are a full service forest management business, including timber harvesting, in Perry, Florida. We have been practicing sustainable forestry for 52 years. I am also representing the Southeastern Wood Producers Association which represents 500 businesses in Florida and Georgia, as well as the American Loggers Council, a national organization representing professional timber harvesters in 30 States across the U.S. I am pleased to have the opportunity to address the areas which our sector of the industry believes are deserving of your attention during the reauthorization of the Farm Bill.

The first concern is directed towards the Forest Inventory and Analysis program. There is real value in the information that the FIA program provides. As we continue to be concerned over the health of our nation’s forest and how to sustainably manage those forests for the greatest good for all of our nation’s people, the FIA program is the best

resource that we have available to measure outcomes of past forest management decisions and to make plans and adjustments for the future of those forests.

Data gathered in the FIA allows us to recognize trends in forest management practices that are impacting forest health, insect and disease patterns, fuel loads, and wildlife habitat.

The data is also being used to create jobs. Our industry is one of the primary users of the FIA data in determining where to build new infrastructure such as a biomass plant or pellet mill that could create new markets that we as timber land owners and professional timber harvesters need in order to generate income from our forests to encourage sustainable management.

My job with our small family business is Procurement “the buying of all wood that our company harvests” and New Business Development “the estimating of all service jobs” that we do as well as work with companies to help develop their new markets in our region of the country. These new markets are established and located, in part, based on available FIA data. Committee members, I cannot stress enough of the importance to our industry to have this data and it be accurate so that those of us that want to make our products from the forest can know where the best area is to locate and create new jobs in the rural regions of the country.

We would ask that you reaffirm the importance of the US Forest Service’s Forest Inventory and Analysis program to the private sector and direct the Agency to enhance

the program's efficiency and effectiveness to ensure the program is fully implemented in all states and to enhance the program's ability to address emerging forest data needs such as biomass and new forest products markets.

The Stewardship contracting program offers forest managers the use of alternative contracting methods on federal forest land to achieve forest management objectives. Stewardship contracts are used for treatments that promote healthy forests and reduce fire hazards, while expanding business and job opportunities. Stewardship contracting encourages collaboration and long-term commitments among agencies, contractors, timber dependent communities, and other interested stakeholders that are important for economic stability and to complete restoration projects.

While stewardship contracting does not replace traditional timber sale contracts, this program provides a critical tool for forest management, helps address the need for restoration activities in much of our national forests, and can compliment timber sale contracting.

My family's small business has worked on two stewardship sales in Florida since they were first authorized. We were able to complete the service work along with the timber harvest in a very quick and efficient manner. It was great to see the revenues from the timber sale used on two National Forests in Florida. Fire lines, roads and wildlife habitats were either improved or created. Everyone won; the US Forest Service, our business, industry, local jobs, and the public. Stewardship contracts work.

We urge Congress to permanently reauthorize the Stewardship Contracting Authority in the 2012 Farm Bill.

Next we would ask that you reauthorize the National Institute of Food and Agriculture's Renewable Resources Extension Act, maintaining the current funding authorization level. This program supports forestry extension and outreach conducted by the universities, which often serve as a gateway for engaging landowners in conservation and management of their land.

Our company has personally worked with the University of Florida's IFAS extension by working with them to harvest new types of biomass crops. I have personally seen these crops and am very excited about future growth of different forest crops and how they respond to weather, different soil types, and how they need to be managed in order to maximize yields. Without extension I don't know if this research would happen. Extension helps to keep our industry from stagnating and we all know that anything that is stagnated is dying.

While I am addressing education opportunities, I would like to point out that under current law, farmers and ranchers have the opportunity to bring their 16 and 17 year-old children out to the farms and ranches to learn the trade under an agricultural exemption found in the labor laws. Agriculture is a generational industry, just like logging, yet because logging is classified under an industrial occupation code rather than an

agricultural occupation code; we have to wait until our children reach 18 years of age before we can bring them out to the woods to begin their training. I would like the same opportunity as tree farmers for the forestry community that the farmers and ranchers have in the agricultural community to bring this next generation into the workforce. I am a third generation logger, and I would like for my son to be the fourth generation. If we wait until they are 18 or older I am afraid that we will have already passed the age of building interest in our industry and lost ground in building a strong work ethic.

The other item found in the current Farm Bill is Section 8401 which is a provision for qualifying timber contract options. As you are all well aware, our nation has been suffering under an economic recession for some years now, and housing starts and markets for the products which we produce, logs and other forest products, have been restrained or disappeared all together. Since the passage of the 2008 Farm bill, things have not gotten any better for our industry; in fact it would be safe to say that they have deteriorated even further.

Our nation's loggers are in trouble, and a recent study completed by the Wood Supply Research Institute indicates that we have lost close to 40% of the logging capacity here in the United States. Almost all of our timber sale contracts are 1- 3 years in length and most have been made in good faith, with an understanding that markets would be reasonably stable. The unprecedented length of a weak housing market has affected everyone in the supply chain, from the loggers to the home builders, far greater than can be remembered in the last 80 years. Federal timber purchasers that contracted for

federal timber sales during this time are left holding a contract that is now priced too high for them to be able to harvest and deliver to the existing markets without, in some cases, incurring substantial financial losses. I personally know many of these small, family-owned businesses and know that they contribute greatly to communities where unemployment is still hovering between 15 and 20 percent. These small, family-owned enterprises need additional time on these contracts as we continue to wait for our markets to recover. The United States is the world's largest consumer of forest products and as the economic recovery continues, we will see the demands for the products derived from our forests rise. We would prefer promoting job creation and economic stability here in the United States through a viable US workforce rather than become increasingly dependant on foreign imports.

With no real certainty as to when we might see a recovery in our sector, we ask that you please extend Section 8401 for timber sales that were awarded during the period beginning on January 1, 2008, and ending on December 31, 2010.

There are also areas in the Energy Title of the 2008 Farm Bill that have the attention of the timber harvesting community, the first being the definition of renewable biomass found in the 2008 Farm Bill. We would like to see the current definition as written maintained in the 2012 Farm Bill. In order for woody biomass to be considered as a real component of a renewable energy future, we need as broad based a definition of renewable biomass in any energy policies proposed that does not artificially restrict the use of woody biomass for energy production. I encourage members of this committee

and Congress to retain the current definition of renewable biomass as written in the 2008 Farm Bill. This is very important to my business because two thirds of our production is now based on producing in-woods chips for renewable energy production.

We are supportive of all programs in the Energy Title that offer short term incentives to help create renewable biomass markets which in turn will create jobs.

I am personally working with American Process which is a company that is completing construction on a pilot wood ethanol plant. It is located in Alpena, Michigan. They will be taking waste water from an existing particle board plant and using this waste to cook and produce wood ethanol. This is a perfect example of American entrepreneurialism at its best. The company saw a need, realized what it took to solve the need, and made the investment. The process will help to address US renewable energy issues, air quality issues, and create both markets and jobs for the forest products industry.

We do not favor any program that would allow for the artificial manipulation of existing markets. The Biomass Crop Assistance Program (BCAP) is a prime example of a well intended federal program gone awry. Rather than meet the intent of Congress to stimulate new markets for woody biomass and help to recover some of the costs associated with the collection, harvest, storage and transportation of woody biomass, what we saw was up to a 50% reduction in rates for delivered wood to consuming mills and were being told that we could be made “whole” by signing on to the program.

Our company personally took part in the BCAP program and experienced nothing but major market disruptions and extra paper work. While existing wood consuming facilities lowered delivered prices to cut their operating costs, there were no new facilities or markets established in our area of operation as a direct result of the BCAP program.

The BCAP program might have worked well for the agriculture sector, but it was a disaster for our business and others in the timber harvesting industry.

The last program that I would like to address is the Biobased Markets program. Under the current law, forest products have received an unfavorable position in the program due, in part, to the maturity of the products. We would like to see language in the 2012 Farm bill that would create parity between forest and other biobased products by inserting language that would focus on products that apply an innovative approach to growing, harvesting, procuring, processing, or manufacturing biobased products regardless of the date of entry into the marketplace.

As a final note, there is a bill currently working its way through the House and the Senate entitled the Silviculture Regulatory Consistency Act, HR 2541/S 1369. The bill seeks to codify a 35 year exemption for silvicultural operations from the National Pollution Discharge Elimination System (NPDES) permitting process allowed by the EPA, following a Ninth Circuit Court decision which denied those exemptions. I can think of no other regulatory burden that would have a greater negative impact on our industry if the Ninth Circuit's decision is left to stand. The delays in obtaining those permits alone

would cost the industry millions of dollars in lost production. Our industry has proven that with the use of both mandatory and voluntary Best Management Practices established by the States and approved by the EPA, that water quality issues from Silvicultural operations are negligible and that implementation of the permitting process would have no net benefit to the environment.

With the poor market conditions and loss of infrastructure that is currently impacting our industry, an attempt to further regulate our industry and add additional costs will certainly lead to forest land conversions to other higher value uses, and the sustainability of our forests and our forests operations will be in jeopardy. We urge members of Congress to pass the Silviculture Regulatory Consistency Act.

Again, thank you for allowing me to provide testimony and comments as you formulate the Energy and Forestry Titles of the 2012 Farm Bill, and I would be happy to try and answer any questions that you might have.

Committee on Agriculture
U.S. House of Representatives
Information Required From Nongovernmental Witnesses

House rules require nongovernmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Richard W. Schwab
2. Organization you represent: American Loggers Council & Southeastern Wood Producers Association
3. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee: Small logging business manager with 22 years of experience
4. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee: Florida Master Logger # 43335, Graduate of the Wedgworth Leadership Institute at the University of Florida's in 2006
5. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold: Board member of the American Loggers Council, Vice President of the Southeastern Wood Producers Association

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF
TESTIMONY.

**Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form**

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2008.

Name: Richard W. Schwab

Organization you represent (if any): American Loggers Council, Southeastern Wood Producers Association

- 1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

Source: _____ **Amount:** _____


Source: _____ **Amount:** _____

- 2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:**

Source: _____ **Amount:** _____

Source: _____ **Amount:** _____

Please check here if this form is NOT applicable to you: _____

Signature: 

** Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.