

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

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Before the
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

JUNE 19, 2007



Good morning, Chairman Grijalva, Ranking Member Bishop, and Members of the Subcommittee. Thank you for inviting the Office of Inspector General (OIG) of the Department of Agriculture (USDA) to present our views on wildfire preparedness issues. OIG has conducted substantial audit and investigative work pertaining to the Forest Service (FS) and its vital stewardship role to preserve and protect America's national forests. As requested by the Subcommittee, my testimony will present the findings and recommendations produced by our review of FS' implementation of the Healthy Forests Initiative (HFI).

USDA, through FS, is responsible for the management of our Nation's 155 national forests and 20 grasslands. These lands cover more than 192 million acres. FS officials face significant challenges in their important stewardship activities, for it is clear that wildfires on FS lands are becoming larger and more expensive to extinguish and suppress. From fiscal year (FY) 2000 to 2006, FS suppression costs averaged \$900 million annually and exceeded \$1 billion in 4 of those 7 years. In some years, FS has had to borrow funds from other programs to pay for its wildfire suppression activities, and this has adversely affected FS' ability to accomplish work in other areas.

FS has estimated that the 73 million acres of the land it manages and 59 million acres of privately owned forest land are at high risk of ecologically destructive wildland fire. One of the most extensive and serious problems related to the health of national forests is the over-accumulation of dead vegetation that can fuel fires. The increase in the amount of hazardous fuels is the result of several major factors. First, extended drought conditions have significantly increased the amount of unhealthy or dead forests and vegetation. Second, widespread disease and insect infestations have killed or affected the health of large areas of national and private forestland. Third, past fire suppression practices of the Federal, State, and local governments, private companies, and individuals have prevented the natural use of wildland fire (Wildland Fire Use – WFU) to reduce the accumulation of hazardous fuels.

It has been estimated by some FS managers that hazardous fuels are accumulating three times as fast as they can be treated. The accumulation of hazardous fuels has contributed to an increasing number of large, intense, and catastrophically destructive wildfires. Reducing the

buildup of hazardous fuels is crucial to reducing the extent, severity, and costs of wildfires.

The Healthy Forests Initiative (HFI) was launched in August 2002 by President Bush to reduce the risks severe wildfires pose to people, communities, and the environment. The HFI includes a number of policy, program, and legislative changes to help achieve this. One of the primary goals of the HFI is to reduce the threat of wildfire by removing hazardous fuels from areas in national forests that constitute the greatest threats of catastrophic fire. Catastrophic fires can destroy hundreds of thousands of acres at one time, burn entire communities, destroy watersheds that are the source of water for millions of people, and take the lives of community residents and firefighters. These fires can burn with such intensity that they change the composition of the landscape and soil for generations. A catastrophic wildfire can grow to such an extent that it creates its own weather pattern and becomes physically impossible to suppress without the assistance of nature (i.e. significant amounts of rain). Already in the 2007 fire season, one fire in Georgia and Florida has burned approximately 468,000 acres (731 square miles). This is approximately 2.4 times larger than the entire land area of New York City or about 12 times that of Washington, D.C.

In September of 2006, OIG completed an audit that evaluated FS efforts to implement the HFI. We focused our audit work on the agency's hazardous fuels reduction program because more than half of FS' funding under the HFI is allocated for this purpose. For FY 2005 and 2006, the FS budget for hazardous fuels reduction was approximately \$262 million and \$281 million, respectively. Our review evaluated the methods used by FS to identify, select, and fund fuel reduction projects. We also evaluated how the agency reported accomplishments.

At the time of our review, FS' identification of and funding for fuel reduction projects were determined and performed at the discretion of individual field units, after they performed various analyses to identify communities at risk. FS did not require the use of a specific set of criteria or analytical process to ensure that the identification of projects was consistent nationwide, or to justify the selection of one project over another. FS allocated hazardous fuels reduction funds to its regions based primarily on historical funding levels and established acres as targets. Regional officials were then responsible for making funding

allocations to Forest Supervisors and final project allocation decisions were made at the local level. Funds were not allocated to the regions based upon identified wildfire risks or those fuel reduction projects that would be most effective in reducing that risk.

Specifically, our audit evaluated FS management controls to (1) determine if the hazardous fuels reduction projects that were conducted were cost beneficial, (2) how FS identified and prioritized such projects, (3) the agency's process for allocating funds among projects in different regions, and (4) the agency's process to report hazardous fuels reduction accomplishments. I would like to advise the Subcommittee of the primary findings and recommendations from our audit.

Audit Findings and Recommendations

Assessment of Risk

At the time of our audit, we found that FS lacked a consistent analytical process for assessing the level of risk that communities faced from wildland fire and determining if a hazardous fuels project would be cost beneficial. FS had not developed specific national guidance for weighing the risks against the benefits of fuels treatment and restoration projects.

In order to allocate resources most effectively, it is important for FS to be able to identify which communities and what National Forest System (NFS) resources are at risk. FS needs to be able to determine the level of risk for significant and destructive wildland fires throughout the NFS and what the potential benefit or payback would be from conducting a specific fuels reduction project. While we agreed with FS that a traditional cost benefit analysis would be impractical, we concluded that FS could develop a set of criteria to compare the relative degrees of exposure and risk to wildland fire that each community faces. The assessment should include a measure of the benefits and/or consequences of selecting one project over another for treatment.

Currently, FS' nine regions each have different ways of identifying priorities. At the time of our audit, FS could not adequately compare hazardous fuels reduction projects among regions. This affects the ability to identify, on a national basis, those projects that should be

funded and completed first. While some areas or communities may be at high risk from wildfires, it may not be effective for FS to spend large sums of money on hazardous fuels reduction projects if the nearby communities have not enacted and enforced rigorous building and zoning regulations, otherwise known as “Firewise” regulations. A community’s lack of Firewise regulations could significantly reduce the effectiveness of any FS efforts to reduce hazardous fuels around the community. FS officials believe that the new LANDFIRE system being developed will provide more accurate nationwide data so that they can better define and identify areas where fuels treatment would be most cost beneficial.

In the interim while new systems are being developed, FS needs to develop a methodology to evaluate the effectiveness of alternative strategies in meeting the agency’s hazardous fuels reduction program goals. Without a sound process for assessing the level of risk that communities face from wildland fire, one that agency managers can apply consistently, FS will be unable to identify and prioritize the most effective fuel reduction projects.

Prioritizing and Funding Projects

FS also did not have the ability to ensure that the highest priority fuels reduction projects were funded first. Because projects were not prioritized under uniform, national criteria, there was no systematic way to allocate funds to the most critical projects. Funds were allocated based upon a region’s historical funding levels and targets for number of acres to be treated that were set by FS Headquarters office in Washington, D.C. There were no controls in place to prevent funds from being allocated to projects in order to achieve targets of acres treated instead of reducing the most risk. This could lead to less important projects being funded.

We recommended that FS develop and implement specific national guidance for assessing the risks wildland fires present to residents and communities and determining the comparative value and benefit of fuels treatment/restoration projects. We also recommended that FS establish controls to ensure that the process and methodology to identify and prioritize the most effective fuels reduction projects can be utilized at all levels to ensure funds are distributed according to the priority of the projects. This process should have uniformity (and

comparability) from the local level (districts) through to the Headquarters office and across geographic boundaries (i.e. among regions).

Performance Measures and Reporting Standards

We found that FS' performance measures and reporting standards did not provide adequate information to evaluate the effectiveness of a fuel treatment practice. They did not communicate to either FS managers or other stakeholders whether the treatment of an acre of forest had resulted in changing its condition class,¹ or if the project reduced the risk from catastrophic wildland fire. The agency's focus has been on achieving firm annual targets (output) that are measured in the number of acres treated. However, these acres are not homogenous, meaning that some acres of hazardous fuels create much more risk to communities and resources than others. Reporting the number of acres treated did not communicate the amount of risk that has been reduced. Focusing only on acres treated did not communicate key information on the effectiveness of the treatment practice. In addition, hazardous fuels accomplishment reports did not provide detailed information to evaluate the overall progress of the program; details such as the location of treatments, changes in condition class, and initial or maintenance treatments are not reported.

We recommended that FS develop and implement a more meaningful and outcome-oriented performance measure for reporting metrics, such as acres with "risk reduced" or "area protected." Also, FS should direct that implementing effective integrated treatments are more important than solely meeting acreage targets. We also recommended that FS improve accomplishment reporting by including more detailed information, such as breaking down accomplishments by region, noting changes in condition class, and differentiating between initial and maintenance treatments and multiple treatments on the same acres.

FS agreed with our audit findings and each of our HFI program recommendations and

¹ The fire-regime condition class is an expression of the departure of the current condition from the historical fire regime resulting in alterations to the ecosystem. A condition class is measured as a 1, 2, or 3, with 3 being the most significant departure from the historical fire regime. Activities that cause the departure include fire exclusion, timber harvesting, grazing, growth of exotic plant species, insects, and disease.

committed to take action on them.

HFI Activities in FY 2008

FS' estimated budget for Hazardous Fuel Reduction activities in FY 2007 is \$291.8 million and is projected by agency officials to be \$292 million for FY 2008. While the amounts for FY 2007 and FY 2008 are approximately the same, the proposed FY 2008 amount of \$292 million is 25% more than the enacted amount for FY 2004 of \$233 million.

OIG plans to conduct a follow-up audit in FY 2008. Our objective will be to determine if FS has implemented the agreed upon recommendations and whether the agency's responsive actions have been effective. FS' FY 2008 budget justification reflects some of the measurements we recommended in our report, i.e., reporting accomplishments by changes in condition class, reporting accomplishments obtained through other land management activities, and distinguishing accomplishments between initial treatments and maintenance treatments. The budget justification's FY 2008 plan places an emphasis on identifying and treating risks.

As part of our evaluation of the key management challenges facing the Department in 2007, we identified large fire suppression cost as a new challenge. This challenge encompasses the HFI. During our audit of FS' Large Fire Suppression Costs,² we identified the accumulation of hazardous fuels, especially within the wildland urban interface, as a major factor in increasing fire suppression costs. We believe that improving the health of the National Forests will ultimately help reduce agency costs for suppressing wildfires.

I want to express my sincere thanks to FS officials and employees for the assistance and considerable cooperation they extended to OIG during these two audits. FS faces many difficult programmatic issues and natural resource challenges as it strives to provide good stewardship of America's national forests. OIG's management and staff greatly appreciate the excellent but frequently uncredited work that FS employees perform on a daily basis to

² OIG Report, "Forest Service Large Fire Suppression Costs." Report No. 08601-44-SF, November 2006.

preserve and enhance our precious national forests.

This concludes my testimony. Thank you again for affording me the opportunity to testify before the Subcommittee. I would be pleased to address any questions you may have.