

THE FOREST LAND ENHANCEMENT PROGRAM

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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JULY 20, 2004
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REVIEW OF THE FOREST LAND ENHANCEMENT PROGRAM

TUESDAY, JULY 20, 2004

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC.

The committee met, pursuant to call, at 10:00 a.m., in room 1300 of the Longworth House Office Building, Hon. Bob Goodlatte (chairman of the committee) presiding.

Present: Representatives: Pombo, Smith, Everett, Moran, Gutknecht, Ose, Osborne, Pence, Rehberg, Burns, Bonner, Rogers, King, Chocola, Musgrave, Stenholm, Peterson, Holden, Etheridge, Baca, Alexander, Chandler, Herse, and Boswell.

Staff present: William E. O'Conner, Jr., staff director; Brent Gattis, Bill Imbergamo, Stephanie Myers, Debbie Smith, Callista Gingrich, clerk; Lisa Kelley, and Anne Simmons.

OPENING STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

The CHAIRMAN. Good morning. This hearing of the House Committee on Agriculture to review the Forest Land Enhancement Program will come to order.

Today, we convene the full committee to hear testimony on the Forest Land Enhancement Program. Although we are entering the third year of this program's existence, to date, it has received funding for only one year. Today, I hope to hear from the administration about their efforts to get the program back on track, and ensure that they release the mandatory funding available in the 2002 farm bill. I remain very concerned that we will be unable to fully implement FLEP in the remaining years of the program's life.

We will also hear from several forestry, wildlife, and landowner organizations about the ongoing need for assistance to our Nation's 9 million family forest landowners. I note that many other groups had sought the opportunity to testify in support of this program, including the National Association of Conservation Districts, Environmental Defense, and other family forest landowners, such as Tom Thompson of New Hampshire.

As many will recall, this committee led the effort to modernize our forest landowner assistance programs during the 2002 farm bill. After a lengthy and contentious conference with the Senate, FLEP was one of the only forestry provisions to make it into the final version of the farm bill, a sign of its importance and bipartisan support.

In order to create FLEP, we repealed the old Forestry Incentives Program and the Stewardship Incentives Program. In their place, we created a program that gave the States considerable flexibility in deciding the right mix of technical, financial, and educational assistance that family forest landowners in their States needed.

Importantly, we also reaffirmed our commitment to a dedicated forestry program as part of the USDA's conservation efforts. It was our clear direction that this program be delivered through the long-standing and successful mechanism outlined in the Cooperative Forestry Assistance Act, and because of our desire to ensure stable funding for FLEP, the farm bill provided \$100 million of mandatory funding for the program.

Congress created FLEP because we recognized the important economic and ecological contributions made by the Nation's over 9 million family forest landowners. These landowners steward over 360 million acres of forest, produce billions of dollars worth of timber, and countless other benefits.

FLEP could have been an exemplary case of Federal, State, and public/private partnership, a flexible program promoting forest productivity and conservation. Unfortunately, that is not what has transpired to this point. Some funds have been diverted to other purposes. Most troubling, the administration proposed eliminating \$40 million of FLEP funds as part of their fiscal year 2005 budget submission. Congress has not agreed with that proposal. It is my hope that the administration will be bringing us better news about their intentions for FLEP in the remaining years of the program.

Today, we have two panels, the first panel is Mr. Mark Rey, the Under Secretary responsible for overseeing the Forest Service. While Mr. Rey is a familiar face in hearings that focus on the management of our national forests, today is a rare opportunity for him to give us the administration's perspectives on the needs of the 9 million individuals and families who own more than half the Nation's forests.

On the second panel, we will hear from five individuals representing professional foresters, family forest landowners, and wildlife organizations who have been involved with FLEP implementation.

I welcome all of you to today's hearing, and it is now my pleasure to recognize the ranking member, the gentleman from Texas, Mr. Stenholm.

OPENING STATEMENT OF HON. CHARLES W. STENHOLM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. STENHOLM. Thank you, Mr. Chairman. Thank you for holding this hearing to review the FLEP, which was created in the 2002 farm bill. And I am pleased we will have the opportunity to review the administration's policy regarding this program or lack thereof.

Frankly, I find the administration's lack of support for this program considerably distressing, especially since this program was designed to address the needs of tens of thousands of family forest owners across the country.

In fact, nearly 10 million individuals and families collectively own more forest land, provide more fish and wildlife habitat, more

watershed protection, and produce more timber and other forest products than all of the national forests and timber companies combined. Given that the number of family forest owners is increasing daily, we cannot afford to undermine a program specifically designed to address their needs.

As we will hear in today's testimony, FLEP is critical for accomplishing on-the-ground forest improvement projects such as wetland, riparian restoration, hazardous fuel reductions, timber stand improvement, and invasive species detection and prevention. These projects enable family forest owners to provide great public benefits from their forestland.

Unfortunately, funding for this program has dried up and implementation has come to a stop. As a result, States are facing requests for assistance that far exceeded the funding that was available before funds were diverted to other purposes, such as fire control. I am concerned about the message we are sending forest landowners with regard to how the Federal Government views their environmental and economic contributions.

We will hear testimony about the administration's justification for canceling FLEP, particularly their argument that forestry technical and financial assistance can be delivered to landowners through an array of other USDA and DOI programs. Unfortunately here, those programs have also been shorted from funding. Some programs do provide limited assistance, however, most USDA conservation programs delivered primarily through NRCS focus mainly on the Nation's 2 million agriculture producers. When only about 25 percent of the nearly 10 million private forest landowners are farmers, this is an implementation issue.

Furthermore, the FLEP program is complementary to the President's Healthy Forests Initiatives, which we passed into law last year. That initiative called for a coordinated effort among Federal, State, and local governments to not only reduce hazardous fuels and restore fire-adapted ecosystems on Federal lands, but also to work on private lands to reduce the threat of wildfire. FLEP assists landowners with many aspects of forest management and, if fully funded, can be an important tool for private landowners to participate in the Healthy Forest Initiative.

Like you, Mr. Chairman, I am hopeful we can continue Congress' commitment to fostering sustainable forestry on private lands through the FLEP program. The cuts in funding to FLEP are contradictory not only to the goals of the Healthy Forests Initiative, but also to the commitments that were made to the conservation community in the 2002 farm bill. I hope through this oversight hearing we can get this important program back on track.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. Are there any other opening statements?

If not, we will advise all the Members that we will hold the record open for opening statements, and at this time, we would like to welcome our first witness, the Honorable Mark Rey, Under Secretary for Natural Resources and Environment of the United States Department of Agriculture.

Mr. Under Secretary, we are very pleased to have you with us and to hear your testimony.

**STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL
RESOURCES, U.S. DEPARTMENT OF AGRICULTURE**

Mr. REY. Thank you very much, and thank you for providing this opportunity to discuss the Forest Land Enhancement Program authorized in the Forestry Title of the Farm Security and Rural Investment Act of 2002, or as we all call it, the 2002 farm bill.

The people of the United States benefit greatly from the country's 350 million acres of non-industrial private forestland. Besides producing 60 percent of the forest products consumed in and exported from the United States, these forests contribute significantly to our Nation's water, watersheds, clean air, wildlife habitat, and provide millions of Americans the opportunity for outdoor recreation. The Forest Land Enhancement Program is a voluntary program in each State, and participation by land owners is voluntary, and each State and territory participating in the program, the State forester and State Forest Stewardship Coordinating Committee have jointly developed a State priority plan that is intended to promote sustainable forest management objectives.

State priority plans determine the mix of educational, technical, and financial assistance, with States choosing one or more of these elements. As applicable, the plans identify educational activities and their proposed outcomes, describe the technical assistance to be provided and the anticipated outcomes, and describe the cost share components that will be available to non-industrial private forest landowners, and the public values of these practices.

State forestry agencies can use Forest Land Enhancement Program funds to provide assistance to non-industrial private forest landowners to achieve a broad array of natural resource objectives. Non-industrial forest landowners who wish to participate in the cost share component of FLEP, in those States offering it as an option, must complete one or more of the sustainable forestry practices available in their State as described in a forest management plan.

In each State, the State forester or representative will evaluate the management plan submitted by non-industrial private forest landowners and approve them for participation in the Forest Land Enhancement Program. The program allows cost sharing for treatment of up to 1,000 acres per year, and variances of up to 5,000 acres if significant public benefits will accrue. The maximum FLEP cost share payment for any practice is 75 percent.

States are responsible for reporting program accomplishments for all program components, educational, technical, and financial, being implemented. States must also account for administrative costs to implement FLEP. Program implementation began after the interim rule was published in the Federal Register on June 9, 2003. To date, \$20 million in FLEP funds have been allocated. Due to the extreme fire season of 2003, \$50 million of FLEP funds were transferred for fire suppression costs, of which \$10 million were repaid.

The administration's fiscal year 2005 budget proposal proposed no FLEP funds for fiscal year 2005, and of course, the development of that budget was a very difficult one, in light of some of the priorities and events that the administration faced. One of those, of course, was the mandatory increase in fire suppression costs to re-

flect the increasing 10 year average fire suppression costs to put in the 2005 budget.

Additionally, as we talked with State foresters and private landowners and looked at priorities, we decided to put increases in for the Forest Stewardship and the Forest Legacy Programs, inasmuch as much research is showing that the biggest threat to private non-industrial forestlands is fragmentation, and those programs address that directly. We also included a \$10 million request in the 2005 budget proposal for an emerging pest and pathogen fund to deal with the rapidly emerging infestation of pine bark beetles and other pathogens that are occurring throughout the country on both private and Federal lands.

The President's 2005 budget request by necessity balanced competing needs and priorities, and reflected in its totality the priorities of the administration, and as I indicated, difficult choices that needed to be made. Activities that qualify for the cost share assistance under FLEP also qualify for other Forest Service, USDA, Federal or State conservation program support, and therefore, there are other avenues available to private landowners to seek assistance for tree planting and other private forest conservation activities.

For instance, in the fall of 2003, we announced under the Conservation Reserve Program, as part of the continuous signup, the opportunity to plant 500,000 acres of bottomland hardwoods, using CRP rental agreements. To date, unfortunately, only 1,500 acres have been enrolled in that CRP offering.

Notwithstanding the availability of these other programs, the committee has expressed its continuing interest with the implementation of the FLEP program very persuasively, and on further reflection, the Department will transmit to Congress, in the next few days, an amended budget request to provide an additional \$15 million for FLEP, coupled with the commensurate offsets. That \$15 million will be spread between fiscal year 2004, of which of course only a few months remain, and fiscal year 2005.

Thank you, Mr. Chairman, for providing this opportunity to discuss the Forest Land Enhancement Program. I will be pleased to answer any questions you have and to get the amended budget request up as quickly as possible.

[The prepared statement of Mr. Rey appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Secretary Rey.

I know that you are also working with the fiscal year 2006 budget submission at this time, and I appreciate your willingness to submit a new request for 2005 with significant funding for FLEP.

I assume that we will be able to work with you to ensure that the remaining mandatory funding for FLEP will be available. Is that correct?

Mr. REY. We will be including money in 2006 for FLEP.

The CHAIRMAN. There is going to be, in the 2006 and 2007, the remaining 2 years of the farm bill, a considerable amount of FLEP. So, would you envision a significant increase over the new submission that you are making, it would still only be a little more than a third of the way through our \$100 million, at the end of 2005.

Mr. REY. As you know, my colleagues at the Office of Management and Budget are quite reluctant to speak about the 2006 budget request before we send it up, let alone the 2007 budget request. But I think I can assure the committee that we will put this program back on track.

The CHAIRMAN. Thank you. In its first year of implementation, how many landowners applied for cost share assistance in FLEP?

Mr. REY. That report will be available in November as we roll up the 2003 performance, so we will get that to the committee as soon as it has been aggregated from the State forestry agencies.

The CHAIRMAN. And were any reached with assistance?

Mr. REY. Yes.

The CHAIRMAN. Can you give us some idea how many of those there were?

Mr. REY. I can't tell you how many. I can tell you that of the money that was sent forward to the States, roughly 90 percent of it found its way to the landowners for assistance.

The CHAIRMAN. And do you know of the \$20 million, how much of it went forward to the States?

Mr. REY. Ninety-five percent of it went forward to the States.

The CHAIRMAN. Do you anticipate that demand for the program has declined since 2003?

Mr. REY. No. I think that as with many of our programs, there is a substantial unmet need out there, both in the farm as well as the forestry area. That is why I find it peculiar that our bottomland hardwood offering for a conservation reserve signup has had so few takers in the 7 months since we opened that signup.

The CHAIRMAN. The situation we find ourselves in today is that the Congress created a \$100 million program to run for the duration of the farm bill. We find ourselves within a few years of the end of the program, and only \$20 million has reached the field. I look forward to working with the administration to ensure that the program is fully implemented.

Mr. REY. We look forward to working with you as well.

The CHAIRMAN. Thank you, Mr. Secretary. At this time, I recognize the gentleman from Texas, Mr. Stenholm.

Mr. STENHOLM. It is rather frustrating to the chairman. It is rather frustrating to me. Having worked with then-Chairman Combest and with Chairman Goodlatte as part of a balanced farm bill, to find so much of the farm bill having been reopened and eliminated by this administration.

It is frustrating, but it also should set to rest this continued desire on the part of some to say the 2002 farm bill has not been reopened. It has been reopened. This is another example of how it has been reopened. And I had to smile a little bit when you said OMB is a little bit reluctant to talk about the 2006 budget. I can understand that. We don't have a 2005 budget. OMB was reluctant to come forward with the missed session with you last week, when they were supposed to under law. So I understand your frustration with them and your concern of dealing with them.

Out of curiosity, what will be the \$15 million offset that you will request in order to bring the funding back in that you have suggested you are going to do?

Mr. REY. We are looking at a couple of options right now. The most likely option will be that we will defer some purchases out of the Forest Service's working capital fund.

Mr. STENHOLM. So, the offset will be within the forest fund.

Mr. REY. Within the Forest Service, right.

Mr. STENHOLM. Forest Service fund.

Mr. REY. Right. Within the Forest Service appropriation.

Mr. STENHOLM. When you transferred \$50 million of FLEP for fire suppression, is that money repaid?

Mr. REY. \$40 million of that was not repaid.

Mr. STENHOLM. Is it never going to be repaid, or what is the process within the Forest Service when you borrow that money for that? Do you repay it to the FLEP and request additional fire suppression funds, or do you just borrow it and, as you say you suggest you are going to do on the offset?

Mr. REY. The general practice in the past has been, for firefighting purposes, to budget the 10 year average in fire suppression costs, and then, when that amount has been expended, as it has been in 4 of the last 6 fire seasons, the Secretary has the authority the borrow from any funds available to the Forest Service to continue firefighting, which of course is something that you don't want to stop in the middle of fire season. And then, the administration has sent forward and Congress has enacted supplemental appropriations to partially repay the accounts from which the firefighting money was borrowed. I think it has been relatively common to not fully repay all of the money that was borrowed, and programs have been reduced, by necessity, as we have struggled our way through these difficult fire seasons.

Now, in this year's budget resolution, the Congress formulated an alternative approach to fire borrowing, which I think has some, much to recommend it. And should that become law, then fire borrowing will become a thing of the past. But this is not the only account which was not completely repaid, either last year or in previous years, as fire borrowing was necessitated by the fire season.

Mr. STENHOLM. Now, the Forest Service budget has increased substantially over the last 5 years, from \$2.76 billion in fiscal year 1999 to \$4.87 billion in 2003. Can you briefly summarize where the emphasis of that additional money has gone, since FLEP is not one of those that has benefited? What has been your primary emphasis?

Mr. REY. The increases have been in fire suppression and fuel reduction, as well as in a variety of State and private forestry programs that either address forestland fragmentation or fuels and pest problems on non-Federal lands. So, that is where the balance of the real increase has come. Of course, some of that increase is pay costs and inflation adjustments and those sorts of things, but if you are looking for the accounts that have increased substantially, those would be the fire suppression, the firefighting, if you will, and the fuels treatment, and some of the State and private forestry accounts.

Mr. STENHOLM. Do you have a number on that, on the fire suppression?

Mr. REY. I can get you a number for that span of time, fiscal year 1997 to present, for both fire suppression and fuels treatment, be-

cause I think you will see dramatic increases in both those accounts.

Mr. STENHOLM. Thank you.

[The information follows:]

USDA Forest Service
Summary of Wildland Fire Management Appropriations
As Enacted by Extended Budget Line Item
Fiscal Years 1997-2005
(Dollars in Thousands)

Program	FY 1997		FY 1998		FY 1999		FY 2000		FY 2001		FY 2002		FY 2003		FY 2004		FY 2005		
	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	Enacted	Proposed	
WILDLAND FIRE MANAGEMENT																			
Preparedness																			
Total	\$319,315	\$319,167	\$324,876	\$324,876	\$408,768	\$408,768	\$611,143	\$611,143	\$622,618	\$622,618	\$611,996	\$611,996	\$671,621	\$671,621					\$666,227
Suppression																			
Annual Appropriations Act	\$210,701	\$215,392	\$272,300	\$272,300	\$220,687	\$220,687	\$319,324	\$319,324	\$255,321	\$255,321	\$417,964	\$417,964	\$597,130	\$597,130					\$685,400
Emergency Supplemental Funding	\$0	\$0	\$200,000	\$200,000	\$300,000	\$300,000	\$425,063	\$425,063	\$266,000	\$266,000	\$889,000	\$889,000	*\$699,224	*\$699,224					*\$400,000
Total	\$210,701	\$215,392	\$472,300	\$472,300	\$520,687	\$520,687	\$744,387	\$744,387	\$521,321	\$521,321	\$1,306,964	\$1,306,964	\$1,296,354	\$1,296,354					\$1,085,400
Fuels Treatment																			
Annual Appropriations Act	\$24,500	\$50,000	\$65,000	\$65,000	\$71,200	\$71,200	\$205,158	\$205,158	\$209,010	\$209,010	\$236,626	\$236,626	\$258,332	\$258,332					\$266,238
Emergency Supplemental Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000	**\$41,000	**\$41,000					\$0
Total	\$24,500	\$50,000	\$65,000	\$65,000	\$71,200	\$71,200	\$205,158	\$205,158	\$209,010	\$209,010	\$246,626	\$246,626	\$299,332	\$299,332					\$266,238
Total	\$554,516	\$584,559	\$862,176	\$862,176	\$1,000,655	\$1,000,655	\$1,560,688	\$1,560,688	\$1,352,949	\$1,352,949	\$2,165,586	\$2,165,586	\$2,267,307	\$2,267,307					\$2,017,865

* Includes \$400 million appropriated in the FY 2005 Defense Department Appropriations bill: H.R.4613

** Includes \$30 million for hazardous fuels reduction, hazard abatement, and rehabilitation on the San Bernardino National Forest, CA appropriated in the FY 2005 Defense Department Appropriations bill: H.R.4613

The CHAIRMAN. I thank the gentleman. The gentleman from Michigan, Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman. How many States, Mr. Secretary, participate in the program?

Mr. REY. I think virtually all of the States have participated in FLEP to one degree or another.

Mr. SMITH. What does one of my farmers in southern Michigan, with 20, 30, 40 acres of woodland do to take advantage of FLEP?

Mr. REY. I am not sure whether Michigan is one of the States that is using the FLEP money for cost sharing or not, so I would have to get back with you on those specifics. But if it is, then he would approach his State forestry agency to look at cost share programs, to look at practices.

Mr. SMITH. What—this farmer—he has got a total of 260 acres, 20 acres of woodland. How does he know what to do? What kind of information is out there to—what should I tell my farmers, and how does he know what to do?

Does he go to the county FSA office?

Mr. REY. He could.

Mr. SMITH. He doesn't even know the program is available.

Mr. REY. Yes. He could go to the Soil and Water Conservation District, or the local NRCS district office, or the FSA office, both of whom would apprise him of the availability of this program. If Michigan is one of those States that does offer a cost share opportunity. Also, because—

Mr. SMITH. Just to interrupt.

Mr. REY. Yes.

Mr. SMITH. If you don't know every State, then, that is involved in the FLEP program doesn't automatically offer some kind of cost share for woodlot thinning, for planting, for whatever other forest improvement programs there might be cost share on?

Mr. REY. That is right. Not all of the States offer a cost share opportunity under FLEP.

Mr. SMITH. Are we doing what we should do to get information out to private farmer landowners that have whatever, maybe smaller acreages of 20 to 200 acres of woodland?

Mr. REY. I think we are doing a good job in reaching those woodland owners who are farmers. The ones that we still need to focus our efforts on are the woodland owners who aren't farmers, as well, because they don't normally get pulled in to the normal country extension or natural resources conservation service program communication. So I think the big need is with the private non-industrial owners, who are not farmers as well.

Mr. SMITH. I would assume that part of the problem of only using \$20 million of the program funds so far is that a problem of farmers not being aware of the program, and not inquiring or applying for some of the benefits of the program

Mr. REY. No, the fact that we have only used \$20 million of the program so far is a reflection of other budget priorities. I think that there is unrequited demand for the program out there among both farm and forest landowners.

Mr. SMITH. So, does that mean we are turning down applicants or people that apply for assistance?

Mr. REY. I think in some States where there is a cost share opportunity, we do have more applicants than we have cost share funds available.

Mr. SMITH. For cost share or education, or is there an education program expenditure, and do you have the amount of money that is spent in every State that is participating for educational funds for improving forest woodland in the private sector?

Mr. REY. Yes. We can submit that information to you for the record. Education is an important component of the FLEP program, and some States have focused their effort on a forest landowner education program, rather than cost share for specific forest practices. But we can get you the amount that each State has devoted to that.

[The information follows:]

FY 03 FLEP Funding by State by Element August 2003									
State/Region	Total Funds	Technical Assistance	%	Educational Assistance	%	Financial Assistance	%	Admin Assistance	%
REGION 1/4									
MONTANA	\$318,945	\$63,789	20%	\$63,789	20%	\$191,367	60%	\$63,789	20%
NORTH DAKOTA	\$100,000	\$10,000	10%	\$0	0%	\$90,000	90%	\$0	0%
IDAHO	\$216,365	\$21,637	10%	\$21,637	10%	\$151,456	70%	\$21,637	10%
UTAH	\$108,050	\$10,805	10%	\$10,805	10%	\$86,440	80%	\$10,805	10%
NEVADA	\$100,000	\$20,000	20%	\$10,000	10%	\$60,000	60%	\$20,000	20%
TOTAL	\$843,360	\$126,231	14%	\$106,231	10%	\$579,263	72%	\$116,231	12%
REGION 2									
COLORADO	\$267,655	\$26,766	10%	\$40,148	15%	\$173,976	65%	\$26,766	10%
KANSAS	\$122,255	\$0	0%	\$4,890	4%	\$97,804	80%	\$19,561	16%
NEBRASKA	\$100,000	\$0	0%	\$0	0%	\$90,000	90%	\$10,000	10%
SOUTH DAKOTA	\$100,000	\$0	0%	\$21,375	21%	\$75,000	75%	\$3,625	4%
WYOMING	\$100,000	\$0	0%	\$0	0%	\$100,000	100%	\$0	0%
TOTAL	\$689,910	\$26,766	2%	\$66,413	8%	\$536,780	82%	\$59,952	8%
REGION 3									
ARIZONA	\$215,365	\$75,378	35%	\$21,537	10%	\$96,914	45%	\$21,537	10%
NEW MEXICO	\$183,750	\$18,375	10%	\$0	0%	\$165,375	90%	\$0	0%
TOTAL	\$399,115	\$93,753	23%	\$21,537	5%	\$262,289	68%	\$21,537	5%
REGION 5									
CALIFORNIA	\$672,240	\$268,896	40%	\$0	0%	\$315,953	47%	\$87,391	13%
HAWAII	\$100,000	\$0	0%	\$5,000	5%	\$88,000	88%	\$7,000	7%
GUAM	\$68,666	\$43,946	64%	\$15,107	22%	\$0	0%	\$9,613	14%
AM SAMOA	\$68,666	\$30,213	44%	\$10,300	15%	\$0	0%	\$28,153	41%
CNMI	\$68,666	\$35,020	51%	\$0	0%	\$0	0%	\$33,646	49%
TOTAL	\$978,238	\$378,075	39%	\$30,406	3%	\$403,953	41%	\$165,804	17%
REGION 6									
OREGON	\$414,057	\$115,936	28%	\$10,500	3%	\$246,157	59%	\$41,400	10%
WASHINGTON	\$323,680	\$155,366	48%	\$30,000	9%	\$137,566	43%	\$0	0%
TOTAL	\$737,737	\$271,302	38%	\$40,500	6%	\$383,723	51%	\$41,400	5%
REGION 8									
ALABAMA	\$754,683	\$377,342	50%	\$264,139	35%	\$0	0%	\$113,202	15%
ARKANSAS	\$539,059	\$37,734	7%	\$0	0%	\$447,419	83%	\$53,906	10%
FLORIDA	\$573,678	\$86,052	15%	\$28,684	5%	\$401,575	70%	\$57,368	10%
GEORGIA	\$830,843	\$83,084	10%	\$41,542	5%	\$623,132	75%	\$83,084	10%
KENTUCKY	\$558,841	\$55,884	10%	\$100,591	18%	\$296,186	53%	\$106,180	19%
LOUISIANA	\$524,223	\$131,056	25%	\$26,211	5%	\$314,534	60%	\$52,422	10%
MISSISSIPPI	\$593,460	\$59,346	10%	\$59,346	10%	\$415,422	70%	\$59,346	10%
NORTH CAROLINA	\$801,170	\$120,176	15%	\$80,117	10%	\$560,819	70%	\$40,059	5%
OKLAHOMA	\$519,277	\$51,928	10%	\$51,928	10%	\$389,458	75%	\$25,964	5%
SOUTH CAROLINA	\$558,841	\$419,131	75%	\$111,768	20%	\$0	0%	\$27,942	5%
TENNESSEE	\$558,841	\$55,884	10%	\$55,884	10%	\$419,131	75%	\$27,942	5%
TEXAS	\$771,497	\$347,174	45%	\$15,430	2%	\$347,174	45%	\$61,720	8%
VIRGINIA	\$672,587	\$67,259	10%	\$33,629	5%	\$504,440	75%	\$67,259	10%
TOTAL	\$8,257,000	\$1,816,540	22%	\$825,700	10%	\$4,789,060	58%	\$825,700	10%

FY 03 FLEP Funding by State by Element August 2003									
State/Region	Total Funds	Technical Assistance	%	Educational Assistance	%	Financial Assistance	%	Admin Assistance	%
CONNECTICUT	\$142,300	\$71,150	50%	\$0	0%	\$71,150	50%		
DELAWARE	\$68,300	\$0	0%	\$0	0%	\$68,300	100%		
ILLINOIS	\$242,700	\$36,405	15%	\$24,270	10%	\$182,025	75%		
INDIANA	\$252,700	\$63,175	25%	\$12,635	5%	\$176,890	70%		
IOWA	\$182,600	\$27,390	15%	\$9,130	5%	\$146,080	80%		
MAINE	\$465,700	\$162,995	35%	\$69,855	15%	\$232,850	50%		
MARYLAND	\$175,900	\$35,180	20%	\$26,385	15%	\$114,335	65%		
MASSACHUSETTS	\$221,600	\$81,992	37%	\$6,648	3%	\$132,960	60%		
MICHIGAN	\$561,200	\$168,360	30%	\$0	0%	\$392,840	70%		
MINNESOTA	\$388,300	\$104,841	27%	\$0	0%	\$283,459	73%		
MISSOURI	\$560,200	\$0	0%	\$112,040	20%	\$448,160	80%		
NEW HAMPSHIRE	\$185,100	\$18,510	10%	\$42,573	23%	\$125,868	68%		
NEW JERSEY	\$132,600	\$26,520	20%	\$13,260	10%	\$92,820	70%		
NEW YORK	\$649,000	\$175,230	27%	\$77,880	12%	\$395,890	61%		
OHIO	\$426,500	\$76,770	18%	\$98,095	23%	\$251,635	59%		
PENNSYLVANIA	\$654,600	\$52,368	8%	\$130,920	20%	\$471,312	72%		
RHODE ISLAND	\$71,400	\$35,700	50%	\$14,280	20%	\$21,420	30%		
VERMONT	\$190,500	\$19,050	10%	\$38,100	20%	\$133,350	70%		
WEST VIRGINIA	\$447,500	\$89,500	20%	\$22,375	5%	\$335,625	75%		
WISCONSIN	\$507,200	\$101,440	20%	\$0	0%	\$405,760	80%		
TOTAL	\$6,525,900	\$1,346,576	21%	\$698,446	11%	\$4,482,729	69%		
REGION 10									
ALASKA	\$818,640	\$81,864	10%	\$81,864	10%	\$532,116	65%	\$122,796	15%
IITF									
PUERTO RICO	\$160,000					\$169,913	98%	\$87	2%
VIRGIN ISLANDS	\$10,000	\$0	0%	\$0	0%	\$0	0%	\$0	0%
TOTAL	\$170,000	\$0	0%	\$0	0%	\$169,913	49%	\$87	1%
GRAND TOTAL	\$19,419,900	\$4,141,107	19%	\$1,871,097	7%	\$12,139,826	62%	\$1,353,506	9%
FS ADMIN	\$580,100								
	\$20,000,000								

Other Information
by State

MONTANA	FA-min	Others-max
NORTH DAKOTA	\$380,000	requests
IDAHO	FA-min	Others-max
UTAH	FA-min	Others-max
NEVADA	FA-min	Others-max

Mr. SMITH. What would be a State that is involved in that kind of education? What kind of education program would they do? How would they reach out to landowners?

Mr. REY. They would probably provide materials through the State forestry agency to individual landowners, through the different mailings and brochures.

Mr. SMITH. State forest would have a mailing list, a database for individual farmers that own farmland?

Mr. REY. Many—

Mr. SMITH. I don't think that exists in Michigan, and Michigan is a fairly heavy woodland forest State.

Mr. REY. Right. Actually, Michigan has the largest State forest system in the country. But many States do have databases and landowner lists that they communicate with through their State forestry agencies.

Mr. SMITH. My time is up, Mr. Chairman. But I would think maybe there should be a little extra effort on information. Maybe the logical place for this to go is through our soil conservation districts, or certainly FSA.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. The gentlewoman from South Dakota, Ms. Herseith.

Ms. HERSEITH. Thank you, Mr. Chairman. Good morning, Mr. Rey. It is good to see you again, and thank you for your testimony today. As you know, we have a large amount of private forested land in the Black Hills National Forest in South Dakota. In fact, I believe the Black Hills has more private inholdings than any other national forest in the country. Earlier this month, I toured the Black Hills with Forest Supervisor John Twiss to see the Prairie Project. This project is a highly successful timber sale with strong public support aimed at reducing the risk of fire near Rapid City.

Two facts became very clear to me during that tour. First, the Forest Service is doing an excellent job in that urban and wild land interface area of reducing the threat fire could pose to Rapid City. Second, there is a great deal of private land in the area that could also use some thinning in order to reduce that threat of fire. In fact, at one point during the tour, we were on a road that was—and we were driving down it—separated public from private land, and the public land had been thinned by the Forest Service in a way that clearly was going to help reduce the threat of crown fires. But by contrast, the private land on the other side of the road was thick and very tangled, and the Forest Service officials that I was with pointed out at that point in the tour the lack of thinning on the private land would make that area particularly dangerous for firefighters to defend during a fire.

Now, I know many private landowners in the Black Hills, and I know that they want to do the right thing and improve fire safety on their private land, and I understand in speaking with the forest officials, as well as with some of these private landowners that the demand is greater than ever for assistance in meeting that goal, but not everyone appears to be getting the help that they need. And so I am interested in exploring whether a program like the

Forest Lane Enhancement Program could be used to help meet this goal.

So, in your opinion, can the program be used to help private landowners thin their lands to reduce the risk of fire?

Mr. REY. The simple answer to that question is yes. The more complicated answer to that question is that it may not be the best focused program among those that are available to us to achieve that purpose. Clearly, if the State Forestry Agency wants to use its FLEP money, or part of its FLEP money for fuel reduction work, they can do that, and some indeed do. But we do have a lot of other programs that we have put priority to funding that are part of the National Fire Plan that accomplished that objective as well, and have devoted a considerable amount to non-Federal lands to assist in that effort through the National Fire Plan. So, that plan is a little more focused specifically on that particular objective.

There is a third area of opportunity, as well, and that is in the legislation that Congress enacted in 2000 to provide stable payments to counties for schools and roads, we also provided some amount of money for the counties to use on projects on both Federal and adjacent non-Federal land, and many counties are using that money to do fuels treatment work on their non-Federal lands in the wild land urban interface. An interesting coincidence is I was in Arizona yesterday driving down the road, looking at exactly the same situation that you did. On one side of the road was Federal land, land managed by the White Mountain Apache Tribe, and on the other side of the road was private land, and the same characteristics that you described were pertinent to what we were seeing.

One of the things we noted, however, is that not all private landowners have gotten the message. Some private landowners like the very thick and green forest, not understanding that there is an inherent risk there. So, we are making great strides, I think, in reaching private landowners for that purpose, as well. FLEP can do that, and is, in some States, doing it. We have a number of other programs that we have funded pretty aggressively that do that as well.

Ms. HERSETH. Just as a follow-up. Some of the other programs that you say may be best, or better focused, on reducing the fire hazard. Have they suffered the same problem as FLEP, as it relates to diverting some of that funding to firefighting?

Mr. REY. In the past, they have. Although we have tried to spare those as much as possible from borrowing, because our philosophy is that if you borrow the fuels treatment money to fight fires, you are digging yourself into a deeper and deeper hole, because the fuels treatment work is what is going to reduce your firefighting costs eventually.

Ms. HERSETH. Thank you.

The CHAIRMAN. Thank you. The gentleman from Alabama, Mr. Everett. The gentleman from Montana, Mr. Rehberg.

Mr. REHBERG. Thank you, Mr. Chairman. If I could, I would like to ask a question about the hardwood conservation, and that is, if it is like the conservation reserve that occurs on our wheat land in Montana, that is creating more of a fire danger than any proper management we could do on our farmland. Does that create the

same problem? And I know you lamented the fact that people weren't signing up for it, but at least from my experience in Montana, wouldn't that create more of a fire danger than less?

Mr. REY. Not in these particular systems. We are talking about alluvial bottomland hardwood forests in the southeastern United States. We do have fire dominated forest systems in the southeastern United States, but those are the higher, dryer pine sites. The bottomland hardwoods seldom if ever burn. In many respects, that is in part because they are flooded for a good part of the year.

The point of the November 2003 offering in the Conservation Reserve signup for 500,000 acres of bottomland hardwood was to try to replant into bottomland hardwoods some lands that had been cut and planted in soybeans, and that were marginal soybean acreage. So, we were hoping that we could increase tree planting and fiber production, as well as the wildlife habitat value that bottomland hardwoods provide. But typically, those are not fire dominated systems. You don't normally see them burn.

Mr. REHBERG. This probably isn't a fair question for you, because you are new as well. I was a freshman when we were dealing with the farm bill, and so it was all new to me, and coming very quickly, and maybe it was to you as well.

Did you come before the committee and support FLEP on behalf of the administration, or did the administration support it, and at the \$100 million level, or was it one that if you had a magic wand, you would not have created it in the first place? You would have put that money in a different program based upon your prior knowledge of forestry management?

Mr. REY. No. The administration indicated its support for the principles and the objectives of the Forest Land Enhancement Program. We are not at odds about whether it is a good program. What we are trying to do is deal with the budget priorities that we are confronting, given the nature of what is happening out on the ground.

Mr. REHBERG. As a percentage of the total forestry management budget of—in line with what Ms. Herseth was asking, and as far as other programs taking hits in their programs, what percentage of money was taken from this program which, if it was \$50 million for fire suppression out of \$100 million, were there other forestry management programs that were hit 50 percent with fire suppression costs?

Mr. REY. Over the years, the programs that have taken the biggest hit are trust funds, because it was easy to borrow from trust fund balances, because that didn't affect normal program operation in a year to year basis. But over time, those have not been fully repaid, so there are no longer any positive trust fund balances to speak of in the Knutson-Vandenberg and similar Federal trust funds.

Mr. REHBERG. What is the percentage that probably was higher than any other program.

Mr. REY. I would say that the highest percentage was from the Knutson-Vandenberg program. This was probably second or third behind some of the other capital programs in the Forest Service.

Mr. REHBERG. Do you deal with any other naturally occurring disasters? Earthquakes, floods, as far as money coming out of your

budget to subsidize the catastrophe—firefighting is a little bit unique, but the question I am trying to ask to get to an answer is should the money necessarily come from forestry management programs for fire suppression? If it is a disaster, a natural disaster, wouldn't there be a more appropriate location to take the money from, rather than a program that is trying to keep it from happening in the first place?

Mr. REY. I think that the solution in the budget resolution this year of providing an adjustable cap for firefighting offers a workable alternative to borrowing from existing program accounts.

The borrowing authority worked reasonably well when we had outstanding trust fund balances that we were carrying on the books that we could borrow from without program disruption. Now that those trust fund balances have been depleted, and we are borrowing from real programs, it is not a very workable approach. But fortunately, there is a better approach on the horizon.

Mr. REHBERG. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. The gentleman from North Carolina, Mr. Etheridge.

Mr. ETHERIDGE. Thank you, Mr. Chairman, and Mr. Stenholm for the hearing.

Mr. Rey, in the President's fiscal year 2005 budget, and some of this has already been alluded to, the administration proposes zeroing out funds not only for the FLEP program, but also for Rural Housing and Economic Development, Rural Empowerment Zones, distance learning and telemedicine grants and loans. The President's budget also cuts funding for rural business assistance programs, rural development, water and sewer assistance grants, rural health activities, broadband assistance for rural communities, and farm-based renewable energy programs and environmental programs.

So my question is pretty simple. What does the administration have against the 2002 farm bill, which this committee helped design and the President ultimately signed?

Mr. REY. We support the 2002 farm bill, and have been moving aggressively to implement it. The titles that I oversee are the forestry and conservation titles, and I am equipped to talk about we have balanced priorities in any of those areas. The programs that you are referencing are the rural development titles, which don't fall within my purview, so I can't pretend to be expert in each of those program areas.

I do know that we have implemented the Rural Development Title aggressively with a succession of announcements this year, including announcements for funding in some of the areas that you mentioned.

Mr. ETHERIDGE. Well, my concern is, though, we are cutting the money for them. So it is kind of hard to implement them. I realize that is not directly in your area, but it is a concern, and when we are spending billions of dollars to help rebuild Iraq, I voted for that, I will admit, I supported it. But it just seems to me like we are putting rural America under attack at the very time when rural America is really facing some of the greatest challenges they have faced in a long, long time.

Mr. REY. We are doing what is necessary to support rural America, and as a consequence of that, our farmers are enjoying record level crop yields and net farm income, and farm exports are at an all time high. So, I think the situation in rural America right now is a pretty strong one, and I think our farmers are doing pretty well right now, in part through our implementation of the farm bill.

Mr. ETHERIDGE. I am not so sure I agree with you on that. I know we are seeing record funds for farmers, but I am not sure it has a whole lot to do when we keep cutting back and undermining. If we don't have the resources to build infrastructure for the future, we are going to hit a wall eventually when this feast and famine of farming goes through, and then we are going to be in difficult problems, and we won't have any place to draw from.

Mr. REY. I think probably the way I could be the most service to you, given my relatively limited knowledge of the specifics of our rural development program, is just to get my counterpart, Gil Gonzalez, in touch with you to go over how they have set the program priorities for each of the rural development programs, and what they have been accomplishing.

But the bottom line is that as a combination of increased crop yields and increased product prices, and assistance provided through the farm bill, net farm income has been the highest this year than it has been in quite some time.

Mr. ETHERIDGE. But we have been through so many tough years, I am not sure, farmers are just digging out of a hole. They aren't on level ground moving up. Let me close by asking you this question, and this may be one you can't answer, either, but I would hope to get information on it.

You say that the administration is going to send up an amended request to provide funding for FLEP. I guess it would be too much to ask you if you are going to send up the same kind of request for these other rural programs that I have talked about, that they are either recommended to be eliminated or cut out.

Mr. REY. Well, I think what I will commit to you is to have Mr. Gonzales and I visit with you to talk about where we have put the rural development funding priorities, because I do know that while we have reorganized some programs to channel money into those that we believe are the most efficient at delivering rural assistance directly on the ground, the amount of rural development funds that has been going out from the Department through the Rural Development Title of the farm bill has been quite significant.

Mr. ETHERIDGE. I look forward to that opportunity. Thank you. I yield back, Mr. Chairman.

Mr. GOODLATTE. I thank the gentleman. The gentleman from Iowa, Mr. King.

Mr. KING. I have no questions, Mr. Chairman.

The CHAIRMAN. It looks like the gentleman from Alabama doesn't either.

Mr. EVERETT. No.

The CHAIRMAN. All right. The gentleman from Georgia, Mr. Burns.

Mr. BURNS. Thank you, Mr. Chairman. I appreciate the opportunity to get some of the administration's input on FELP. I have

some concerns maybe along the lines of my colleague from North Carolina, Mr. Etheridge. The 2002 farm bill, and again, I was not here during that, but it did establish a program that seems to be working well in my State.

I was at a Wild Turkey Federation field day in my district not long ago. We had several hundred people there learning about good forestry practice. These are private landowners who will provide 70, 80 percent of the total land, forestry land in Georgia, and generate substantial contributions to our economy.

My big concern is if you take away FLEP, what are you going to replace it with? In your testimony, you say nearly 20 programs to give land users financial incentives to do these kinds of things are available, but yet FLEP was a program that, from my observation, worked. Has USDA analyzed this and said it is not a good value to the taxpayer?

What we have done is, in putting together our 2005 budget, is looked at what the available data tells us are the biggest threats to private non-industrial land. In the southeast, the biggest threat to private non-industrial land is fragmentation. And I think that is generally pretty well known.

So, if you have a limited number of dollars to invest, there not being an unlimited supply of money available, are you better off investing it in cost share programs that you might be able to pick up with one of our other conservation title programs, or are you better to invest it in Forest Legacy, which is a program where we work with the States, same State agencies that we work with under FLEP, and try to buy development easements to slow down the rate of forest fragmentation.

And those are the kinds of considerations that we had to make when we put together the 2005 budget. I don't want to say that it was an either/or choice between Forest Legacy and between FLEP, but for the sake of argument, let us say it is an either/or choice.

Mr. BURNS. We gutted FLEP.

Mr. REY. If it is an either/or choice, Forest Legacy is a better buy. We had a greater degree of matching money, greater program efficiency, as we are addressing what most people believe is the largest significant problem for private non-industrial forest landowners in the Southeast.

Mr. BURNS. One of the biggest challenges we face in Georgia is the southern pine beetle, just insect infestation. And one of the things that FLEP did was to provide us with some education, some outreach, and some practices, best practice sharing, that I think helped Georgia foresters.

How do you deal with insect infestation? I was in the Oconee National Forest recently, and in that particular area of our States, that is just outside of my district, we have just a little bit of a national forest in the 12th, but we have the Chattahoochee and the Oconee and in the State. We have the red cockaded woodpecker. So we have those both on private lands but also on public lands and again, my challenge is without FELP—I will get it right—it is a problem, challenge.

Mr. REY. I get it wrong half the time, too.

Mr. BURNS. But the challenge that we face is how do we communicate effectively to the landowner the practices necessary to preserve our forests, and what are our options?

I appreciate the fact that perhaps the administration is going to come back and provide some support, and that is encouraging. I would, however, say, is that an adequate level of funding to do the job. So, how do you deal with insect infestation and endangered species in my State?

Mr. REY. We did propose a \$10 million emerging pests and pathogen fund in this budget, specifically to work with private landowners in areas where we have new emerging pests that are beginning to spread into larger than isolated situations. So that was a direct attempt to focus on that issue specifically. So there are other mechanisms available to work with private landowners, beyond the FLEP program, which is, itself, a program that provides that opportunity as well, but it is not the only opportunity.

Mr. BURNS. I would just close and thank the chairman. I just would encourage USDA to look very carefully at this program, because again, in Georgia and among Georgia private forest, it has been a positive, and I would like to see it continue to provide that level of service.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. The gentleman from California, Mr. Baca.

Mr. BACA. Thank you very much, Mr. Chairman. Thank you for holding this hearing along with our ranking member Charlie Stenholm.

Mr. Secretary, one of the questions that I have, as you may know, my region has suffered from wildfires that have cost the lives of some of my constituents. How can private forest owners use these or other funds for fuel reduction?

Mr. REY. Most of the funds that we are providing to State and non-Federal landowners for fuel reduction work per se, is coming from one of two places. A little bit of it has come from the Forest Land Enhancement Program, but not a lot. Most of it is coming from money provided under the National Fire Plan, where we have increased funding levels significantly, and then secondly, money is coming through the Secure Rural Schools and Community Protection Act of 2000, which provides counties with a certain amount of money to use on projects on both Federal and non-Federal land. And in many places where that is the case, including some of the California counties, that money is being used for fuels reduction work on non-Federal lands.

Additionally, as I understand it, a significant chunk of additional support was provided in the recently passed Department of Defense appropriations bill as a result of Congressman Lewis' work. I think \$40 million in additional funding is being provided to California for fuels reduction work on private land.

So the funding that we are providing for that purpose is increasing. Unfortunately, the magnitude of the problem is increasing as well.

Mr. BACA. We currently have fires that are going on in California, in Southern California at this point.

Mr. REY. That is right, and in addition to fuels reduction work, we have devoted a significant amount of money through the Natural Resources Conservation Service as emergency watershed protection program for post-fire State watershed stabilization. I think upwards of \$100 million has been sent to California for that purpose in the last 6 months.

Mr. BACA. OK. Thank you. I have one other question. It is a little off, but Canadian softwood has been dumped into our country at prices that hurt American lumber. How does ending this program help maintain forestry jobs here in the United States?

Mr. REY. I don't think reducing funding for the Forest Land Enhancement Program helps maintain forestry jobs in the United States. On the other hand, I don't believe that even full funding for the Forest Land Enhancement Program is going to resolve the issue associated with the lumbar trade with Canada.

Mr. BACA. OK, thank you. And finally, I understand that the President's top economic advisor says offshoring is good for the economy. Do you believe that we should maintain strong and healthy lumber and wood products industries, or should we just off-shore, just like other industries, like telecommunications?

Mr. REY. Most of the popular media believes my full given Christian name is Mark Rey, former timber industry lobbyist. So you should take as a given that I support a strong and healthy forest products industry in the United States.

Mr. BACA. All right. Thank you.

The CHAIRMAN. I thank the gentleman. The gentleman from Alabama, Mr. Bonner.

Mr. BONNER. Mr. Chairman, thank you very much.

Mr. Secretary, I just want to try to understand this a little bit more clearly. No. 1, we are facing a severe budget deficit, and as a nation, we have to be concerned about that, and I think the majority of the members of this committee would certainly share that concern. As a nation, we are spending \$69,000 a second, and to our children and grandchildren, that should be something that we should be concerned about as well.

But you are coming before the Agriculture Committee today to discuss the administration's plan to take what, as I understand, were two programs, prior to the 2002 farm bill, that had been merged into one, and now propose effective elimination of that program.

So my question to you is, is that mindful, ever mindful of the financial concerns that our Nation has, what, in your view, was the underlying reason that this program? Was it just money, or was it lack of efficiency, or a lack of doing what, the 2002 farm bill, with the administration's support, had intended for this condensed, combined version to do? Is it just money, or is it that the program really wasn't giving the private landowners of America the most bang for their buck?

Mr. REY. I think it was a question of budget priorities, facing difficult choices. I don't think we viewed this as an undesirable or inefficient program. But as we looked at what we had to do, what we had no choice but to do, and as we put together our 2005 budget request we came to the following conclusions.

One, we couldn't decide not to fight forest fires. That is not a discretionary activity that we can do or not as we choose, and therefore, we have to budget a reasonable amount for that purpose. And the formula that we have been following is to budget the average of the last 10 years of fire suppression costs, and that average has been continuing to increase. So if we stay true to that formula, and honest about discharging our responsibilities to fight fires, that takes a pretty big chunk of your budget right there, and you have got to accommodate that.

The second thing we looked at is the fuel situation on Federal lands, which by and large, in general, is worse than it is on non-Federal lands. There are some exceptions, like the one I saw yesterday, the one Congresswoman Herseth saw in South Dakota. There are exceptions to that, but by and large, the fuel situation is worse on Federal lands than it is on non-Federal lands. And that fuel situation is contributing to the fire problems that we are experiencing. And there isn't anybody else who is going to pay for fuels work on Federal lands. There is no other level of government that is going to assist in getting that work done.

So that becomes another almost nonnegotiable priority. Then, as you look to what you are trying to do to help non-Federal forest landowners, as I said earlier, fragmentation has been identified as the biggest concern, and we looked at increasing programs that dealt with that. So it was purely a priorities decision in the face of a budget that is not unlimited.

Mr. BONNER. I guess, then, just as a follow-up suggestion, based largely on some comments especially that my friend and colleague from Georgia, Mr. Burns, made. One thing that could be most helpful to us is to work with the Department as a full partner in helping to explain to the private landowners in our States and districts other resources that are available to them. Because so many times, the reason that most people contact a Congressman or a Congresswoman is not because they necessarily want their views known on a particular piece of legislation. It is that they have run into that roadblock of Federal bureaucracy, and they don't find that they have friends or allies in the agencies, and that is where they come to us as a constituent representative.

Any way you can help us help our constituents, we have a tremendous number of private landowners in Alabama, and certainly in my district, and I am one of them. But any time we can go out and help explain and cut through the red tape of programs that are available, all the while trying to be respectful of the budget deficit, that would be something I think all of us could benefit from.

Mr. REY. We would be happy to work with you on that.

Mr. BONNER. Thank you very much.

The CHAIRMAN. The gentleman from Minnesota, Mr. Gutknecht, the chairman of the subcommittee.

Mr. GUTKNECHT. Thank you, Mr. Chairman, and I apologize. I had some folks here from my hometown, and I had to meet with them, and so I missed some of the questions, but I do want to come back to something that I think is important.

As a member of the Budget Committee, one of the problems we have wrestling with this Federal budget, trying to bring some order out of the chaos, is this whole thing that happens, and this admin-

istration is not the first one to do this. I think it has become almost common practice, where in certain areas, particularly—and today, we are talking mostly about, or at least I am talking about firefighting, and fire suppression, where there is a tendency to sort of lowball those numbers year after year, and then it is one of those things you have to do, so you figure out ways to pay for them when they happen.

But one of the questions that really gets to somewhat a different level is the difference between mandatory spending and other spending. Are there other mandatory programs where you diverted money from for fire suppression that may or may not have ever been paid back?

Mr. REY. The authority to borrow for fire suppression purposes is written so that the Secretary can borrow from any funds available to the Forest Service. The Forest Land Enhancement Program is the only mandatory fund that the Forest Service administers. So therefore it is a universe of one.

Mr. GUTKNECHT. OK. Going forward, though, and I don't necessarily want to make firefighting—well, I don't know what I want to do with it from a budget perspective. But I guess the point I would make is that both on behalf of this committee and the Budget Committee, I would hope as we go forward we can come up with a better way to handle things like firefighting and how we pay for them. And I don't have any magic answers, but I certainly would like to work with you and the Department to come up with a better way of making certain that the money is there, without having to rob from Peter to pay Paul.

Mr. REY. We would be happy to work with you on that.

Mr. GUTKNECHT. I would yield back. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. The gentleman from Nebraska, Mr. Osborne.

Mr. OSBORNE. Thank you, Mr. Chairman. Nebraska is not noted for a lot of forests, so I am going to digress just slightly maybe to an earlier comment or two, and you point out that farmers are reporting record profits, and prices are good. And in some respects, that is good. But the long term viability of agriculture is going to be value added, and so the Rural Economic Development portion of the farm bill consistently seems to get hit, and I realize this is not your primary bailiwick, but if you could carry back to your counterparts that this is really a concern, at least with this person, because value added grants, authorized at \$40 billion, have been less than half of that funded, about \$15, \$16 billion a year. And if you want to try to get away from price supports and growing No. 2 yellow corn, and having to get bigger farms all the time, value added is where you have got to go. Broadband is critical.

The other issue I would like to mention to you is that one of the reasons we have pretty good prices is that we have had an ongoing drought, particularly in corn and soybean areas. So ending stocks are low. As a result, prices are higher. This is not necessarily a function of the farm bill. I think the farm bill is a good one, and I think it is functioning very well. But we have people out there who have, for 5 years, not had a crop. And as we have tried to figure out how to get some assistance to them, we are told consistently to take the money out of the farm bill.

Two years ago, we got lucky and we found a pot of money that hadn't been accounted for very well. The farm bill is mature now. We are not going to be able to find that pot of money. So we have some concerns in that regard. And of course, insurance isn't the answer, because as the drought persists, insurance values go down. So, I don't really have a question for you. I just wanted to register those concerns, and really, the Rural Development part of the farm bill, as far as I am concerned, should be the one area that we really try to buttress and do everything we can for, because long term, that is going to be the viability part of agriculture.

And with that, Mr. Chairman, I yield back.

Mr. REY. I will take those concerns back to the Department, and I am sure the committee, if you ask my counterparts in the Rural Development Program to come forward and testify, they would be happy to tell you the good things they are doing.

The CHAIRMAN. I thank the gentleman. The gentleman from California, Mr. Ose.

Mr. OSE. Thank you, Mr. Chairman.

Mr. Rey, one of the things that I find that is fascinating is to look back over prior years' authorizations and appropriations to see how it plays out in the field. And it is my understanding, or recollection, I should say, that we started this legacy program at \$6 million, and it is now about \$65 million, in terms of annual appropriations. One of the ways that plays out in my State, which is—and it is not like Nebraska, and it is not like Minnesota, and it is not like Colorado, it is kind of like all three of them—is that we go out and we attempt to, for whatever reason, acquire land or acquire easements on land, the net result of which is there is a reduction in private property tax revenue to the State.

In California, that has had an increasingly large impact on the State and local government's ability to provide services. And interestingly enough, I listened to Mr. Gutknecht from Minnesota advocating the repayment of these funds and what have you that have been borrowed for forest fires and what have you. I am here to advocate that you not repay it, that the legacy program not be repaid. Because the impact the local level, from what I see, has been to cause a net reduction in property tax revenues that are used for local services.

Does the Department have any analysis on this program's impact at the lower level on property tax revenues?

Mr. REY. I don't know that we have done an analysis in that regard. But we could do one, if the committee so desires. This is a two-edged sword, though. In all of our easement programs, and I will distinguish the acquisition of easements from the acquisition of fee title. We are not in favor of broadly expanding fee title acquisition. But in the acquisition of easements, what we are doing with the Forest Legacy Program, the Farm and Forest, and the Farm and Ranchland Protection Program, and the Grassland Reserve Program, is buying easements from willing sellers who want to retain their land in forest, agriculture, or ranchland, where they are threatened by development pressures that make that difficult to do.

And yes, if those lands were converted to subdivisions, they would be the source of greater property taxes for the local governments, but they would also be the petitioner for greater local serv-

ices as well. So, we may be decreasing the amount of tax base by not seeing those lands convert into more intensive use, but we are also concomitantly seeing a reduction of what local governments would be asked to provide by way of services.

In most of these programs, not most of them, all four of these programs are done in conjunction with State and local government. So before we go in and buy an easement, we have a significant amount of local support, and by and large, the support of a county government who has already done some tradeoff analysis as to whether they would prefer to see that land developed or whether they would prefer to see it remain as a working agricultural ranch or forestland. So, it is a double-edged sword.

Mr. OSE. Before you leave that point. As I understand the program, for the easement to be acquired, there must be some sort of after the fact management plan put in place for the use of the property. The way it is playing out is that while the landowner sells the easement, if you will, and we fund the acquisition of that easement, the easements actually acquired by a State agency or a local agency.

Mr. REY. Correct.

Mr. OSE. And the way it is playing out is that once that is done, it is becoming increasingly difficult to come to conclusion as to the implementation of those plans. And the land is, in effect, being purchased and then locked away, sitting idly, because of endless discussions about how to implement the plans. For whatever reason. I just raised that as a—

Mr. REY. Let me look into that.

Mr. OSE. Certainly.

Mr. REY. Because that is not the information that I am getting from any of those three programs. Of course, they are all three a little different, but in the case of the Grassland Reserve Program and the Farm and Ranchland Protection Program, the management plan is basically what the farm plan or the ranch plan was already. And as long as they continue that along, then we don't have any further complication with it. But I will check on that and get back with you.

Mr. OSE. I see the red light blinking. I would just share with you, in California, we have a very activist population that tends to stick their nose into places that perhaps might be better left alone.

So, I thank the chairman.

The CHAIRMAN. I thank the gentleman. The gentleman from Indiana, Mr. Pence.

Mr. PENCE. I want to thank the chairman for this important hearing, and this distinguished panel, and I thank the Secretary for being here.

Mr. Secretary, I am not John Boehner yet, but I am a fiscal conservative on the House Agriculture Committee, and in general principle, appreciate the administration's frugality reflected in some of the present controversy.

I did want to have you speak to, and I apologize for being a little bit delayed, having been at another committee hearing. I want you to speak to this issue of essentially overriding the will of the Congress through funding decisions. A number of my colleagues who are in the room now were not here during the joyous experience of

the markup of the 2002 farm bill, but I spent a couple of the better days of my life at that desk right over there, and we created legislation that I am very proud of, in the main. And as Mr. Osborne just said, I think it is working well, but the Forest Land Enhancement Program was introduced as part of the 2002 farm bill, and while it has had something of an interesting history, where funds have had to have been diverted into fire suppression costs and questions about repayment, I am rather struck by the assertion I am sure we will hear from the State forester of Virginia in a little bit, that there seems to be the suggestion here that the administration, far from just limiting its request for funding in the short term, is actually attempting to, I think the word is doom the program. And there is a piece of me that, despite my fiscal conservatism, is genuinely concerned about that.

And I wanted you to speak to that issue, if you would, Mr. Secretary. Is it the administration's intent simply to wire around this, and therefore, wire around the will of this committee and of the Congress?

And second, I would like you to elaborate on the other programs, the USDA Federal, State conservation programs that you believe will meet this need in the short term, where FLEP funds would not be available under the administration's request in the coming year?

Mr. REY. OK, let me go to the first question first. It is not the administration's intent to do away with the Forest Land Enhancement Program. If it were, we would have been much more direct in sending that forward as our recommendation. But indeed, as the program was developed in the 2002 farm bill, we were in support of it. The decision not to fund it, or not to recommend funding for it in fiscal year 2005 was a very difficult decision that reflected difficult budget priorities associated with the Forest Service's mission and responsibilities. And we had to eliminate, in some cases, some severely reduce a number of worthwhile programs in order to do some of the things that were not discretionary, not things that we could decide to do or not. Most notably firefighting and fuels reduction work on Federal lands. But the intent is not to eliminate the program.

In terms of circumventing the will of Congress, I mean, I don't think we have that authority in this instance. We do have the authority, where necessary, to borrow from other funds available to the Forest Service for firefighting purposes, and then it is, I guess, our joint decision ultimately how much of that should be repaid. And that was a decision that was made in the fiscal year 2003 supplemental.

As far as other programs that are available to assist private landowners for forestry purposes, there are a number, both within the Forest Service and within the Natural Resources Conservation Service and the Farm Services Agency, all in the Department of Agriculture.

We did suggest increases in 2005 for the Forest Stewardship program and for the creation of an Emerging Pest and Pathogen Fund to deal with insect and disease outbreaks on non-industrial forestlands, so there were some programs there that private landowners can take advantage of. Additionally, private forest landowners are benefiting to some extent, hopefully more in the future,

through the Environmental Quality Incentive Program run by the Natural Resources Conservation Service.

And then lastly, as I said earlier, in November of last year, we announced a conservation reserve continuous signup, wherein we reserved 500,000 acres for planting of bottomland hardwoods, which means that private forest landowners could get financial assistance to plant bottomland hardwoods on currently unforested acreage. There are more, but I don't want to go on and prattle at length here.

Mr. PENCE. All right. Thank you, Mr. Secretary, and Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman. The gentlewoman from Colorado, Mrs. Musgrave.

Mrs. MUSGRAVE. Thank you, Mr. Chairman. I don't have any questions at this time.

The CHAIRMAN. Well, I thank the gentlewoman. Mr. Rey, one more question on what I think is a central point of this hearing today, and of the issue regarding how the administration has handled the FLEP program. Were other programs diverted to cover firefighting costs in fiscal year 2003? I think you have already answered yes, that was the case.

Other than the persistent shortfalls in KV, were the other programs paid back in the supplemental spending bill?

Mr. REY. Not completely. Programs that were not fully paid back were the National Forest System account and the working capital fund.

The CHAIRMAN. Did the administration specifically request funds for the supplemental for these other programs?

Mr. REY. No, I think the Congress pretty much agreed with our request, if my recollection is correct. If not, I will submit a modified statement for the record.

So we did not request full funding, full repayment for either the National Forest System account, the working capital account, and FLEP.

The CHAIRMAN. Herein lies my problem. In the case of, I am not sure about all of these programs, but in the case of FLEP, this is what is commonly referred to as a mandatory program. It was authorized and funded in the 2002 farm bill. And your answer to the question from the gentleman from Indiana and some earlier answers seem to suggest the position of the administration that even though the Congress authorizes, and the Congress appropriates, and in this instance, the Congress mandates action to help 9 million private landowners, those of which who may apply for this program that covers more than half of America's forestlands, and is basically the only significant program to assist them, that the administration doesn't have to spend that money.

And I think you are dead wrong, and I think by the end of the 2002 farm bill program, in 2007, the administration does have to have spent that money, and you are leading to a collision course. It would be much like the administration saying we don't have to fund Social Security, or we don't have to fund Medicare. These are programs that are mandated based upon action by the Congress, and the administration needs to review what authority it might have, and I guess that would be my final question to you. What au-

thority would you cite that would allow the administration to not spend that money?

We do appreciate the fact the administration has made a commitment to spend some of this additional money, but the issue of whether the rest of it will be spent by the end of the farm bill is something that we may put off for a day, but is still going to be facing us.

Mr. REY. I think there are two parts to that question. Part one is do we have the authority to not spend the portion that was borrowed for firefighting purposes, and I think the answer is if the Congress approves the repayment plan in the supplemental, and does not approve full repayment for FLEP, then that money has essentially been spent.

The CHAIRMAN. Can you cite a budgetary authority or something in the law that you can point to that says that when the Congress mandates a program to be spent, and there is no specific suggestion in the supplemental that they are not going to ever repay it, that that frees the administration from the obligation to repay it at some point in the future?

Mr. REY. We are delving into the budget scoring rules, which I know just about as much as I do our Rural Development Program. So let me tell you what my understanding is, and if it proves to be incorrect, I will submit an additional statement for the record.

First of all, the second part of the question is are we mandated to spend the money under the farm bill? I think you are correct. That is a mandatory account. We are mandated to spend it. So I don't have any disagreement with that part of your question. But looking at the narrower question of what is our responsibility vis a vis the money that was not borrowed and not repaid. I think the decision not to repay it affected the next year's baseline for further spending, and therefore, under the scoring rules, that money is already counted as having been spent, albeit not for FLEP, but for the other purposes for which it was borrowed and for which Congress elected not to repay it.

Now, if that piece of the answer is incorrect, I will supplement for the record, but I think that is essentially the gist of it.

The CHAIRMAN. Well, I mean, I think we are at considerable disagreement here. Congress already paid for this program when we did the farm bill, when we funded it. But if you would supplement that answer in writing, and in fact, since this is going to have to be resolved, we would welcome any supplemental answer that the Office of Management and Budget, which obviously has a keen interest in this issue as well, could provide to us, or you could provide on their behalf. We would very much like to see a definitive answer as to what the administration's position is on how they can justify not spending the full amount over the full term of the Farm Program.

Mr. REY. And again, the only area where we are struggling is the portion that was borrowed for firefighting, not the balance.

The CHAIRMAN. That is \$40 million.

Mr. REY. Right.

The CHAIRMAN. And there could be more money borrowed for more firefighting as the fire seasons proceed, and we certainly hope that is not the case, but—

Mr. REY. Hopefully not. But we will work the Office of Management and Budget, and get you a definitive response on this.

The CHAIRMAN. I thank the gentleman. I thank you for your time and for your helpful answers to many of the questions that we have offered today, and for your commitment to continue to push this program forward for America's private forest landowners.

Mr. REY. Thank you.

The CHAIRMAN. Thank you.

We will now invite our second panel to the table.

Mr. James Garner, State forester of Virginia, from Charlottesville, Virginia, on behalf of the National Association of State foresters. Mr. John Burke III, who is a tree farmer from Richmond, Virginia, on behalf of the American Forest Foundation. Mr. Gary Nakamura, council member of the society of American Foresters of Redding, California. Mr. Tim Gothard, executive director of the Alabama Wildlife Federation of Millbrook, Alabama. And Mr. Bryan Burhans, director the Land Management Programs for Conservation Programs with the National Wild Turkey Federation of Edgefield, South Carolina.

Gentlemen, we would like to welcome all of you, and advise you that your full testimony will be made a part of the record and ask that you limit your statement to 5 minutes, and we are pleased to start with Mr. Garner, who is a longtime friend of mine, and who has done an outstanding job representing the interests of the Commonwealth of Virginia, and representing the private forest and public forest landowners in that State as the State forester.

Jim, welcome.

STATEMENT OF JAMES W. GARNER, STATE FORESTER OF VIRGINIA, CHARLOTTESVILLE, VA, ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. GARNER. Thank you, Mr. Chairman, and thank you for those kind remarks. Good morning, ladies and gentlemen of the committee, and thank you for the invitation to come before you regarding the Forest Land Enhancement Program. As the chairman mentioned, I am Jim Garner, State forester for Virginia, but I am here today representing the National Association of State Foresters.

As you know, FLEP was enacted in the 2002 farm bill with an allocation of \$100 million. FLEP is the only program available through the State Foresters offering technical and financial assistance to our private landowners. FLEP is also the only program of its kind that provides flexibility to the States to tailor their programs to address their own set of unique needs. Each State's landowners and forest conditions are different, and for the first time, we have an opportunity to design a federally assisted program to meet our State needs. This flexibility also provides the opportunity to significantly reduce administrative costs, thereby allowing us to have more funds available for landowners.

In the first and only year of operation, no new Federal employees were hired, and the State's administrative costs averaged only 6 percent. We were able to be this efficient because we were able to use State mechanisms to process the program.

In Virginia, our operational plan called for at least 15 percent of our funds for technology transfer and education efforts. We had a

contract with the Virginia State University, 1099 university, to develop workshops and outreach materials focusing on our underserved community of landowners. This effort ended abruptly when the funding stopped.

As you will notice in my written testimony, Arkansas and North Carolina had similar experiences. We have set aside 75 percent of our funds to provide cost share assistance to landowners for a variety of practices. I have provided you with examples of first year accomplishments from several of the States, and our accomplishments in Virginia were impressive for a startup program. We had stewardship plans written on over 10,000 acres. 478 landowners established practices on 22,000 acres.

As with other southern States and other States in general, we benefited from the flexibility of FLEP so that we could focus our efforts on the hardwood region of the area, for regeneration and timber stand improvement, as well as protecting our lakes, streams, and rivers. If you note, in the written testimony, Pennsylvania used FLEP creatively in working with the Game Commission and private landowners to determine new ways to regenerate their hardwood forest in areas of overpopulated deer.

FLEP also helps our landowners to reduce the risk and to restore their forest from fire, insect, invasive species, and natural disasters. But more importantly, FLEP provides economic incentives encouraging our landowners to maintain their forestland for future economic and ecological benefits for all of our citizens.

Mr. Chairman, FLEP began from a need to establish stable and sustainable forest resources for this Nation. This need was demonstrated by the overwhelming response during the first year of funding. Requests far outstripped the funds. We had plans to reach out to new landowners and to the underserved, and to implement practices on the ground.

The sudden halt of this program has caused some of our landowners to wonder about our national commitment and about our understanding of the importance of their forestland. Many letters have been sent to Chairman Taylor expressing concern that FLEP would be eliminated. I will submit copies of some of those letters for the record.

With the failure to continue this program, our private landowners will be left without a targeted cost share program for the first time in 50 years. This is a great disservice to our landowners, to the forest resources, and ultimately, to our Nation.

I thank you for your time, and I will be happy to answer any questions.

[The prepared statement of Mr. Garner appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Mr. Garner. Mr. Burke, welcome. Another Virginian.

STATEMENT OF JOHN W. BURKE III, TREE FARMER, RICHMOND, VA, ON BEHALF OF THE AMERICAN FOREST FOUNDATION

Mr. BURKE. Mr. Chairman and members of the committee on Agriculture. My name is John Burke, and I would like to thank you for the opportunity to testify on behalf of over 50,000 family forest

owners of the American Tree Farm System, who support full funding for the Forest Land Enhancement Program for fiscal year 2005.

We were encouraged this morning to hear that the administration has seen fit to include some funding for this important program. Such was the intent of Congress and the hope of forest landowners. However, the level of funding that we heard this morning is only a beginning, as FLEP's support is needed to increase and is needed to continue.

By profession, I am an attorney, but after my family, my passion is trees. My wife and I own forestland, and in addition, I manage, for a family limited partnership, over 2,000 acres of forestland near Richmond, Virginia. We take great care of our forestland, and it is the intention of our family to leave much of it as a legacy for future generations. My parents viewed stewardship of the land as one of the highest priorities. I learned this lesson from them, and I want to pass this blessing and this responsibility on to future generations within my family. We are proud of the stewardship ethic.

However, our stewardship cannot occur in a vacuum. It must occur in the context of real world challenges and risks facing forest landowners each and every day. It takes patience to mature and grow forest assets, for they grow over a 20, 40, 60, and even 80 year cycle, all the while subject to many natural disasters, including fire, flood, drought, wind, insect, and disease.

In States like Virginia, family owned forests supply wood that supports a \$1.5 billion payroll, accounting for nearly 1 in 10 of all manufacturing jobs in our State. But our forests cannot and should not be viewed as mere forest factories. They provide habitat for wildlife that we know and love. In addition, they improve water quality, sequester carbon, and provide green space around our cities. It is not easy trying to maintain forestland for future generations. The pressures to sell are great. Currently, the United States is losing approximately 1.5 million acres of forestland each year, to development and to other forms of land conversion. Once developed, this forestland and the associated wildlife is lost forever. We do not oppose wise development. People must have places to live. However, programs like FLEP help to properly balance the pressures for development and the sound, long term forest management that is necessary.

Challenges of keeping the forest as forest is not unique to me. Today, there are 10 million family forest owners like myself in the United States who hold nearly 60 percent of all productive forestland in this country. Together, we face what we call the Nation's invisible health crisis, a crisis where many forest owners don't see a way to preserve their family's heritage of voluntary private stewardship.

When this committee introduced the FLEP, or Forest Land Enhancement Program in the 2002 farm bill, it seemed to address the tension faced by forest landowners. Family forest owners were excited. We believed that FLEP confirmed Congress' intent to help us sustain this heritage of stewardship of the land.

True, FLEP is a small program, but it was the only program designed to address conservation of our 60 percent share of the Nation's timberland. Despite what others may tell you, it is not a redundant program. Virtually all other programs that you have

heard about today are designed for agricultural producers or operators. FLEP is certainly not the total solution, but it is a critically important part. It recognizes the value our forestland provides to our communities, the Nation's pure water, clean air, abundant wildlife, and healthy farming economies. Moreover, it helps sustain the cash flow that we, as family forest owners, need for our land to be in trees.

On behalf of 50,000 certified tree farmers and all forest landowners, I urge you to restore and work for full funding of this program. I see that my time is up. I will end with a simple invitation. Our tree farm is about one hour south of here. I invite each of you to come down and see what tree farming looks like on the ground. I will be happy to host you.

Thank you.

[The prepared statement of Mr. Burke appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Mr. Burke. That is a fine invitation, and I have had that opportunity. My district is about two thirds covered with forestland, but if I have the opportunity to visit your farm, I would like to do that, too.

Mr. BURKE. Please.

The CHAIRMAN. Mr. Nakamura, we are delighted to have you with us today.

**STATEMENT OF GARY NAKAMURA, COUNCIL MEMBER,
SOCIETY OF AMERICAN FORESTERS, REDDING, CA**

Mr. NAKAMURA. Thank you, Mr. Chairman, and members of the committee. I would like to thank you for the opportunity to address you this morning about the value of family forestlands, and the importance of the Forest Land Enhancement Program to their sustained management into the future. I am Gary Nakamura. I am an extension forester with the University of California, stationed up in Redding, which is about 200 miles north of Berkeley. I am also a member of the Society of American Foresters, and recently elected to the Council, which is their board of directors, representing northern and southern California and Hawaii.

The Society of American Foresters is the largest and oldest scientific, professional, and educational forestry organization in the world, and is very much interested in promoting the sustainable forest management of public and private forestlands. The forests in California are very important, and are important as habitat for hundreds of wildlife and plant species. Forested watersheds and woodland watersheds produce 80 percent of the developed water in California, and as you note, that is a very important thing out west. And increasingly, the forested lands of California are becoming home to millions of Californians. Tens of thousands of family forest landowners own and manage 9 million acres of forests and woodland in California. This represents about half of the private productive forestland in this State. The other half of private forest land is managed by industrial forest companies, primarily Sierra Pacific Industries. And then, the other half of the productive forestland is owned and managed by the Federal Government, the Forest Service, and the National Park Service.

Family forestland owners want to do the right thing for their forest, keep it healthy and productive of wildlife, clear water, recreation and open space. These are public trust resources, which usually do not generate income to offset the costs of the treatments necessary to provide them. I work a lot with forest landowners, non-industrial forest landowners in California, and they are very much interested in holistic integrated resource management. Even if they have only got an acre, and it is unrealistic to expect to produce all those things from one acre.

So I do a lot of education and outreach. There were a number of questions about educational and outreach. That is my primary job, is education and outreach to these forest landowners. However, once the landowners are aware of what it takes to produce a healthy forest, this is where the cost share programs come in. To help them implement these plans to reduce fuels and fire hazard, defend their trees, to improve their resistance to drought, insects, to replant burned areas, to enhance habitat, and to restore streams. And many of these activities, as I have noted, do not generate income. They just produce public benefits. These are public trust resources, and so that is where the cost share programs come in to help them. It removes one barrier from their doing something. There is a great resistance to cutting trees in California, and so if they have an excuse of "Well, I can't afford to do this" they will take that excuse and not do the thinning. So we remove one excuse from their quiver of excuses to not do the thinning.

FLEP and similar cost share programs reduce this financial barrier to family forest landowners to carry out their plans. California has demonstrated its appreciation of family forestlands by creating something called CFIP, California Forest Improvement Program, and it is a State version of FLEP, and it has provided a couple of million dollars over the last 3 or 4 years in the form of cost sharing grants to family forest landowners to do the right thing.

So, California has shown its commitment to these forest landowners. While there are many cost share programs for agricultural lands and producers, only FLEP is designed specifically for family forest landowners, so it is important that we maintain funding for FLEP, the Forest Stewardship Program, and other forestry focused programs, and I urge you to do so.

And I thank you for your time and consideration.

[The prepared statement of Mr. Nakamura appears at the conclusion of the hearing.]

The CHAIRMAN. I thank you for your testimony. It is now my pleasure to yield to the gentleman from Alabama, Mr. Bonner, for the purpose of welcoming and introducing our next witness.

Mr. BONNER. Thank you, Mr. Chairman, and let me say that this privilege really belongs to our friend and colleague, Congressman Everett, because the gentleman who is testifying from the State of Alabama is a native of his district. Unfortunately, he had a prior commitment that he could not get out of. So let me, at this time, introduce to you, Mr. Chairman and to this committee our next witness, and also thank you as well for holding this hearing on the Forest Land Enhancement Program, which, as we have discussed previously, is an important program for Alabama and really for many States as well.

It is my pleasure to welcome Mr. Tim Gothard, the executive director of the Alabama Wildlife Federation. Tim has served in this capacity since 1998, and prior to that, he worked with the Alabama Forestry Commission for 10 years, so he has a wealth of knowledge in forestry management practices. I thank you, Tim, for being here representing the State of Alabama, and Mr. Chairman, I know that we all look forward to hearing from him about his comments about this program.

The CHAIRMAN. I thank the gentleman, and also join in welcoming Mr. Gothard.

**STATEMENT OF TIM L. GOTHARD, EXECUTIVE DIRECTOR,
ALABAMA WILDLIFE FEDERATION, MILBROOK, AL**

Mr. GOTHARD. Thank you, Mr. Chairman, and thank you, Mr. Bonner, for those kind remarks. Mr. Chairman and distinguished members of the committee, it is my privilege to speak to you today on behalf of the Alabama Wildlife Federation and our 18,000 members regarding the importance of the Forest Land Enhancement Program.

Established in 1935, the Alabama Wildlife Federation is a 501(c)(3) nonprofit organization devoted to the wise use and responsible stewardship of our wildlife, forests, fish, water, soils, and air. Our mission fully engages and promotes the active management of our forest resources as a source of both economic and social prosperity.

In Alabama, as in most of the southeastern United States, the land base is predominantly owned by non-industrial private landowners, individuals and families. So being, the Alabama Wildlife Federation places great importance on education and planning assistance for private landowners to help them manage their forest and farmlands for timber production, game and non-game wildlife habitat, water quality, and outdoor recreational opportunities.

Specific examples include our 600-page book called "Managing Wildlife". This book was specifically prepared and dedicated to the owners and managers of private lands in the southeast. Over 10,000 copies of this book are currently in circulation, most of which are in the hands of private landowners who are using it to help guide management on their lands. We are also heavily involved in providing on the ground planning assistance to private landowners through a program called the Land Stewardship Assistance Program. Since its inception in 2000, onsite technical assistance has been provided to over 700 landowners and 400,000 acres in Alabama. I share these examples to point out that our organization recognizes the importance of private landowners as the tool to ensure that we have abundant and productive forests and wildlife lands both now and in the future.

The Forest Land Enhancement Program represents an important opportunity to maximize efforts to engage and stimulate private landowners to manage their lands wisely. This is an important part of the mission of State forestry organizations, organizations such as ours, and many other organizations that recognize the long-term importance of land management to healthy forests, healthy wildlife populations, and a healthy economy.

Unfortunately, the breadth of this mission exceeds our combined capacities. As a result, the diverse group in Alabama that assisted with strategic planning for the FLEP placed great importance on using FLEP to facilitate public/private partnerships that would maximize information and education transfer to private landowners, and stimulate on the ground conservation in a highly cost effective manner. In short, we want to use FLEP to empower private landowners to achieve their land management needs and goals, while also serving the public good.

To give a specific example, the Alabama Wildlife Federation formed the Alabama Quail Trail about two years ago, as a tool to focus the interests and resources in quail improvement. In support of this effort, and with funding assistance provided through FLEP, the Alabama Wildlife Federation, along with our State Forestry Agency, NRCS, State Game and Fish, and Auburn University, are finalizing plans for a series of quail management seminars across the State. The seminars will focus on providing natural resource professionals, land managers, and private landowners with up to date information on how they can manage their forest and farmlands, to improve habitat for wild quail and other species that require early successional habitats. In conjunction with this project, the team will also develop a landowner's guide to quail habitat management that will further increase our abilities to reach private landowners and effect sound management on the abundant private lands in our State.

Without FLEP, this project would not be on the table. The Forest Land Enhancement Program is a very important tool to help us achieve cost effective conservation achievements on private lands. In Alabama, this will be achieved by increasing public/private partnerships and focusing directly on empowering private landowners.

Mr. Chairman, I want to thank you very much for your leadership on this issue, and certainly encourage the committee to look very favorably upon restoring full funding to the FLEP program.

[The prepared statement of Mr. Gothard appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Mr. Gothard. Mr. Burhans.

STATEMENT OF BRYAN J. BURHANS, DIRECTOR, FEDERAL LAND MANAGEMENT PROGRAMS FOR CONSERVATION PROGRAMS, NATIONAL WILD TURKEY FEDERATION, EDGEFIELD, SC

Mr. BURHANS. Thank you. Mr. Chairman and members of the committee, my name is Bryan Burhans, and I am director of Land Management Programs for the National Wild Turkey Federation. I am a professional wildlife biologist with expertise in the management of wild turkeys in the United States, Canada, and Mexico. We appreciate the opportunity to address the committee on what we believe is a critical program affecting private forest landowners across the United States, the Forest Land Enhancement Program.

The National Wild Turkey Federation's statement is the conservation of the wild turkey and the preservation of our hunting tradition. From our humble beginnings in 1973 in the State of Virginia, we have grown to over a half a million members that are dedicated to reach this mission.

The National Wild Turkey Federation strongly supports restored funding of FLEP. Frankly, Mr. Chairman, it is frustrating that we are fighting for funding, as we have heard before, when this program was duly passed by the committee and Congress and fully funded.

Wild turkeys prosper in a well-managed forest. To achieve this, managers often use tools such as timber harvest, thinning, timber stand improvement cuts, prescribed burning, and other tools to reach their objectives. A managed forest provides far superior habitat for the wild turkey and most other species of wildlife, compared to an unmanaged forest. FLEP offers the technical and financial assistance to help landowners better manage their forests.

I would like to highlight two very important aspects about FLEP. First, FLEP provides a great opportunity to stretch existing Federal funds through partnerships with organizations like the National Wild Turkey Federation. For example, if FLEP is funded as authorized, this could provide \$2 million to educate over 6,000 landowners, impacting an estimated 1.5 million acres of private land in just one year. We are missing an opportunity to sell conservation to the very people we depend on to provide us with clean water, clean air, a secure forest products base, and abundant and diverse wildlife populations.

The NWTf has offered funding and staff to help agencies deliver these outreach programs. Currently, we are partnering with State forestry agencies in Wisconsin, Minnesota, Georgia, and Alabama, just to name a few. In Georgia alone, in partnership with the Georgia Forestry Commission, as was mentioned here a few minutes ago, we have hosted over 15 landowners workshops over the last several years. This partnership has allowed us to impact probably well over a quarter million acres of private land in the State of Georgia.

Second, FLEP complements the existing Forest Stewardship Program. FLEP offered a unique opportunity to not only enhance the in-demand technical assistance offer by the agencies, but to focus funds towards a much needed tool, which is financial assistance. Throughout the country, adding financial assistance will enhance our overall conservation objectives. For example, many private forests in the southeast are in bad need of pre-commercial thinning and mid-story hardwood control to recapture the pine-savanna plant community. This plant community is beneficial to many species of wildlife, the wild turkey being gone, but the red cockaded woodpecker is another, and the Bob White quail.

Our northeastern forests also face many challenges, loss of the oak component, low value forests from high grading practices, and insect damage. FLEP provides a vehicle to help landowners deal with these challenges and other cost share opportunities do not.

I would like to provide you with an example that clearly illustrates the relevance and demand for FLEP, the Black Hills of South Dakota. Our NWTf regional biologist in South Dakota, along with the State Forestry Agency, are currently working with 20 landowners in the Black Hills through a previous FLEP allocation. This allocation has already impacted over 10,000 acres of private land. However, over 100 landowners are currently on a waiting list hoping for funding. Without continued funding through FLEP, it is unlikely the work will be completed, and their work

currently includes removing treetops and other hazardous fuels to reduce fire danger and improve wild turkey bird habitat. The Black Hills also is a good example for economics. Based on economic research, we estimate that turkey hunters spend \$7 million in the State of South Dakota hunting wild turkeys, and in the Black Hills, about \$2.5 million just in that region alone.

A final example I would like to provide you is Wisconsin. They have utilized all their FLEP allocations in on the ground management, and they are primarily focused on reversing some of the problems they have with oak, forests going from oaks to other soft hardwoods. Extremely effective management being conducted in that State.

Mr. Chairman and members of the committee, we need predictable funding going forward, and need to know that funding will be available each fiscal year, and we urge the committee to get the commitment from the administration that FLEP will be available annually, as it was stated in the 2002 farm bill.

We thank you very much for the opportunity to be here.

[The prepared statement of Mr. Burhans appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you very much. We will now go to questions.

Mr. Garner, do you believe that the State forestry delivery mechanism is more efficient than the conservation programs delivered through the NRCS?

Mr. GARNER. I can speak for your State, Mr. Chairman, certainly. But going back to one of the discussions early on during some of the program development during the farm bill, NRCS suggested a 25 percent off the top request for their agency to administer the program.

FLEP is a federally assisted, State administered program. And the best figures we have after one year is that the State foresters are administering this on an average of 6 percent of the funds going for administration. We set aside in Virginia 10 percent, and we are not going to use half of that for administration, simply because we could use existing mechanisms to pass the money through to where it belongs, and that is on the ground.

The CHAIRMAN. So, just on the basis of the administrative costs, the estimate would be that a NRCS comparable program would be four times as much, or 25 percent, as opposed to 6 percent, and 94 percent of the funds turned over to the States have gotten into the direct benefit of the forest landowners. Is that a fair statement?

Mr. GARNER. To the best of my knowledge, that is a correct statement, Mr. Chairman.

The CHAIRMAN. What role do private sector consulting foresters play in delivery of FLEP?

Mr. GARNER. The Forest Stewardship Program was, and is, the primary mechanism for developing forest management plans under the stewardship policy. We never have been able to fully provide enough assistance—and not subsidize, I guess, is a word for providing economic advantage to the consultants to write the stewardship plan for the landowners.

The CHAIRMAN. I am talking about for the FLEP program, as opposed to the—

Mr. GARNER. Well, but the FLEP also is such a flexible program, that depending on the need in the States, we can enter into an agreement with consulting foresters to help us with stewardship plans. There is a fair number of consulting foresters that also do the on the ground contracting work for the landowners, and so this provides a real job opportunity for them and for the private contractors to get the work done on the ground.

The CHAIRMAN. Thank you.

Mr. Burke, have you or your family participated in FLEP or other forestry assistance programs?

Mr. BURKE. We have considered participating in FLEP in 2003, but in consultation with our Department of Forestry Representative, we decided that because of limited funding, that we would not apply. We applied for FIP funding, and there was no funding available. The program had run out. So this is the experience we have had with the forestry-based programs. I will be happy to address other programs that we have participated in, but I think if I step back and characterize the way landowners react to these types of programs, there are the three Cs. There has got to be the cash available, money has got to be there, there has got to be credibility, the money has got to be delivered, and the people have to understand and see the money come to help them with their programs, and there must be consistency. And only 1 year is not enough to educate people with the complexity of these types of plans, so the plans need to be instituted and continued with, and that would be my encouragement for FLEP and plans similar to that.

The CHAIRMAN. As I noted earlier, about two thirds of the land in my congressional district, several thousand square miles, are covered in forests. About half of that land is owned by the Federal Government, the citizens of the United States, in national forests and national parks, and about half is privately owned forestland. But when you compare the timber harvested from those lands, about somewhere in the high 90's, 97, 98 percent of the timber comes off of the 50 percent that is private land, and only 2 or 3 percent is coming off of the 50 percent that is public lands. The decreased harvest on public forestlands has shifted timber demand heavily toward private forest landowners, and I think that is one of the bases of our concern about the lack of spending the money that has already been funded, already mandated for this program.

In your view, what is the role of FLEP in improving stewardship and conservation capabilities of NIPF landowners, in terms of what they are facing in terms of their larger role in the market?

Mr. BURKE. Mr. Chairman, I share your view on the role of the Federal lands versus private lands. Clearly, markets are complex things. We face a global market in terms of selling wood as private landowners, and each type of wood has to be looked at. Markets are geographic and they are seasonal.

Many of the markets for what I will call low valued wood, fiber or pulpwood, tend to be sluggish, and programs that encourage good stewardship allow landowners to not only do timber stand improvement, which is one of the practices encouraged in many of these programs, but to also do the planting that provides the wood for future harvesting.

So I think programs like this are critically important for landowners who have already committed themselves to good stewardship, but are equally as important to landowners who may not be aware of certain stewardship techniques. It gets their foot in the door. It introduces them to programs that they might not have otherwise explored.

And so, I think programs like FLEP and others are critically important to the long-term health of our forests, and to good, sustainable forest management.

The CHAIRMAN. Thank you very much. The gentleman from Texas, Mr. Stenholm.

Mr. STENHOLM. Mr. Burke, I had the privilege of visualizing a public forestland versus a private forestland experiment in Mississippi, and I know exactly what you are talking about. It is amazing to me that we haven't been able to shift the same mentality from private lands to the public lands in our forests. And I don't have a lot in my district to look at. I have to travel to other places to see what you all are talking about, but—

Mr. BURKE. Well, accept my invitation.

Mr. STENHOLM. You got it now. You got it. Quickly, for those of you who are on the panel who are or represent private forest landowners, what other Federal conservation and/or stewardship programs do you or can you utilize?

Mr. BURKE. Would you like me to address that?

Mr. STENHOLM. Yes.

Mr. BURKE. I will speak personally, and then the gentleman next to me had a chart, which I will call the alphabet soup chart. It provides many programs, and I will speak only to the ones that I am personally familiar with.

On our farm, we are lucky to have cropland as well as forestland, and that distinguishes our farm from many farms. And so, in many of the programs, for example, the CRP, the Conservation Reserve Program, on our farm, we have participated in both the regular and the continuous CRP, have not participated in something called CREP. The procedures and practices that we have engaged in under CRP are for the most part—

Mr. STENHOLM. Excuse me, Mr. Burke. I am more interested in the forest aspects.

Mr. BURKE. OK.

Mr. STENHOLM. Not your cropland aspects.

Mr. BURKE. OK.

Mr. STENHOLM. I was saying to those of you who are private forest operators—

Mr. BURKE. Fine. Let me—

Mr. STENHOLM. What programs are available to you and that you use?

Mr. BURKE. Yes, sir. Let me address that. EQIP, Environmental Quality Incentive Program, is available for certain limited forest activities, but it tends to be more available to and focused on agricultural producers. So there is some availability there, and under the WHIP program, Wildlife Habitat Incentive Program, there are what I will call some associated practices that you can use to enhance ancillary things to your tree farming. But FLEP and programs like it are the central programs for what I will call good

stewardship of the forest, and therefore, they are critically important. FLEP is critically important to forestland and forest productivity.

Mr. STENHOLM. What I am trying to get at, are there any of the programs that are out there available that you are using, other than—I know you are for FLEP. I understand that.

Mr. BURKE. Yes.

Mr. STENHOLM. And I understand why. What I am trying to get at is, in light of Mr. Gutknecht's question a moment ago, what other programs are—Secretary Rey's comments that they believe there were other programs that would more efficiently deliver the services to private landowners. I am looking for what he was talking about for many of you. Can you help me?

Mr. NAKAMURA. I can speak for California. Early on, a few years ago, at the EQIP program, I worked hand-in-hand with the NRCS. I am with the University of California extension service, and in working hand-in-hand with the NRCS in delivering that program, we had to kind of bend the rules a little bit to include forest landowners who had no intention of harvesting timber in the future to get them into that program. So we had to show that there was an agricultural productive output in order to use EQIP, which was twisting the rules a little bit. We wouldn't have to do that with FLEP, I don't believe.

Mr. STENHOLM. Were you able to twist the rules and use them?

Mr. NAKAMURA. Yes, we were, but because we had such a demand for EQIP, I can't get in the front door with them any longer with forest plans and projects.

Mr. STENHOLM. EQIP is one of the programs that has been cut dramatically in this year's appropriation bill again, so we are reducing the amount of funds available in that. Along the same line as—I know that several of you wanted to respond to this—but are you aware of whether your members have been able to fully participate on State technical committees that help to decide policy and how other conservation programs are implemented?

Mr. GARNER. I can answer that certainly for Virginia. On the State Technical Committee, I have one staff person that was able to get on it. We have one consulting forester, and the rest of the State Technical Committee is basically agriculture and conservation organizations, but we only have two forestry people who were able to get on it.

Most of the discussions and most of the allocations, the two forestry people have to compete pretty strongly to make sure that EQIP stays a part of the forestry package.

Mr. GOTHARD. I would like to take a shot at addressing, I think, two things that you mentioned. One, when Mr. Rey was talking and utilizing my past experience in working with a lot of these programs, I was certainly taking from what he said, that he was referring to it from a cost sharing standpoint, that there were other cost share programs that had certain components which I think these two gentlemen have addressed much better than I, that had some options, although those options were limited.

Let me speak to Alabama specifically, and one of the points that I made, and this goes to the flexibility of FLEP. In Alabama, we are not using FLEP funds for cost sharing, so none of those pro-

grams that Mr. Rey was referring to would provide alternative sources for the things that the committee in Alabama kind of targeted as the focus areas for using those types of funds in FLEP. That was what I took from what Mr. Rey was referring to, from that particular standpoint.

Mr. STENHOLM. If I might, Mr. Chairman, Mr. Garner mentioned the technical committees, but if I will have any success in having input with the local working groups set up by NRCS through the local conservation districts.

Mr. GARNER. I am kind of lost on the question.

Mr. STENHOLM. There is local working groups have been set up to bring in forestry, to bring in all conservation needs, as part of their overall operation of trying to get more conservation in the ground. Have any of you had any favorable experiences from a forestry standpoint of being included in a positive way in these local working groups that have been set up by NRCS for conservation purposes? Obviously, you haven't, if you don't know what I am talking about, so that answers my question. Thank you.

Mr. GOTHARD. I would like to speak to that briefly, if I could, from a State technical committee standpoint. We really do have a very good cross agency working relationship in Alabama, and our input has been sought on both the forestry and the wildlife perspectives, and we have had a positive experience from a State technical committee level.

Mr. OSE [presiding]. The gentleman from Georgia.

Mr. BURNS. Thank you, Mr. Chairman. I just want to thank you for your input and your comments. I think we are on the same page. Working with various wildlife groups and private landowners, and Mr. Burke, I will invite you to my farm, and we do the same thing you do, which is we have trees and we have cropland, and we do those kinds of things that make sense in Georgia. And one of the things that is a bit disturbing to me is the simple fact that I think the farm bill crafted a good approach to our forestland private ownership, and now I am concerned that perhaps the administration doesn't agree with this committee or with the farm bill's positions.

I will tell you that if my friend and colleague, Mr. Hayes, from North Carolina were here, he gave me the challenge of bringing the Bob White quail back in Georgia when I first showed up. That is a pretty tall order. We haven't been as successful with that as we have with our turkey population, or with our white-tailed deer population. But just those conservation practices that make sense for the landowner, for the private landowner, and through the FLEP program. I want to go on record as saying I am going to try to work with this committee and the House to ensure that this program does survive, and continues to support the landowners and the forest landowners in Georgia. And I don't have any questions, so I yield back.

Mr. OSE. I thank the gentleman. The gentleman from Alabama.

Mr. BONNER. Thank you, Mr. Chairman. I would like to go, for parochial reasons, to our witness from Alabama, and just for the record, establish some facts.

Mr. Gothard, could you establish how many, or tell us how many of Alabama's forestlands are in the hands of small private ownerships?

Mr. GOTHARD. In Alabama, three fourths, 78 percent of our 23 million acres of forestland are owned by non-industrial private forest landowners. Roughly 50 percent of that is owned by families that own less than 500 acres. That is a term that some people refer to as small landowners. The average tract size is about 102 acres. Depending on what perspective you are looking at, less than 1,000 acres may be a small landowner, and if you go to that level, you are up in the 90 to 95 percent range of the non-industrial private forestland in our State that is owned by the small private landowner.

Mr. BONNER. Follow up question, could the public and the industrial forests in Alabama provide sufficient habitat to support wild quail in our State without good management of the smaller, family-owned forests, in your judgment?

Mr. GOTHARD. Quail present a very unique opportunity and challenge, as Mr. Burns was referring to. And let me say this. Any property can be managed to provide habitat and provide quail. Now, if you look at our goals and the goals of the Alabama Quail Trail, and even larger, the goals of the Northern Bob White Quail initiative, which is a regional initiative, the goals for quail improvement are to increase habitat and quail populations across the landscape as a whole. So if you are going to achieve that, when you go back to what we just said about the non-industrial private forest landowner, you are never going to be able to achieve that if we don't engage the small, non-industrial, private forest landowner in providing that critical early successional habitat that we need for quail.

Mr. BONNER. Just a final question, Mr. Chairman.

Mr. Gothard, do you believe that the landowners, since we are talking about FLEP, need this continued assistance, and as a follow-up but related part of that, could an argument be made that Alabama's private forest landowners have already been given enough opportunity to stand on their own without this program, or is this program, does its continuance need to occur as far as you are concerned?

Mr. GOTHARD. I think it is real important that we continue programs like this, and FLEP in particular, and something that I mentioned and Bryan mentioned as well. Not only do landowners need this, they are starving for it. Bryan mentioned the waiting list of 100-plus landowners that they have in their program. In the first 6 months of that land stewardship assistance program that we started, we had to basically curtail our advertising, because we had a waiting list of 200 landowners that were just hungry for that assistance on how I can best manage my land and produce these flow of benefits, both for themselves and for us as a general public. So, they are definitely needed, and they are starving for this information. We have, since that time, expanded that program to where we have a few more people working with it, but we still have a constant, rolling waiting list of 50 to 150 landowners.

Let me say this. We have some outstanding examples of good stewardship being practiced in Alabama. You will find it in every

single State, but it is a continual need and a continual learning process. I was thinking last night, it is just like health issues. 15 year ago, we didn't pay attention to the same things from just our personal health that we pay attention to now, because we learn more, and as we learn more, we have to provide the technology transfer and the information to make sure that that is implemented for all of the good that it can do.

So, we certainly have some outstanding examples of good stewardship already in existence, but that need still remains. It will remain long term, because owners change, different family members change, and there is quite a bit of change that has been mentioned here in a couple of different ways. Keeping in mind that we used to live in the rural areas and we moved to the city, and now we have a certain amount of stepping back out. And some of those new landowners, it is a new venture for them to really grasp and become knowledgeable about how to effectively manage their land.

Mr. BONNER. Mr. Gothard, thank you and all of the panelists, and Mr. Chairman, thank you.

Mr. OSE. Mr. Nakamura, if I read your statement correctly, there are about 100 million acres in the State of California, and about 30 million of those acres are forested lands.

Mr. NAKAMURA. Forest and woodlands.

Mr. OSE. OK. And of that, about 50 percent of those 30 million acres are owned and managed by public agencies, about 12 percent by forest product companies, and the balance by non-industrial owners.

Mr. NAKAMURA. Correct.

Mr. OSE. That is on page 2 of your statement, I think.

Mr. NAKAMURA. Yes.

Mr. OSE. When you look at the practices, the forest practices in those three groups, who has got the best practices for sustaining the forests?

Mr. NAKAMURA. I would say it was the industrial forest companies.

Mr. OSE. Like Sierra Pacific, or some of the—

Mr. NAKAMURA. Like Sierra Pacific, Roseberg, Beatty.

Mr. OSE. Wetsel-Oviatt.

Mr. NAKAMURA. Well, they're gone now.

Mr. OSE. Used to be Wetsel-Oviatt

Mr. NAKAMURA. Right, right.

Mr. OSE. The question I have, as it relates to this program, if the funding within the program is gauged to be the value of \$100, how much should go for educational, how much should go for technical, and how much should go for acquisition of easements?

Mr. NAKAMURA. I would put about a quarter of that to education, and at least half or more to actual, on the ground implementation, and then the balance, a quarter or less, to acquisition.

Mr. OSE. The question, the reason I ask that question is that I have to put on the record that I am from a philosophical standpoint, I am absolutely 100 percent opposed to further land acquisition, either in fee simple condition or by easement, by the Federal Government. And I am trying to figure out why we would spend 25 percent of our funds for acquisition of easement, and let me ask the question a different way. Of the educational, technical, or ac-

quisition mode, from which do we get the biggest bang for our buck?

Mr. NAKAMURA. It varies by when those different moneys come in, but you have got to start with the education. You have got to get the landowners' attention that they want to participate in the other two elements of that three. So I would start with the education. If they are not aware, they are not going to go after the technical assistance, the on the ground help. They are not going to consider the acquisition of easement. Now, with regard to the acquisition of easement, that does not necessarily take the land out of production.

Mr. OSE. I understand.

Mr. NAKAMURA. OK. And so, I mean, the intent is to leave it in parcel sizes that are economically viable. You can't farm, you can't do forest management on small acreages, and I am thinking less than 100 acres probably, in California, and make a go of it. And so, smaller parcels just become homesteads, where the tendency is to not harvest trees, to not do any management other than make it look pretty, or try to.

Mr. OSE. In terms of California's existing publicly owned forests, how much timber harvesting is going on?

Mr. NAKAMURA. Well, it is down to I think 10 percent of record highs in the mid-1980's. It is arguable about whether that is the sustainable level, or whether it is below that. But we are harvesting less than half of what we are growing, quite a bit less than half of what we are actually growing on an annual basis. So if you take the annual growth as what is sustainable, then we are harvesting considerably less than what is sustainable.

Mr. OSE. Is that a healthy practice?

Mr. NAKAMURA. Well, it is not turning out to be in southern California. Because we have for the last 25, 30 years, not had any commercial harvests in southern California, those forests have become overgrown. Trees that would have otherwise been killed or destroyed in wildfires, because we have suppressed wildfires, have started to encroach on each other, and compete for the water, which is now in deficit because of a 4 or 5 year drought in southern California. So we have 400,000 acres of dead trees on national forests in southern California.

Mr. OSE. There are many who would say that what is happening on the Lake Arrowhead mesa and elsewhere is an environmental catastrophe. Is it your testimony that our past practices on public lands, as it relates to timber harvests, have been contributing to that particular outcome?

Mr. NAKAMURA. Yes. Not just timber harvests alone. It is our fire suppression policies. It is our lands use, our putting million dollar homes in harm's way, and putting them in forested situations, and not demanding of them to treat the forests around them to make it more fire-safe.

Mr. OSE. But whether we put the homes there or not, if we don't have good forestry practices, we are creating kind of a pretty foul area, so to speak.

Mr. NAKAMURA. That is true. But if we would let natural forces like wildfire, continue, as we are doing in national parks, they will thin out and reduce the fuels and thin the forests out. But obvi-

ously, we can't do that, because of smoke and other things in the way of—

Mr. OSE. Air quality issues.

Mr. NAKAMURA. Yes. There is a lot of complicating issues.

Mr. OSE. All right. So under FLEP, if I got your testimony correctly, you would emphasize the education, because that leads to the other two.

Mr. NAKAMURA. That is correct.

Mr. OSE. All right. Now, my time has expired. Nobody is going to object, I am sure. Anyway, I am going to go ahead and bring this to a close. I want to thank this panel for their testimony. Without objection, the record for this hearing will remain open for 10 days to receive additional materials and supplementary written responses from witnesses to any questions posed a member of the panel.

This hearing of the House Committee on Agriculture is adjourned.

[Whereupon, at 12:20 p.m., the committee was adjourned.]

[Material submitted for inclusion in the record follows:]

STATEMENT OF MARK REY

Mr. Chairman: Thank you for providing this opportunity to discuss the Forest Land Enhancement Program (FLEP) authorized in the Forestry Title (title VIII) of the Farm Security and Rural Investment Act of 2002 (the 2002 farm bill).

The people of the United States benefit greatly from the country's 350 million acres of non-industrial private forest land (NIPF). Besides producing 60 percent of the forest products consumed in and exported from the United States, these forests contribute significantly to our Nation's water, watersheds, clean air, wildlife habitat and provide millions of Americans the opportunity for outdoor recreation. It makes sense, given their importance, for the Nation to invest in these lands, providing landowners with technical and financial assistance to provide a full spectrum of values.

As you know, two previous private forest land conservation incentive programs, the Stewardship Incentive Program (SIP) and the Forestry Incentive Program (FIP) were repealed in the 2002 farm bill and replaced by FLEP. Congress authorized \$100 million from the Commodity Credit Corporation (CCC) through Fiscal Year 2007 to provide educational, technical and cost-share assistance.

Through FLEP, Congress provided an additional avenue for State forestry agencies and their partners to provide a wide array of educational, technical and financial services so that the Nation's 350 million acres of NIPF could continue to provide sustainable forest products and safeguard the health of our water, air, and wildlife.

FLEP is a voluntary program in each State and participation by landowners is voluntary. In each State participating in the program, the State Forester and State Forest Stewardship Coordinating Committee have jointly developed a State Priority Plan that is intended to promote sustainable forest management objectives. State Priority Plans determine the mix of educational, technical and financial assistance, with States choosing one or more of these elements. As applicable, the plans identify educational activities and their proposed outcomes, describe the technical assistance to be provided and the anticipated outcomes, and describe the cost-share components that will be available to NIPF landowners and the public values of these practices.

State forestry agencies can use FLEP funds to provide assistance to NIPF owners to achieve a broad array of natural resource objectives. The Forest Service and State forestry agencies are guided by the following principles:

- establish, manage, maintain, protect, enhance, and restore NIPF lands.
- enhance the productivity of timber, habitat for flora and fauna, soil, water, air quality, wetlands, and riparian buffers of these lands.
- assist owners and managers to more actively manage NIPF lands to enhance and sustain the long-term productivity of timber and non-timber forest resources.
- reduce the risk and help restore, recover and mitigate the damage to forests caused by fire, insects, invasive species, disease, and damaging weather.

- increase and enhance carbon sequestration opportunities.
- enhance implementation of agroforestry practices.
- encourage and leverage State, Federal, and local resource management expertise, financial assistance and educational programs that support FLEP.

NIPF owners who wish to participate in the cost-share component of FLEP in those States offering it as an option must complete one or more of the sustainable forestry practices available in their State as described in a forest management plan. In each State, the State forester or a representative will evaluate the management plans submitted by NIPF owners and approve them for participation in FLEP. Eligibility criteria for FLEP are broad to encourage landowner participation.

FLEP allows cost-sharing for treatment of up to 1,000 acres per year and variances of up to 5,000 acres if significant public benefits will accrue. The maximum FLEP cost-share payment for any practice is 75 percent. The aggregate payment to any one landowner through 2007 may not exceed \$100,000, except in Alaska. The variances for Alaska are described in their State Priority Plan.

States are responsible for reporting program accomplishments for all program components—educational, technical, financial—being implemented. States also must account for administrative costs to implement FLEP.

Program implementation began after the interim rule was published in the Federal Register on June 9, 2003. To date, \$20 million in FLEP funds have been allocated. Due to the extreme fire season of 2003, \$50 million of FLEP funds were transferred for fire suppression costs, of which \$10 million was repaid. The administration's fiscal year 2005 budget proposed no FLEP funds for this fiscal year or next.

The President's budget by necessity balances competing needs and priorities, and reflects in its totality the priorities of the President. Difficult choices must be made. Activities that qualify for cost-share assistance under FLEP also qualify for other Forest Service, USDA, Federal, or state conservation program support. As of 2004, USDA alone administered nearly 20 programs that give agricultural land users financial incentives to apply conservation measures to their farms, ranches, and forests. We believed we would be able to meet the objectives of FLEP utilizing these other programs.

This committee has expressed its disappointment with the administration's FLEP decision very persuasively. On further reflection, the Department will transmit to Congress in the near future an amended request to provide \$15 million for FLEP, coupled with a commensurate offset in FY 2005.

Thank you, Mr. Chairman, for providing this opportunity to discuss the Forest Land Enhancement Program. I'll be pleased to answer any questions the committee may ask.

STATEMENT OF TIM L. GOTHARD

Mr. Chairman, distinguished members of the committee, it is my privilege to speak to you today on behalf of the Alabama Wildlife Federation and our 18,000 members regarding the importance of the Forest Land Enhancement Program.

Established in 1935, the Alabama Wildlife Federation is a 501c3, non-profit organization devoted to the wise-use and responsible stewardship of our wildlife, forests, fish, water, soils, and air. Our mission fully engages and promotes the active management of our forest and wildlife resources as a source of both economic and social prosperity.

In Alabama, as in most of the southeastern United States, the land base is predominately owned by non-industrial, private landowners—individuals and families. So being, the Alabama Wildlife Federation places great importance on education and planning assistance for private landowners to help them manage their forest and farm lands for timber production, game and non-game wildlife habitat, water quality, and outdoor recreational opportunities. Specific examples include our 600 page hard-back book called "Managing Wildlife" which we completed in 1999. This book was specifically prepared and dedicated to the owners and managers of private lands in the southeast. Over 10,000 copies of this book are currently in circulation, most of which are in the hands of private landowners who are using it to help guide management on their lands. We are also heavily involved in providing on-the-ground planning assistance to private landowners through a program called the "Land Stewardship Assistance Program." Since its inception in 2000, on-site technical assistance has been provided to over 700 landowners and 400,000 acres in Alabama. I share these examples with you to point out that our organization recognizes the importance of private landowners in Alabama as "the tool" to insure that we

have abundant and productive forests and wildlife lands, both now and in the future.

The Forest Land Enhancement Program represents an important mechanism and opportunity to maximize efforts to engage and stimulate private landowners to manage their lands wisely. This is an important part of the mission of state forestry organizations, organizations such as ours, and many others organizations that recognize the long-term importance of land management to healthy forests, healthy wildlife populations, and a healthy economy. Unfortunately, the breadth of this mission exceeds our combined capacities. As a result, the diverse group in Alabama that was asked by our state forestry agency to assist with strategic planning for the FLEP, placed great importance on using FLEP to facilitate public-private partnerships that would maximize information and education transfer to private landowners and stimulate on-the-ground conservation in a highly cost-effective manner. In short we want to use FLEP to empower private landowners to achieve their land management needs and goals.

To give a specific example, the Alabama Wildlife Federation formed the "Alabama Quail Trail" about 2 years ago as a tool to focus the interest and resources in quail improvement. We do this by focusing on three fundamental aspects: Quail Hunting, Quail Research, and Quail Conservation. In support of this effort, and with funding assistance provided through the FLEP program, the Alabama Wildlife Federation, our State Forestry Agency, the USDA-Natural Resources Conservation Service, Alabama Department of Conservation and Natural Resources, and Auburn University are finalizing plans for a series of Quail Management Seminars across the state. The seminars will focus on providing natural resource professionals, land managers, and private landowners with up-to-date information on how they can manage their forest and farm lands to improve habitat for wild quail and other species that require early successional habitats. In conjunction with this project, the team will also develop a landowners guide to quail habitat management that will further increase our abilities to reach private landowners and effect sound management on the abundant private lands in our state. Without FLEP, this project would not be on the table.

The Forest Land Enhancement Program is an important tool to help us achieve cost-effective conservation achievements on private lands. In Alabama, this will be achieved by increasing public-private partnerships and focusing directly on empowering private landowners. We encourage you to look favorably upon funding this important program.

STATEMENT OF JAMES W. GARNER

Good morning Mr. Chairman and members of the committee. On behalf of the National Association of State Foresters, I am pleased to have the opportunity to testify today on the Forest Land Enhancement Program, authorized in the Forestry Title of the 2002 farm bill.

The National Association of State Foresters is a non-profit organization that represents the directors of the state forestry agencies from all 50 States, eight U.S. territories, and the District of Columbia. State foresters manage and protect state and private forests across the U.S., which together encompass two-thirds of the Nation's forests.

Non-industrial private forestland is invaluable to the economic, social, and natural resources of our country. These family forests provide more fish and wildlife habitat, more watershed protection, and produce more timber and other forest products than all of the national forests and timber companies combined. Decreasing timber harvest levels on Federal lands, combined with the steady per capita increase in wood consumption, puts growing pressure on private forests to provide these necessary resources.

Family forestlands are also facing increasing pressure from development. The Southern Forest Resource Assessment, a comprehensive study of the long-term sustainability of forests in the South, identifies loss of forest cover due to development as the most direct, immediate, and permanent threat to forests. This collaborative effort among the USDA Forest Service, the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the Tennessee Valley Authority, and state forestry and wildlife agencies, was initiated in 1999 in response to concerns from natural resource managers and the public about the future of forests in the South, the great majority of which are privately owned. While the scope of this study is limited to the South, many of the findings can be accurately extrapolated to other areas of the country.

Recognizing the benefits of and threats to family forestlands, Congress enacted the Forest Land Enhancement Program (FLEP) in the Forestry Title of the 2002 farm bill and made \$100 million in mandatory funding available for the 5-year life of the program. FLEP is designed as a comprehensive program to provide family forest landowners with technical, financial, and educational assistance to promote sustainable forest management. The program focuses on providing public benefits from private forests by enhancing forest health and vigor, but also by improving wildlife habitat, protecting water quality, controlling harmful invasive species, and reducing hazardous fuel buildup. The new program replaced and consolidated the most effective aspects of two older programs, the Forestry Incentives Program (FIP) and the Stewardship Incentives Program (SIP). Having replaced these two successful programs, FLEP now serves as the only Federal program available through State Foresters that provides family forest landowners with additional financial and technical tools to help them manage their forests sustainably.

In 2003, the first year of FLEP implementation, \$20 million was released to the states for technical, educational, and financial assistance to be delivered to private landowners. After a very successful but brief period of program delivery, \$50 million in funding authority was transferred for fire suppression, of which only \$10 million was returned. By order of the White House Office of Management and Budget (OMB), no funds were released to implement the program in 2004. Furthermore, the President's proposed budget, released this past February, cancels the remaining funding for the program. I fear that if Congress adopts this proposal, the program is doomed. The actions of the Administration clearly run contrary to the intent of this Committee.

State Flexibility. One of the most valuable aspects of the program is its inherent flexibility. Individual states are able to tailor the program to fit the particular needs of the State's family forest landowners. I shall now present you with some examples from around the country of how the states have crafted the program to fit the unique needs of landowners.

Arkansas. The Arkansas Forestry Commission has long struggled to have minority landowners become more involved in the long-term management of their forestland. There exists a significant distrust of government agencies among minority landowners across the state. Low incomes and lack of education have made sustainable long-term management of these family-owned forests an especially difficult challenge.

The Commission saw an opportunity to begin to build new trust through FLEP. Using the flexibility of the program, the Arkansas Forest Stewardship Coordinating Committee set aside 10 percent of the FLEP funds for limited resource and minority landowners and increased the cost-share rate for these landowners to 75 percent, the maximum allowed. A series of twelve workshops was scheduled to be held in churches with black congregations in rural Arkansas during weekends and evenings to begin establishing a foundation of trust through personal interaction with Forestry Commission staff and even the State forester himself. The workshops would also present an opportunity for landowners to sign up for technical and financial assistance.

Much to the frustration of Arkansas landowners, funding for FLEP was halted by OMB before the first scheduled workshop. While two workshops were still conducted, thanks in part to a grant from a local Resource Conservation and Development District, no money was available to assist the landowners. Because one of the main reasons for the workshops was to develop trust, it was extremely frustrating for both the landowners and the Forestry Commission to have the rug pulled out from under them.

Virginia. In my State of Virginia, we received nearly \$673,000 in funding to be used in 2003. Working through the Virginia Forest Stewardship Coordinating Committee, we allocated ten percent for administration, an additional ten percent for training personnel to deliver the program, five percent for education, and the remaining 75 percent for direct cost-share assistance to landowners. Our cost-share assistance efforts resulted in developing 49 Forest Stewardship Management Plans on more than 10,000 acres and implementing forest resource management practices for 429 landowners on nearly 13,000 acres. Plans for three outreach programs to minority landowners through a partnership with Virginia State University have been cancelled due to the administration's actions. We were hoping to use these programs to reach an audience of landowners who traditionally have been out of touch with our agency.

Nationwide, harmful invasive species cost Americans \$138 billion in economic losses, detection, and control. Invasives threaten biodiversity by displacing native species. Nearly half of the species listed as threatened or endangered under the U.S. Endangered Species Act are affected by invasives. Such persistent species as kudzu,

tree of heaven, and garlic mustard threaten the renowned biodiversity of Virginia's varied forests. FLEP is an extremely valuable tool for us to reach out to landowners to help them control invasive species on their property. Without funding, our efforts at combating this insidious problem will be greatly hindered.

Montana. The Montana Division of Forestry recognized FLEP as a valuable tool to help mitigate the threat of catastrophic wildfire on private lands. The Division received \$317,000 in funding in 2003 and received twice the number of applications as the available funding could cover after only three months of accepting signups. Nearly half the cost-share funds were used to assist landowners with reducing the buildup of hazardous fuels on their property. While the National Fire Plan provides money for hazardous fuel reduction primarily on Federal lands, some funds are available for work on private lands. However, the magnitude of the problem requires complementary assistance from other Federal programs such as FLEP. An additional 25 percent targeted rehabilitation of private forestlands following the devastating fires during the summer of 2003. Foresters in Montana estimate that \$400,000 of FLEP cost-share assistance, mostly for fuels treatment, will not reach the ground with the elimination of FLEP funding for the remainder of the program. With the administration's focus on healthy forests, both public and private, FLEP is an essential tool for restoring fire-adapted forests on private lands. The debate over the Healthy Forests Restoration Act has demonstrated the important public benefits of this restoration work. FLEP acts as a catalyst for the private landowners who do not have the resources or knowledge to accomplish this restoration work on their own.

North Carolina. In preparation for funding through the new FLEP program, the North Carolina Division of Forest Resources created a new partnership with the North Carolina Wildlife Resources Commission to help deliver technical assistance for wildlife-related activities on family forests. The Division also worked with North Carolina State University's Cooperative Extension Service to provide professional education directly to service providers, consulting foresters, and landowners. To better connect with the State's underserved landowners, an Outreach Coordinator was to be hired using FLEP funds. The sudden cancellation of the funds has halted these plans and discouraged many of North Carolina's landowners most in need of assistance.

Pennsylvania. Regeneration of desirable hardwood species, primarily oak and cherry, is one of the toughest challenges facing the Pennsylvania Bureau of Forestry. A notoriously dense population of whitetail deer across the state has put extreme pressure on young tree seedlings from browsing. Private landowners have been reluctant to try innovative methods to achieve desirable regeneration due to high costs and lack of technical knowledge of their implementation.

A joint effort was initiated in 2001 between the Pennsylvania Bureau of Forestry and the Pennsylvania Game Commission to begin to address the deer population and forest regeneration. While the Game Commission focused their efforts on controlling the size of the herd, the Bureau of Forestry took on the challenge of restoring the forest. FLEP acted as the mechanism for the state to connect with private landowners to foster restoration efforts. The Bureau of Forestry used FLEP funds to establish approximately 60 demonstration projects on family forests across the state to highlight activities private landowners could use to aid forest regeneration, including constructing fences to exclude deer and controlling undesirable competing vegetation. Demand for the program, even with limited public outreach, was three to four times the available supply of funding. With the cancellation of FLEP program funds, these restoration efforts will be greatly reduced.

California. California has an excellent state mechanism for delivering technical and financial assistance to forest landowners, the California Forest Improvement Program. However, recent state budget reductions have seriously eroded the effectiveness of the program. When the FLEP funding became available in 2003, the California Department of Forestry and Fire Protection was able to channel the FLEP funds through the existing state program to ensure maximum efficiency of program delivery. The priorities for delivery to landowners are post-fire forest restoration, hazardous fuel reduction, and forest improvement for timber, wildlife, and water resources. The cancellation of FLEP funding has hindered the ability of the state to provide landowners with the resources to achieve these goals. The situation is especially critical following the increased demand due to last year's devastating wildfires in southern California.

Overlap with Other USDA Programs. The administration has justified the cancellation of FLEP by arguing that forestry technical and financial assistance can be delivered to landowners through a variety of other USDA programs. While some programs do provide limited assistance, it paints a very distorted picture of reality.

Most USDA conservation programs are delivered through the Natural Resources Conservation Service (NRCS), an organization with which State foresters have established a long working relationship. NRCS is largely an agency that delivers conservation programs to the Nation's 2 million agricultural producers, a mission at which they excel. Of all the programs delivered by NRCS, the Environmental Quality Incentives Program (EQIP) is the program considered most redundant with FLEP. While certain forestry practices are indeed authorized to be cost-shared under EQIP, in most states EQIP retains a largely agricultural focus, making it most difficult for forest landowners to compete for limited funding. In addition, the Cooperative Forestry Assistance Act of 1978 establishes State foresters as the primary link between the USDA and the nearly 10 million family forest landowners across the Nation. It recognizes that private landowners look to State foresters as the provider of assistance for the management of their forest lands.

Not only do state forestry agencies have a direct connection to landowners, they are also able to deliver Federal assistance programs more efficiently than the USDA. The old Stewardship Incentives Program was delivered by State foresters and administered by the Forest Service with a Federal administrative cost of 22 percent, whereas the current FLEP program, largely administered by the states, has a Federal administrative cost of only six percent. No new Federal employees were hired to administer FLEP. During the initial stages of crafting the 2002 farm bill, the NRCS requested a 25 percent administrative share if it were assigned to deliver the new farm bill forestry program.

The priorities for each state to implement EQIP are set by the State Technical Committee, a group that is largely composed of agricultural interests. Forestry practices have therefore been given low priority in most states. Given the incredible demand for this and other conservation programs from agricultural producers, forest landowners are finding it very challenging to sign up under EQIP. State priorities for FLEP, on the other hand, were determined by each State's Forest Stewardship Coordinating Committee. These groups are appointed by the State forester and contain representatives of local government, conservation groups, land trusts, state fish and wildlife agencies, forest landowners, the forest products industry, and environmental groups. Unlike the NRCS State Technical Committees, the Stewardship Coordinating Committees represent a wide array of forestry interests and have a history and comprehensive knowledge of forest resource issues in each state.

Some degree of overlap among Federal conservation programs is both inevitable and necessary. USDA's conservation programs are all greatly oversubscribed and landowners need other options if one program is overenrolled. Demand for EQIP funds, for example, is nearly six times the amount of available funding, making assistance for family forest owners even more difficult to acquire.

NRCS is currently in the process of redefining the agency from that of a conservation provider to a conservation enabler. The agency no longer has the staff necessary to provide adequate technical assistance to landowners. Moreover, with the exception of only 20 field foresters across the Nation, most NRCS field staff are not foresters, making the delivery of programs to forest landowners more difficult. Conversely, state forestry agencies work very effectively with forest landowners to deliver forest conservation programs through their staff of foresters. These foresters have fostered a trusting relationship with private landowners over the course of many years and are looked upon as the primary source of forestry information and assistance. As a result, programs offered through the State foresters are the most effective at meeting the needs of forest landowners because this mechanism for technical assistance and relationship with landowners is already in place.

State foresters are the chief provider of forestry assistance to family forest landowners and we are committed to working with the Committee to ensure the future of FLEP is secured. Without funding for FLEP, family forest landowners will be left without a targeted cost-share program for the first time in nearly 50 years, a great disservice to landowners, the forest resource, and ultimately the Nation.

With increasing pressures from development and the reduction of timber harvesting on Federal land, a cost-share program for family forest landowners is needed more than ever. The program must be focused on state and local issues, flexible enough to meet varied conditions and contexts, and administered through the State Forestry agencies who have the expertise and existing program delivery structure. FLEP is this program.

We appreciate the committee's support for the program, especially in these financially challenging times. Thank you for the opportunity to testify today. I would be happy to answer any questions you may have.

STATEMENT OF BRYAN J. BURHANS

Good morning Mr. Chairman and members of the committee. My name is Bryan Burhans and I am the director of Land Management Programs for Conservation Programs for the National Wild Turkey Federation. I am a professional wildlife biologist with expertise in the management of wild turkeys and other wildlife on both public and private lands in the United States, Canada, and Mexico.

We appreciate the opportunity to address you on what we believe is a critical program affecting private forestlands across the country—the Forest Land Enhancement Program.

The National Wild Turkey Federation strongly supports restored funding of FLEP. Frankly Mr. Chairman, we share your frustration that we are fighting for funding when this program was duly passed by this Committee and the Congress, AND fully funded.

Active Forest Management Promotes Diversity. Wild turkeys benefit from active forest management that involves appropriate timber harvest, thinning, timber stand improvement cuts, prescribed burning, appropriate application of herbicides, and other tools used by landowners. A managed forest provides far superior habitat for the wild turkey, and most other species of wildlife, as compared to an unmanaged forest. From the Black Hills of South Dakota to the oak forests of Kentucky to the pine-dominated coastal plain of Virginia, private landowners that properly manage their forest provide improved habitat for wild turkeys and many other species of wildlife.

Popular practices such as planting trees and shrubs that produce abundant food sources and creating wildlife openings are important, but these practices cannot replace the importance of comprehensive forest management.

FLEP— A Missed Partnership Opportunity? The Forest Land Enhancement Program was designed to “establish, restore, protect, manage, maintain, and enhance the health and productivity of the non-industrial private forestlands in the United States for timber, habitat for flora and fauna, soil, water, and air quality, wetlands and riparian buffers to help meet future public demand for forest resources and provide environmental benefits (US Forest Service document).” This program provides a great opportunity for state forestry agencies to further partner with groups like the National Wild Turkey Federation to help enhance delivery and implementation of this vital program. FLEP provides a great opportunity to stretch existing Federal funds through partnerships.

For example, on average the southeastern states planned on allocating 10% of funds towards outreach and education. If FLEP is funded as authorized, this could provide \$2 million for education and information purposes. If just 25% of this funding is used for landowner outreach, and NGOs, like the NWTF, add an additional 25% to the pool of funding, over 6,000 landowners owning an estimated 1.5 million acres of private land could be educated in one year. We are missing an opportunity to sell conservation to the very people we depend on to provide us with clean water, clean air, a secure forest products base, and abundant and diverse wildlife populations.

The NWTF has offered funding and staff to help agencies deliver these outreach programs. Currently, we are partnering with state forestry agencies in Wisconsin, Minnesota, Georgia, Alabama, South Carolina, Pennsylvania, New York, North Carolina, South Dakota, Louisiana, and Nebraska, just to name a few. By pooling funding and staff between the state agencies and the NWTF, together we have delivered land management outreach to hundreds of landowners and natural resource professionals. The Forest Land Enhancement Program offered a dramatic opportunity to increase partnership opportunities and reach more private landowners.

In Georgia alone, in partnership with the Georgia Forestry Commission, we have hosted over 15 landowner workshops over the last several years. This partnership has allowed us to impact well over a quarter million acres of private land in Georgia. Without the combined funding through this partnership, this effort would not be possible. With restored FLEP funding, even more partnership opportunities like this would be possible in Georgia.

FLEP Complements the Forest Stewardship Program One of the great attributes of FLEP was its ability to complement the state forestry agencies existing Forest Stewardship Program. FLEP offered a unique opportunity to enhance the in-demand technical assistance offered by the agencies, and focus funds towards a much-needed tool—financial assistance.

Landowners implement conservation practices for a variety of reasons. Financial assistance is a time-proven tool to encourage landowners to initiate conservation and management practices that they would otherwise not implement. For example, many private forests in the Southeast are in need of pre-commercial thinning and

mid-story hardwood control to recapture a pine-savanna plant community. This plant community is beneficial for many species, including the wild turkey, red cockaded woodpecker, and bobwhite quail. Financial assistance is needed by some landowners to encourage them to implement these needed projects. The result is improved wildlife habitat, improved water quality and a higher quality forest products supply.

The Southeast is not the only region with this need. The northeastern forests face many challenges: loss of the oak component, low-value forests from past high-grading practices, and insect damage. FLEP provides a vehicle to help landowners deal with these challenges that other cost-share opportunities do not—and FLEP accomplishes many tasks that other farm bill programs can not accomplish.

Case Study—The Black Hills of South Dakota. The Black Hills of South Dakota is a prime illustration of the effectiveness of financial assistance using FLEP funding, and demonstrates the current demand for FLEP in the region. According to Chad Lehman, regional wildlife biologist with the NWTF, “FLEP has the potential to have the most impact to enhance wildlife habitat compared to existing state and Federal programs, and also protect forests from dangerous wildfires.” Lehman and foresters with the South Dakota Department of Agriculture, Division of Resource Conservation and Forestry, are currently working with 20 landowners in the Black Hills through previous FLEP allocations impacting over 10,000 acres of private lands.

Of critical importance is the fact that over 100 landowners are currently on a waiting list for FLEP funding in this area. Without continued funding through FLEP, it is unlikely the work will be completed. Their current work includes removing tree tops and hazardous fuels to reduce fire hazards and enhance wild turkey brood habitat.

The Black Hills example also illustrates the impact the FLEP program can have on the local economy. Based on economic research by Lehman and others (e.g., see Southwick Associates, Inc, 2003), Lehman estimates that turkey hunters spend over \$7 million annually hunting the wild turkey in South Dakota. Lehman estimates that turkey hunters spend over \$2.5 million just in the Black Hills region. Better habitat equates to better turkey hunting and more turkey hunters fueling the local economy. It is important to keep our private forestlands as sustainable working forests. When these forests are consumed by wildfire, no one benefits.

Case Study—Wisconsin. According to the Wisconsin Department of Natural Resources (N. Potvin, personal communications) all of the previous FLEP allocations have been utilized for on-the-ground management. The practices used in the state directly impact the wild turkey resource and a wide array of other wildlife. Oak is the dominant (preferred) forest type in the state. The state, working with private forest landowners, have used FLEP funding to conduct timber stand improvement cuts, and control invasive plant species that negatively impact forest resources. Of high concern in the state is the loss of the oak component in the forest. This is an important concern to wild turkey hunters oak mast is an important food source for wild turkeys and many other species of wildlife. The state’s work using FLEP funding is helping to reverse the trend of oak-dominated forests converting to soft hardwood forests.

Mr. Chairman and members of the committee, this program was authorized and fully funded. I urge you to fight for the release of funds that will guarantee better forest health. Thank you.

STATEMENT OF JOHN W. BURKE, III

Thank you for this opportunity to testify on behalf of over 50,000 family forest owners of the American Tree Farm System, who urge you to restore funding to the Forest Land Enhancement Program for fiscal year 2005.

Mr. Chairman, by vocation I am an attorney. But, after my family, my passion is my trees.

My wife and I own forest land and I manage for a family limited partnership over 2,000 acres of forest land near Richmond, Virginia. We take great care of our forest land and it is the intention of our family to leave much of it as a legacy for future generations. My parents viewed stewardship of the land as one of the highest priorities. I learned that lesson from them and now want to pass this blessing and responsibility on to future generations within our family.

We are proud of the stewardship ethic and are proud of the fact that our forest land has been certified by the American Tree Farm System as being managed in a sustainable manner. However, our stewardship and management for future sus-

tainability cannot occur in a vacuum. It must occur in the context of the real world challenges and risks facing forest landowners each and every day.

In states like Virginia, there are four acres of family owned forest for every single acre owned by industry and government combined. Our family-owned forests supply the wood that supports a \$1.5 billion payroll—nearly 1 in 10 of all manufacturing jobs in the State.

But our forests aren't just tree factories. They provide prime habitat for all kinds of species, and help nurture critical watersheds. They sequester carbon, produce oxygen, host all sorts of outdoor recreation, and provide the green space around our cities.

It is not easy trying to maintain this forest land for future generations. The pressures to sell are great, and living so near to urban centers such as Richmond and Fredericksburg multiplies those challenges. Currently, the U.S. is losing nearly 1.5 million acres of forest land every year to development and other forms of land conversion. This forest land and its wildlife are lost forever as it is converted to shopping centers, housing developments and strip malls. We do not oppose wise development. People must have places to live. However, programs like FLEP help to properly balance the pressures for development with sound, long term forest management.

The challenge of keeping our forest as forest is not unique to me. Today, there are 10 million family forest owners like myself in the United States. We hold nearly 60 percent of all the productive forestland in America. Almost 4.5 million of us own 10 acres or more. It is this forest land that provides nearly 60 percent of all the forest products harvested in the U.S.

Together we face what we call the Nation's "Invisible Forest Health Crisis." A crisis where many forest owners don't see a way to preserve their family's heritage of voluntary, private stewardship.

It's a fact that most families don't own forests just for the money. Most say they're in it for pride and pleasure first; a profit on timber falls further down the list. But even the most conservation-minded owner needs cash. For taxes, insurance, to invest in the future of their forests.

More and more these days, that cash can't be found just by working in the woods. Markets for wood are sluggish, near non-existent for lower-value trees. Land prices and taxes are high, and getting higher as cities and towns grow closer to the woods.

Just as important, our city neighbors prize the "environmental goods" we produce. Our forests are the green places folks want to get away to. Their water is cleaner and cheaper because of the watersheds we manage. We produce oxygen in our forests, and take up carbon dioxide.

America's family owned forests provide the critical habitat needed for the vast majority of our treasured wildlife. Our valuable wildlife resources cannot exist in parks and Federal and state forests alone. The significant private landowner base and their diverse sound forest management provide an overwhelming majority of habitat for all of the wildlife species that we know and love.

It seems public values and public policy toward family forest owners are based on a paradox—that their land can sustain itself without cash flow, and that vital public goods can be produced without investment.

When this committee introduced the Forest Land Enhancement Program into the 2002 farm bill, it seemed to us a way around this paradox. It was the first new forest incentive program in decades. Family forest owners were excited. We believed that FLEP affirmed Congress's intent to tackle our invisible forest health crisis, and help us sustain our heritage of private stewardship.

True, FLEP was a small program amounting to roughly six-tenths of 1 percent of all conservation funding authorized in the farm bill. But it was the only program designed to address conservation on our 60 percent share of the Nation's timberland.

We were dismayed to learn that the President's budget eliminated FLEP. Despite what others may tell you, it is not a redundant program. Virtually all other programs are designed primarily for agricultural operators—either by statute [the Conservation Security Program, for example] or through the manner in which they're administered [like EQIP]. State rating systems for cost-share eligibility can make it very difficult for forest owners who aren't farmers to even be considered for funding.

Among family forest owners, though, fewer than 1 in 10 are also farmers or ranchers. For the rest, FLEP was their best shot at gaining access to federally-funded conservation programs.

These family forest owners are not wealthy. Their median combined annual household income is \$50,000. With pressures from urbanization, exploding state and local property taxes, increasing regulations and loss of low value wood markets to

overseas competition, many can't find the resources or the will to hang on to their land.

Making these investments in forestry is no easy choice. It takes patience, as your "assets" mature for 20, 40, 60 even 100 years—all the while subject to natural disasters like fire, flood, drought, wind, insects and disease. And it takes a measure of faith, as markets will change in ways no one can predict, and returns may flow only to one's heirs.

FLEP is certainly not the whole answer, but it is part of the answer. It recognized the value our forest land provides to our communities and this Nation pure water, clean air, abundant wildlife and healthy rural economies. And it helped sustain the cash flow we need to keep our land in trees.

On behalf of our 50,000 Certified Tree Farmers and all family forest owners, I urge you to restore FLEP funding for 2005, maintain the program for the future, and explore other ways to resolve America's invisible forest health crisis.

SUPPLEMENTAL TESTIMONY

There is a critical and growing need from America's family forest owners for conservation funding. Today there are nearly 4 million forest owners eligible for funding, twice that of America's farming community. Yet, U.S. forest owners are allocated only six-tenths of 1 percent of the total conservation funding available for agricultural producers.

Although some may point to many other conservation programs that allow funding for forestry-related activities, this funding is either insignificant as related to demand, is not publicized to forest owners, is administered by Federal agencies unfamiliar with family forest owner needs, or demands the owner be an agricultural producer. FLEP is unique because it does not call for eligible forest lands to be associated with agricultural production.

Virtually all other programs are designed primarily for agricultural operators—either by statute [the Conservation Security Program, for example] or through the manner in which they're administered [like EQIP]. State rating systems for cost-share eligibility can make it very difficult for forest owners who aren't farmers to even be considered for funding. To be eligible for funding an applicant must be an individual or entity actively engaged in livestock or agricultural production and must be applying for lands eligible under the program.

As I mentioned earlier in my testimony, fewer than 1 in 10 U.S. forest owners are also farmers or ranchers. For America's family forest owners, FLEP provided the best chance at gaining access to federally-funded conservation programs.

Of all the appropriate conservation programs that may have some type of funding available for forest conservation and enhancement, other than FLEP, only three are salient: Conservation Reserve Program (CRP), Wildlife Habitat Incentives Program (WHIP), Environmental Quality Incentives Program (EQUIP).

Of these three EQUIP offered the greatest potential for forest owners. Unlike CRP and WHIP, EQUIP was designed to be more broad based in its applicability to the numerous issues facing family forest owners.

Unfortunately, as currently administered in many states, EQUIP funding is practically unattainable for family forest owners. In many states, State Technical Committees [who determine eligible practices to be funded] have proved themselves to be closed societies. Forestry interests find themselves running into a "sod wall" from committees blocking either some or increased participation of forestry representation. This wall also manifests itself through funding eligibility scoring systems so biased toward agricultural production that forest owners with no agricultural ownership cannot pass the first tranche. But most convincingly, the proof lies in the numbers themselves. During fiscal year 2002 and fiscal year 2003, over \$930 million EQUIP dollars were dedicated to conservation projects in the U.S. Only \$2.3 million of this was dedicated to implementing forestry related programs. Astoundingly, family forest owners received only two one-thousandth percent of dedicated funding.

This is why it is so critical for FLEP to be fully funded as mandated by Congress in the 2002 farm bill. These dollars are the most significant source of real dollars that forest owners may count on. As mentioned earlier in my testimony, forest owners are faced with many challenges, and the pressure to succumb to development continues to grow. Our forests must not only be physically viable, but economically viable as well. If there is no consistent cash flow—there can be no conservation.

STATEMENT OF GARY NAKAMURA

Mr. Chairman and members of the committee, I am Gary Nakamura, an extension forester from Redding, California. I also am a member of the Society of American Foresters (SAF) and was recently elected to serve on the Council of the Society, representing California and Hawaii SAF members. Today I am here to express the views of the Society of American Foresters with regard to sustainable management of private, nonindustrial forestland, particularly family-owned forests, and the Forest Land Enhancement Program (FLEP).

SAF—the largest scientific, professional, and educational forestry organization in the world—believes strongly in sustainable forest management on both public and private forest land, and our core values reflect this belief. As foresters, we must ensure the continued health and use of forest ecosystems and ensure that these resources are available for the benefit of society now and in the future. Because privately owned nonindustrial forestland constitutes the majority of this country's forested land, its management is of great interest and concern to the profession. SAF strongly believes that both public and private investment in these forests is necessary to ensure sustainable management of these resources and ultimately meet society's needs.

Why is there value in maintaining sustainable, working forests particularly family-owned forests that are managed for diverse ecosystem outputs and services? The current situation in southern California suggests that a preserved or not actively managed forest is not necessarily preserved forever. Many people consider harvesting of trees and thinning of forests to be destructive of the forest yet 400,000 acres of ponderosa pine forest that were "protected" from harvest in the San Bernardino National Forest has now become overly dense and unhealthy. This forest has been killed by epidemics of insects, and the dead trees that pose a safety hazard are being removed at a cost of hundreds of millions of taxpayer dollars.

In many ways, it is too late for southern California's nonindustrial private forests (NIPF), particularly family-owned forests, to benefit from cost-share and assistance programs such as FLEP. However, the Sierra Nevada and coastal redwood forest ecosystems are just now coming under development pressure, and there are still extensive NIPF forest ownerships that could benefit from FLEP, maintaining these forests as fully functioning forests. It certainly is not too late for many areas of the country, where we have the opportunity to assist family forest owners with protection and maintenance of their forests.

Nonindustrial private forestland constitutes 362 million acres, or more than half of all forestland in the United States. The majority of this forestland is owned by families and individuals (approximately 75 percent). Most of these owners own between 1 and 99 acres of forestland. In the northern and southern United States, 71 percent of forests are in NIPF ownership. These forests contribute significantly to societal benefits. Almost all endangered species spend at least part of their time on private lands. These lands also are home to thousands of other species that aren't endangered. Sixty percent of the Nation's primary water supply flows through our forests the majority of which, as noted previously, are owned by families and individuals. From 1952 to 1996, NIPF owners produced 59 percent of total timber harvest volume, while industrial forests produced 30 percent, and national forests produced 5 percent. Southern NIPFs accounted for 64 percent of the NIPF harvest; NIPFs on the Pacific Coast accounted for 16 percent. Clearly, proper management of NIPFs is important to maintaining landscape-scale healthy forest conditions and valued forest ecosystem services of watershed, wildlife habitat, aesthetics/open space, and recreation. We cannot afford to ignore this important resource.

In my home State of California, for example, forested ecosystems are a large and important element, covering 30 percent of the land area, or 30 million acres. These forests are owned and managed by public agencies such as the USDA-Forest Service and the National Park Service (50 percent by area), by forest product companies (12 percent), and by 350,000 nonindustrial owners (38 percent). These diverse ecosystems are habitat for thousands of plant and animal species, many endemic to California or otherwise rare. Forested watersheds provide water for 80 percent of the domestic, industrial, and agricultural users in the state and the resource base for an important timber industry that supplies about 50 percent of California's lumber and wood products needs. Recreational uses of forests have increased dramatically in the past 20 years and are expected to continue to increase over the next 50 years.

Over the next 50 years, California is expected to lose 20 percent of its NIPF forestland to development. Private forests nationwide are increasingly threatened by urban sprawl, nonforest development, fragmentation, and parcelization. Although some regions of the country are experiencing increases in forestland, according to

a National Research Council report, nationwide an additional 20 million acres are at risk of being lost to these factors by 2020.

Fragmentation and parcelization continue to be two of the less visible threats to private forests. Fragmentation when forests are broken into isolated patches is often regarded as one of the greatest threats to biodiversity worldwide and is a factor in declining wildlife habitat. Parcelization where forests are broken down into smaller parcels with different landowners is a factor in reduced forest functionality. Today, forests are being broken down into parcels of 100 acres or smaller at the rate of approximately 2 million acres per year. Together, fragmentation and parcelization contribute to a forested landscape that is more susceptible to development and increasing management uncertainty. If we wish to manage our forests sustainably we must ensure that these forests remain forests.

So what can be done? Private landownership and the issues associated with it have been studied for decades. There are a variety of mechanisms to curb these problems and promote sustainable management of these forests so they continue to provide desired needs and values. One of the more effective mechanisms is to provide technical, educational, and financial assistance to these family forestland owners, as Congress authorized with the creation of the Forest Land Enhancement Program (FLEP) in the 2002 farm bill. We appreciate the efforts of this Committee in creating this program and seeing it through the bill's negotiations. Now, two years later, we are struggling to keep this program in place. No program funds have been released this year even those specifically allocated by Congress. SAF believes these forests are important enough to warrant continuation of this program.

Let me give you a few examples of how landowner education and cost-share programs can maintain these NIPF forests as working forests, providing sufficient income to make it worthwhile to keep it in forest cover for watershed, wildlife, and open space.

The State of California recognized the public value of NIPF land by creating the California Forest Improvement Program (CFIP). In 2000–03, CFIP allocated \$2.2 million in cost-share grants with funds derived from timber harvest on state forests a reinvestment of income from forest management back into forest management on NIPF forestlands (20- to 5,000-acre ownerships). A sampling of these grants shows \$800,000 went to 59 landowners who own an average of 350 acres and received an average of \$14,000 for thinning, weed control, planting, wildlife habitat improvement, road repair, and watershed restoration. Since implementation of CFIP began, projects have been implemented on more than 20,000 acres of forestland, helping to create habitat for species such as wood ducks, steelhead, mule deer, and sandhill cranes and restoring various conifer and hardwood species. In 2003 FLEP funding was rolled into this program to help cover the costs.

In 2000 the California State Resources Agency convened the Forestland Incentives Task Force to improve the use of incentives and cooperative programs (rather than regulations) to conserve forested lands, promote sustainable forestry, and protect forest resources. This action recognizes the value of NIPF forestlands and the need for incentives to reward good management for public trust values that do not have a market value watershed, wildlife, open space, aesthetics, hunting/fishing recreation, air quality.

In Virginia, FLEP money was used to hold workshops to help landowners understand the variety of options available to them both financially and technically. In these workshops, landowners learn that there are experts who can help them protect water quality in the streams in their forests and that they can implement silvicultural practices that will help them gain financially from their forests and therefore make keeping their forest land a viable option. Without workshops such as this, forest landowners will remain unaware of how forest management can help them achieve their management objectives.

I'm personally involved in similar outreach efforts in California. In feedback I've received after teaching landowner courses, many cite a greater understanding of things such as: vertical and horizontal vegetation distribution effect on wildland fire, power of outsliping and rolling dips on erosion, the economics of timber production, edge effects on wildlife, pest diagnosis, and riparian management. Others benefited from learning about cost sharing, program assistance, and forest planning. Still others appreciate learning how to control weeds on their property and maintain forest roads.

Of particular interest to California family landowners is, of course, wildfire risk reduction. After these educational courses, many realize the need to conduct fuels reduction and work with foresters to develop and implement plans to treat their forests. Among these landowners there is a great interest in learning of any assistance available to conduct thinning, fuels treatment, and replanting after fires.

As you can see, forest landowner education, outreach, and cost-share programs, such as FLEP, Forest Stewardship and others, have been extremely important to the family forestland owner community and potentially can contribute to the sustainable management of over half of the Nation's forestland. FLEP in particular, is beneficial because it helps accomplish important work on the ground that would otherwise not be completed. To emphasize the importance of FLEP, I'd like to offer some key reasons why SAF believes the program is critical to sustainable forest management on family owned forests.

FLEP solely addresses private, non-industrial forestland owners. There certainly are other assistance options that private forest landowners are eligible for: the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, and the Department of the Interior's Cooperative Conservation Initiative, to name a few. However, FLEP is designed to stand out among these programs, addressing a specific niche that often is underserved by other agricultural land conservation programs such as these. The authors of FLEP specified that this program is designed solely for private forest landowners. It is extremely difficult for forest landowners to participate in what are rightly so predominantly agriculture land conservation programs. Agriculture landowner programs certainly have their place, but historically they have not served the private forest landowner community to the extent necessary. Congress recognized this concern and responded by creating a program in the 1996 farm bill; it revised this program in the 2002 farm bill into what today is the Forest Land Enhancement Program.

FLEP, with the assistance of the Forest Stewardship Program, assists in meeting often unattainable goals that provide benefits to the landowner and the public. Many of the management goals that NIPF landowners express are public trust objectives such as wildlife habitat, open space and aesthetically pleasing forests, watersheds that produce clean water and healthy fisheries, fire hazard mitigation, and maintaining an overall healthy forest. Because these goals do not produce income and can be quite costly to achieve, they often remain good but unattained intentions. The Forest Stewardship Program, which assists landowners with the creation of a management plan and identification of management practices, and FLEP, which can be used to assist landowners in implementing their plans, complement each other in helping landowners achieve these often unattainable goals while providing numerous public benefits in the process.

FLEP offers an integrated approach to land management, allowing family forest landowners to meet a variety of economic and ecological objectives. Landowner surveys have demonstrated that timber harvesting typically is not the primary reason for ownership. In fact, only 20 percent of NIPF landowners state that they own their forest for economic reasons. These forestland owners come from diverse backgrounds and viewpoints and own their land for a multitude of values and uses primarily recreation and enjoyment. These forests also face threats such as wildfire, insects, disease, and invasive species, to name a few. Only with an integrated approach to management of these forests for example, combining fuels treatment with timber stand improvement and recreational opportunities will these families achieve their objectives and thus be more inclined to retain their forestland. FLEP is unique because of its flexibility to meet the needs of these diverse landowners. Its purpose is to assist with sustainable management, no matter what the objectives of the landowner are. It provides flexibility to meet various management objectives in the same forests. It is not focused solely on one benefit such as wildlife habitat or clean water and instead, integrates these objectives into a comprehensive land management approach, creating a unique opportunity to meet both private objectives and public needs.

FLEP helps family landowners conduct sustainable timber harvesting. Although the majority of forestland owners do not own their land for timber production, they may wish to harvest timber on their lands for financial reasons. Family situations, illnesses, and college tuitions, for example, create circumstances in which these owners have a choice between selling or parceling their land or harvesting timber. It is extremely important in these instances that forest landowners have professional forestry expertise to help them with this harvesting. Forestry professionals can help landowners apply various silvicultural tools to ensure that harvesting is done in a sustainable manner and that landowners' other objectives are realized. FLEP offers a way for these landowners to get this assistance.

SAF strongly believes that program funding should continue so we can continue to meet the needs of the more than 9 million nonindustrial private forest landowners, mostly family forestland owners, throughout the country. One year of program implementation is not an adequate time frame to judge whether the program is fulfilling its goals. New programs often take several years to develop and become successful. We must allow FLEP adequate time to reach its full potential.

We must recognize that these family-owned forests are critical to our continued well-being as a society. FLEP funding and other landowner assistance mechanisms are critical and must stay in place to assist these landowners. We look forward to continuing our work with this committee to address the needs of family forestland owners.

Congress of the United States
Washington, DC 20515

July 28, 2004

The Honorable Bob Goodlatte
Chairman
Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Goodlatte:

We are writing to request that Maine's views be included in the record of the Committee on Agriculture's July 20, 2004, hearing on the Forest Land Enhancement Program (FLEP).

We have attached a letter we wrote in April 2004 to the Appropriations Committee explaining why FLEP is important to our constituents. As the letter explains, the importance of FLEP to Maine's forest economy would be hard to overstate.

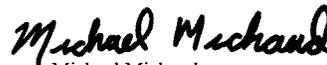
In addition, we have attached written testimony from Maine's State Forester. The Maine Forest Service has assisted more than 5,000 Maine landowners using FLEP and its predecessor programs. To eliminate these funds, at a time when Maine's forestry community is undergoing rapid change, removes crucial support to a vital segment of Maine's economy.

We thank you for considering the importance of the FLEP program to the people of Maine.

Sincerely,



Tom Allen
Member of Congress



Michael Michaud
Member of Congress

cc: The Honorable Charles W. Stenholm

Congress of the United States

Washington, DC 20515

April 2, 2004

The Honorable Henry Bonilla
Chairman
Committee on Appropriations
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
2362 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Bonilla

We are writing to express our support for fully funding the Forest Land Enhancement Program (FLEP). Congress authorized FLEP as part of the 2002 Farm Bill, replacing a series of federal programs that offer technical assistance and financial support to small, family land owners who wish to better manage their lands. The importance of these programs to Maine's forest economy would be hard to overstate. Unfortunately, the President's FY2005 budget has eliminated funding for the FLEP program.

Over one third of Maine's 17.5 million acres of forests are in ownerships of less than 1,000 acres. These small land owners are the mainstay of our state's forest products industry, and they depend on federal technical assistance programs to help them compete in the increasingly scientific forestry business. With the assistance of FLEP and its predecessor federal programs, the Maine Forest Service has assisted more than 5,000 Maine landowners, owning well over 550,000 acres of forest, to improve the stewardship of their lands. To eliminate these funds, at a time when Maine's forestry community is undergoing rapid change, removes crucial support to a vital segment of Maine's economy.

By encouraging sustainable forestry practices, FLEP also provides significant environmental benefit to Maine. Sustainable forestry protects water quality, vital habitat, and ecological diversity.

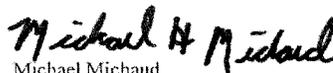
We believe that sustainable forestry offers Maine a bright economic future while protecting our environment, but this result is only possible if we invest the necessary resources to assist landowners to be the best possible stewards of their land. We hope that you agree that fully funding FLEP is an important and necessary step towards maintaining resource based industry in the United States.

We thank you for considering the importance of the FLEP program to our constituents.



Tom Allen
Member of Congress

Sincerely,



Michael Michaud
Member of Congress

Congress of the United States

Washington, DC 20515

April 2, 2004

The Honorable Marcy Kaptur
Ranking Member
Committee on Appropriations
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
1016 Longworth House Office Building
Washington, DC 20515

Dear Ranking Member Kaptur,

We are writing to express our support for fully funding the Forest Land Enhancement Program (FLEP). Congress authorized FLEP as part of the 2002 Farm Bill, replacing a series of federal programs that offer technical assistance and financial support to small, family land owners who wish to better manage their lands. The importance of these programs to Maine's forest economy would be hard to overstate. Unfortunately, the President's FY2005 budget has eliminated funding for the FLEP program.

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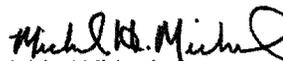
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We thank you for considering the importance of the FLEP program to our constituents.



Tom Allen
Member of Congress

Sincerely,



Michael Michaud
Member of Congress



STATE OF MAINE
DEPARTMENT OF CONSERVATION
MAINE FOREST SERVICE
22 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0022

JOHN ELIAS BALDACCI
GOVERNOR

PATRICK K. MCGOWAN
COMMISSIONER

July 28, 2004

Representative Tom Allen
234 Oxford Street
Portland, Maine 04101

Representative Mike Michaud
202 Harlow Street,
Room 235
Bangor, ME 04401

Re: Testimony in Support of Restored Funding for the Forest Land Enhancement Program

Dear Representative Allen and Representative Michaud,

I am writing to express my concern over the uncertainty of future funding for the Forest Land Enhancement Program, which provides assistance to Maine's small forest landowners. I would also like to thank you for your active support for restoring these funds.

When the 2002 Farm Bill was enacted, the Forest Land Enhancement Program (FLEP) was created as a successor to past landowner assistance programs, especially the Stewardship Incentives Program (SIP). FLEP is the only Farm Bill program that targets small forest landowners with financial and technical assistance for improving the management of their forests. This yields significant public benefits such as improved water quality, wildlife habitat, and timber yields to support rural economies. The proposed cancellation of FLEP funding in the Administration's FY2005 Budget would effectively eliminate the program.

In Maine, with 90% of its land base forested, the importance of forests both environmentally and economically cannot be overstated. Approximately \$6.5 billion of Maine's GSP¹ depend on Maine's forests. Forest manufacturing is the largest single segment of Maine's manufacturing sector. Maine's forests are also one of the mainstays of our tourism industry, accounting directly for approximately \$900 million of the \$2.7 billion of economic activity related to tourism in Maine.

In addition, over 100,000 Maine landowners own between 10 and 1,000 acres. Together these landowners manage approximately 6,000,000 acres of forests – over a third of the state's forests – making support for such ownerships through FLEP even more critical.

R. ALEC GIFFEN, DIRECTOR

PHONE: (207) 287-2791 OR 1-800-367-0223
FAX: (207) 287-8422
TTY: (207) 287-2213
www.maineforestservice.org

We help you make informed decisions about Maine's forests

Maine's Forest Stewardship Program has had over 5,200 participating landowners since its inception in 1991, and provided assistance for forest management planning covering over 600,000 acres. However, less than a third of these landowners have received assistance to implement activities beyond planning on their land. The first year of FLEP funding will benefit an additional 150-200 landowners, or an estimated 6,000-8,000 acres by providing funds for erosion control, timber stand improvement, wildlife habitat improvement, and other similar measures.

Maine Forest Service estimatesⁱⁱ conservatively that within the 6 million acres owned in small parcels, there are approximately:

- 3,000,000+ acres where no forest management planning has occurred with the assistance of a professional forester;
- 420,000+ acres of sapling and pole timber stands in need of noncommercial thinning to enhance growth, species composition, and vigor;
- 60,000+ acres with substantial forest health issues that need to be addressed through sanitation cutting or other measures;
- 100,000+ acres, particularly in southern Maine, where invasive plant species need to be controlled;
- 20,000+ acres needing site preparation treatments to enhance natural regeneration;
- 20,000+ acres, on an annual basis, where assistance to install Best Management Practices that protect stream and lake water quality is needed;
- Hundreds of thousands of acres, on small ownerships, where opportunities to enhance wildlife habitat, improve timber quality through pruning, plant trees, or undertake other measures are likely to exist.

Clearly, the need for improved forest management is substantial in states like Maine. Up until now the major constraint with FLEP and its predecessor programs was that they were not adequately funded. Canceling the program would be a betrayal of the commitment by Congress to permanently fund the program.

The benefits from these specific practices can be highly significant for individual forest landowners (for example, major improvements in access to their woodlots while protecting surface water quality), but perhaps even more importantly, the program can introduce forest landowners to a whole new world of information and sources of assistance for managing their woodlands.

While individual landowners benefit from the programs, the benefits of the FLEP program accrue most importantly to future generations and rural communities that realize improved environmental quality, as well as much needed short term and long term forest-based economic activity. Pressures on these family forests to develop these lands for other uses is increasing, not decreasing, particularly in southern Maine. Moreover, most forest landowners are not farmers, and are not served through NRCS programs targeting agricultural producers which are worthwhile in their own right, but do not meet the needs of this constituency.

I submit that the nation would be well served by expanding, rather than eliminating this important effort.

Based on the needs of small forest landowners, and the Maine forests under their management, restored funding of the FLEP program is fundamentally important to the future of Maine's forest economy and overall forest health. Thank you again for your support for this effort.

Sincerely,

R. Alec Giffen
Director, Maine Forest Service, Department of Conservation

CC: The Honorable Senator Olympia Snowe
The Honorable Senator Susan Collins
The Honorable Governor John Baldacci

¹ Source: North East State Foresters Association, 2001. The Economic Importance of Maine's Forests.

ⁱⁱ Estimates of needed forest treatments based on Maine Forest Service Forest Inventory and Analysis data and Best Management Practices Monitoring data.



Small Woodland Owners Association of Maine

SWOAM promotes sound forest management and strengthens long-term woodland stewardship.

July 29, 2004

Representative Thomas H. Allen
U.S. House of Representatives
1717 Longworth House Office Building
Washington, DC 20515

Dear Representative Allen:

The Small Woodland Owners Association of Maine (SWOAM) urges you to support continual funding for the Forest Land Enhancement Program (FLEP).

SWOAM is a statewide non-profit organization focused on the forest of Maine, with particular emphasis on the 7.5 million acres owned by families and individuals. Our mission is to promote sound forest management and strengthen long-term woodland stewardship.

The Forest Land Enhancement Program is important to Maine's small woodland owners. It is the only source of funds dedicated to helping small woodland owners with practices to improve their forests for water quality, wildlife habitat, wood quality and a long list of other. The benefits of the practices almost always extend past the lifetime of the current owner, yet many, many small landowners, with a little assistance through the FLEP program, are willing to make personal investments in the forest to the benefit of society today and to future generations.

We know from our own experience that one of the keys to long term responsible forest management by small woodland owners is developing a strong connection between the woodlot and the owner. FLEP, and previous programs like it, have been important in building that connection. The practices supported by FLEP help build a sense of pride and commitment to the long-term focus which woodlot ownership requires. There are thousands of small landowners in Maine who have benefited from FLEP and previous cost share programs. These small woodlot owners, despite the challenges of owning woodland and the mounting pressures to sell their land for development, continue to remain committed to long term stewardship.

With all the challenges of owning forest land, we are concerned that the elimination of FLEP funding would be one more reason for small landowners to sell their land at a time when the pressure to convert the land from forest to other uses has never been greater.

We urge you to support continual funding for the Forest Land Enhancement Program.

Sincerely,

Thomas C. Doak
Executive Director

**Improving our Nation's Private Forests
By Fully Funding the Forest Land Enhancement Program (FLEP)**

Written Comments of Environmental Defense
Will McDow and Robert Bonnie

To the House of Representatives Agriculture Committee
Friday, July 30, 2004

Environmental Defense is pleased to offer these written comments on the need for full funding of the Forest Land Enhancement Program (FLEP) to assist forest landowners in the sustainable stewardship of their forests.

As a national environmental organization, Environmental Defense represents more than 400,000 concerned citizens. Our team of scientists, economists and attorneys has a long history of working on conservation incentive programs and other issues of concern to private landowners. Environmental Defense's Center for Conservation Incentives is dedicated to expanding the opportunity for private landowners to utilize incentive programs for the restoration and provision of wildlife habitat and other conservation objectives.

Our Future Forests?

Our private forests and forest landowners are under unprecedented pressure. While much attention has recently been given to the fate of our federal lands, our private forestlands, especially those in the Southern and Eastern United States, demand significant federal attention.

The recent Southern Forest Resource Assessment (SFRA) highlighted the trends and threats to our Southern forests, but these same trends and threats are representative of what is happening to our private forests across the country. Of greatest concern is the rapid rate of forestland loss, with well over one million acres being converted annually.¹ The Southeastern states are projected to lose some 12 million acres of forests over the next 20 years, with rates of forest loss increasing.²

As our forests are lost forever to development and other uses, the remaining forests are becoming further fragmented. With fewer large intact forests, the health of our remaining forest areas becomes increasingly critical. Yet, fires, pests, pathogens and invasive plants are combining to create threat levels not previously seen in our private forests. All these threats impede both the ecological and economic services our forests can provide.

¹ NRI 2002 data. From <http://www.nrcs.usda.gov/technical/land/nri01/nri01lu.html> accessed July 28, 2004.

² Southern Forest Resource Assessment. Summary Report. pg 11

As the quality and quantity of our forests diminish across the landscape, the economic opportunities and ecological and cultural amenities long sought by forest landowners and the general public are rapidly disappearing. It is in this context of declining forest resources that forest landowners are requesting increased assistance from federal incentive programs.

Private Forest Landowners Hold the Future of Nation's Forests

The future of our nation's private forests rests in the actions of 10 million private forest landowners. Fully one half of these landowners reside in the Southern states. And yet, they struggle to gain the support of public agencies charged with implementing the single Farm Bill program dedicated to forest landowners.

The nation's family forest landowners own 360 million acres of forests; more than the U.S. government and forest industry combined. Private forestlands are especially important in the Southern and Eastern U.S., where individuals and families own 70% of the forests. The Southern U.S. accounts for 60% of all privately owned forests in the U.S. It is largely from these private lands that the Southeast produces more timber than any other timber-producing region in the world.

Private lands provide habitat for countless species. Of the species that are most threatened or endangered, some 50% do not inhabit federal lands, leaving the future viability of these species subject to the management on our private lands. And the future of some of our most valuable forest communities, like longleaf pine and bottomland hardwoods in the Southeast, will be determined by the activities on private lands.

The stewardship of our private lands also significantly impacts the quality of our nation's waters. Some 88 percent of the rain and snow falling in the United States first lands on private land, before flowing to our rivers, reservoirs and estuaries.³ The management of these lands influences the quality of our drinking water, our favorite fishing spots and our childhood swimming holes.

Forest landowners own forest for many reasons. Their objectives often include continuing a family tradition, creating a long-term investment, developing recreation opportunities or growing timber. Forest landowners deserve the government's assistance to achieve these multiple outcomes and to restore our nation's forests.

Importance of Incentive Programs

While the threats and concerns with our nation's forest resources loom large, we have a tremendous opportunity to harness the power of conservation incentives to improve our forests and assist our forest landowners.

Conservation incentive programs offer hope to forest landowners, but few of the Farm Bill programs have produced the results once promised. The Environmental Quality Incentives Program (EQIP) is the largest cost-share program in the 2002 Farm

³ "The Private Lands Opportunity: The Case for Conservation Incentives." Bean, M., R. Bonnie, T. Male and T. Searchinger. Environmental Defense. 2003.

Bill, authorized at \$900 million in FY04. But forest resources have been little helped by this important program.

For the first time in the 2002 bill, forests were statutorily defined as an eligible land under EQIP. Yet this has resulted in very little additional funding for forest stewardship activities. An initial analysis of the state EQIP programs indicates that only three states set aside dedicated funding for forest practices. The reliance on county decision-making within EQIP complicates the analysis. Several counties across the country appear to have allocated funding for stewardship activities, including longleaf pine restoration (Putnam Co., FL), sediment control on access roads (Piscataquis Co, ME), and restoration of declining habitat (statewide, MO). But it is likely that Minnesota represents a more typical situation. Only 2% of EQIP funds in Minnesota were spent on forest practices in 2003.

Similarly, the recently authorized Healthy Forest Reserve Program offers forest landowners long-term easements to address threats from development and fragmentation. We understand that the Bush Administration supports full funding for the program and we urge Congress to provide such funding. But, even at \$25 million annually, this program provides only a small down payment on the resources required to protect biodiversity in privately-owned forests. .

Many landowners who want to plant trees on eroding agricultural fields have utilized other farm bill programs, such as the Conservation Reserve Program (CRP). CRP accounts for \$1.8 billion in conservation appropriation annually. And every year, millions of acres of trees are planted in this program. But, due to statutory limitations restricting funding to active cropland, none of this federal money is available to the nation's 10 million forest landowners.

Conservation incentives offer a tremendous opportunity to protect and restore our nation's forests. The 2002 Farm Bill authorized \$17.5 billion in conservation funding over the six-year life of the bill. Of that, FLEP was authorized \$100 million. Without access to the levels of funding reserved for farms and ranches, our nation will never achieve the goal of keeping its forests forested.

FLEP Can be Critical Element to Address Threats

Further analysis of the potential for existing incentive programs to provide funding for forest stewardship activities should be completed. And new programs may be needed to address the threats facing our private forests. But for the immediate funding cycle, we need a strong FLEP directed to meeting the forest stewardship needs of our nation's landowners.

In 2002, the Forest Landowner Enhancement Program (FLEP) was funded at levels previously reserved for agricultural programs. FLEP was authorized at \$100M over the five-year life of the Farm Bill. The program provides de-facto block grants to the states and gives authority for the State Foresters to implement a program that best addresses the trends and threats in their state.

But of the promised \$100M, only \$20 million has yet to be allocated to the states. And until recently, the future of the program was in serious doubt. Environmental Defense applauds the Bush Administration's recent request to allow funding of \$15M in FY05, and we call on the Senate and the House of Representatives to authorize such funding.

With intermittent and unpredictable funding levels, the program has yet to establish a track record of achievements. Based on the first year of funding, some states appear to be addressing the trends and threats facing our forests.

North Carolina's State Priority Plan (SPP) devoted considerable attention to the forestry trends in the state (e.g. invasive species, wildlife habitat and forest fragmentation). In the first year of funding, North Carolina authorized management activities on 15,000 acres. Prescribed burning for wildlife and site-preparation accounted for some two-thirds of these FLEP acres. Additionally, significant efforts were undertaken to restore longleaf pine and to "place a higher priority on servicing requests from underserved, limited resource, or landowners that have not participated in forestry assistance programs in the past".⁴

Florida's Priority Plan goes into explicit detail describing the threat of conversion of rural and agricultural land to residential and commercial development including a map of development pressure in the state. The plan clearly states: "Our desire is to help make forest resource management more economically feasible to landowners to help stem land conversion". To further target FLEP implementation, Florida allocated their funds according to four regions of the state prioritized by the Florida Division of Forestry. That is, allotment to reforestation/ afforestation, stand improvement, wildlife habitat management, and forest health were proportional to the priority assigned to those practices and their anticipated costs.

Given the short history of funding in states like North Carolina and Florida, we support the full funding of FLEP for forest stewardship activities for FY'05 and the remaining years of the 2002 Farm Bill. We applaud the administrations newly arrived position of funding FLEP at \$15M in FY'05. And we understand that with the tight budget for the foreseeable future, an offset will be required. Such an offset should come from programs that are sufficiently large to absorb the loss of \$15M and that are less effective at forest conservation than FLEP. Specifically, funding for FLEP should not raid the limited funding of the Forest Legacy Program.

Growing the Program by Expanding the Benefits

FLEP offers one part of the solution to achieving long-term forest stewardship of our private lands. By itself, FLEP is not the silver bullet. But we need forestry incentive programs like FLEP to encourage improved stewardship of our private forestlands. We also need incentive programs that reduce the threat of conversion of forests to non-forest uses, especially development. The threats facing our forest resources will not be solved

⁴ North Carolina FLEP State Priority Plan, pg 9.

overnight. We need a consistent, long-term commitment from the appropriate federal agencies to assist forest landowners and ensure that our private forests remain forested. Without a reliably funded program we risk eroding landowner trust in the government incentive programs and landowner commitment to sustaining our private forests.

To garner widespread support from throughout the forestry community, FLEP and other programs need to address the multiple benefits landowners demand from their forests. In the past, many forest landowner incentive programs arose in response to a fear of future timber shortages and thus emphasized production of wood products. Timber markets have proven robust in the United States and have encouraged landowners to invest in timber production. Government incentives, therefore, should focus on preserving the non-market, public benefits of forests (which can often be consistent with timber production). Moreover, public support for forestry incentive programs require that we be able to show how these programs protect and expand public benefits from forests, including an appropriate emphasis on wildlife, water quality and other non-market benefits. FLEP and other programs, if appropriately implemented and funded, can benefit both forest landowners and the public-at-large by helping to promote stewardship of the nation's privately-owned forests.

**Statement of the
National Association of Conservation Districts
Gary Mast, President
Relative to
Implementation of the Healthy Forests Restoration Act**

**United States House of Representatives
Committee on Agriculture
July 20, 2004**

The National Association of Conservation Districts is the nonprofit, nongovernment organization representing the nation's 3,000 conservation districts, their 16,000 board members and 7,000 employees. Established under state law, conservation districts are local units of state government charged with carrying out programs for the protection and management of natural resources at the local level. Conservation districts work with a number of federal, state and other local agencies, as well as the private sector to provide technical and other assistance to millions of landowners and other partners to achieve this end. They provide the critical linkage for delivering conservation programs on the private land in the United States.

In carrying out their mission, districts work closely with the USDA's Forest Service to provide the technical and other help that private landowners need to plan and apply complex conservation treatments on forest, range and other working lands.

During the 2002 Farm Bill debate, NACD and conservation districts strongly supported the creation of the Forest Land Enhancement Program (FLEP), the nation's only cost-share program solely for forestry activities. FLEP was authorized at \$100 million through 2007, funded through the Commodity Credit Corporation. FLEP is crucial to many non-industrial private forestland owners across the country. Activities carried out under FLEP increase forest health, improve wildlife habitat, as well as protect watersheds.

In FY 2003, FLEP was administered through state forestry agencies as intended in the Farm Bill law. Twenty million dollars was allocated to the states. For example, in Wyoming, approximately 43 projects were conducted in FY'03 with the state's \$100,000 allocation. Among these projects were timber stand improvements, thinning, reforestation, burn area rehabilitation, windbreaks, and stewardship plan development. These projects are important to improving forest and watershed health.

Since that time, wildfire suppression funding took priority over cost-share and technical assistance dollars for forestry activities on private land through FLEP. Not only was FLEP raided for 50 percent of its total authorized funding, when Congress repaid the account only \$10 million of the \$50 million was replenished. The administration then held any dollars that would go to FLEP activities for FY'04 at the USDA-level, not allowing the Forest Service to move any of those dollars to the ground to carry out FLEP.

NACD went on record against the current attempt to cancel the program and continues to garner support from Congress to restore the program. Conservation districts further are concerned that the administration is portraying that other Farm Bill programs are available to private forest owners to carry out the same activities as FLEP. While that is technically correct, forestry activities are not given the priority in other programs as most of those dollars go towards land set aside and production agriculture conservation practices. There is no good reason to short the forestry needs in the nation and indeed there are many reasons to increase funding for cost-sharing and technical assistance.

Clearly there is a need from FLEP and landowners are eager to sign up. NACD and conservation districts will continue to build support for FLEP among members of Congress. Again, thank you for the opportunity to share our concerns about FLEP with the Committee. We look forward to working with you in the future.

STATEMENT OF LAURA MCCARTHY

Mr. Chairman and members of the committee, thank you for the opportunity to provide this written statement for the record of the Review of the Forest Land Enhancement Program. I am the policy program director for the Forest Guild, an organization of foresters and natural resource professionals. The Guild has a membership of about 500 foresters and natural resource professionals who manage over 41.4 million acres of mostly private land in the United States and Canada. The Guild's mission is to promote ecologically, economically, and socially responsible forestry as a means of sustaining the integrity of forest ecosystems and the human communities dependent upon them.

The Forest Land Enhancement Program (FLEP) is a critical program that motivates private landowners to manage forests for public values and environmental services. Family forestlands supply over 70 percent of the Nation's wood, a renewable resource that is needed to meet our national housing and other needs. At the same time, these family forests provide critical environmental services, such as clean water and wildlife habitat, and maintain important quality-of-life values, such as scenery and open space.

The timber from family forests competes in a global market. In several parts of the country, there are strong markets for high-quality wood, such as hardwood veneer logs, that come from family forests. These high-quality products generate the greatest amount of revenue for the landowner as well as substantial public benefits in the form of environmental services and beautiful forests.

The reality of forest management in the United States is that most family forestlands have been logged at least once or twice, and occasionally three times. Many private forests are in a depleted condition, as shown by the increasing frequency and severity of natural insect outbreaks, the increasing vulnerability of forests to non-native pests, and the increase of catastrophic wildfire in the West. Global climate change is likely adding additional stress and weakening the resilience of forests. Without active forest management, depleted family forestlands will yield poor-quality timber that does not meet the Nation's demand for fiber, competes poorly in global markets, provides inadequate wildlife habitat, and may contribute to erosion and poor quality water. If family forests are managed and restored, they will yield timber for future generations and provide key environmental services for the public.

A key problem for family forestland owners is how to pay for the management needed to restore healthy forest conditions. When wood quality is low, timber sale receipts will not cover the costs of restoration. The Forest Land Enhancement Program is critical to provide cost-share incentives for landowners to undertake active management to restore degraded forests.

For example, in farm states where smaller pastured woodlots and invasive species are common, many forests require reforestation and remedial practices. Control of invasive brush using mechanical treatments and prescribed fire and supplemental reforestation are necessary to maintain these forests. Wisconsin is one farm state where FLEP funding has supplemented the State's landowner grant program, allowing family forest owners to control invasive species and restore healthy forests. FLEP funding in Wisconsin restored 5,100 acres of forests in 2004.

In North Carolina, the limited allocation of FLEP funds has been used to fund 58 reforestation projects, 73 forest stand improvement projects, and 64 wildlife habitat improvement projects. The total of 200 cost-share projects restored forest health on 15,000 acres for a sum of \$570,000 FLEP dollars. That works out to a Federal investment of less than \$40 per acre—which is a bargain compared to the Federal investment of about \$1,000 per acre for forest thinning in some Western forests. FLEP is such a success in North Carolina that more than 150 landowners are on a waiting list, with nearly 10,000 acres proposed for forest restoration.

In Washington State, family forest owners have been very frustrated with farm bill programs other than FLEP, and have had little success competing with agricultural interests for other USDA assistance. Family forest owners in Washington are convinced that FLEP is the only farm bill Program that will provide them with meaningful assistance.

In conclusion, the Forest Guild supports the balanced emphasis FLEP provides on economic, ecological, and recreational resources of forests. This balanced emphasis helps reach a broad base of landowners with many different objectives, yet who all share the common goal of healthy forests.

The Guild encourages the Congress to ensure adequate funding for FLEP. The Office of Management and Budget's refusal to release the 2004 funds, and the President's budget recommendation for fiscal year 2005, clearly run counter to the intent of this Committee. The Forest Guild believes that FLEP is vitally important to

American forests and forest owners, and with your help, we hope FLEP will meet the critical needs it was designed to serve.

