

INTRODUCTION

Good morning Mr. Chairman. My name is Jim Crouch. I am the owner of Jim Crouch and Associates, a small forestry consulting business in Russellville, AR. We are specialists in "industry - government affairs." I have owned and operated this business for 15 years. Prior to 1987, I was a career U.S. Forest Service employee for more than 26 years. I was the Forest Supervisor of the Ozark-St. Francis National Forests in Arkansas for 8 of these years. Dad was a forestry technician with the U.S. Forest Service in Mississippi for over 20 years, so I understand both the agency and forest industry. My testimony today is on behalf of the Ouachita Timber Purchasers Group, the Ozark-St. Francis Renewable Resource Council, and the Lake States Federal Timber Purchasers Committee. These groups are comprised of a broad array of forest product companies that buy and process standing trees from the national forests into many products for use by people worldwide. These companies range in size from "mom and pop" operations with a handful of employees to vast far flung multi-national companies with thousands of employees worldwide. In 2002, the U.S. forest products industry had sales of over \$213.2 billion and employed 1.7 million people.

I want to thank the members of this Committee and the Congress for passing the Healthy Forest Restoration Act of 2003. This legislation if properly funded and embraced by the agencies along with the President's Healthy Forest Initiative (HFI) will help restore the health of this nation's forests. The forest products industry has a direct interest in the management of American forestlands, both public and private. We support viable communities and the social and economic benefits that accrue from using the wood fiber that must be removed as a part of improving our forests' health. We also strongly support the important environmental values - clean air, clean water, and quality wildlife/fish habitat - that are associated with healthy forests.

BACKGROUND

I am here today because our federal lands are unhealthy. The insect and disease epidemics and the fires that we are seeing are clearly beyond the historical range. Federal land managers are no longer able to actively manage our forests to address these problems.

The impacts of passive management are far-reaching: loss of lives and homes, displacement of communities, loss of tourism dollars, destruction of wildlife habitat and watersheds, expatriated endangered species, and destruction of timber and non-timber resources.

Our forest health crisis is not simply about catastrophic wildfires. Insect and disease outbreaks are also devastating forests around the country, such as the Daniel Boone National Forest in Kentucky, which experienced Southern pine beetle outbreaks over the last several years. In this case, efforts to control the spread of the beetle were delayed by excessive paperwork and appeals, allowing the devastation to spread quickly. More than 100,000 acres of shortleaf pine forest, which were home to the federally endangered red cockaded woodpecker, were lost to beetle damage. The woodpeckers were captured by biologists and expatriated to the national forests in Arkansas and Texas.

The red oak borer, a one-inch long beetle, has destroyed more than \$1 billion worth of red oak trees in the Ozark Mountains of Arkansas and Missouri. Since 1999, red oak borers have

killed 50 million trees on 300,000 acres in the Ozark National Forest alone. Nature rather than man is now harvesting these forests. Prior to 1999, the Forest Service spent millions of taxpayer dollars protecting and culturing these forests into an extremely valuable mature oak forest that supported many species of fauna and flora, a strong regional forest based economy, and many other important forest values. Today, these acres are covered with thousands and thousands of tons of dead heavy fuel along with a rapidly changing ecosystem with a different set of fauna and flora. Gone are the magnificent oak forests!

These insect and disease epidemics and the wildfires are merely symptoms of deeper, underlying problems. The fact is our national forests are poorly managed. Many would argue that they are no longer sustainable. They are typically mature, overstocked, with mortality far exceeding current harvest levels with increasingly higher risk of fire and insect attacks. But there is ample evidence that well-designed forest management strategies can help. The strategies must recognize that mechanical treatments, with removal of trees of all sizes, will be an integral part of the solution. The money spent on these treatments is money well spent. On a national scale, the costs of preventative work through treating forests with high risks of wildfire and insects and disease will likely be much less than the enormous cumulative costs of suppression of catastrophic events and the essential restoration effort that must follow. The companies that I represent firmly believe that active management, based on sound science and implemented through local decision making, are necessary to restore the health of our public lands

HEALTHY FOREST RESTORATION ACT OF 2003

The Healthy Forest Restoration Act of 2003 (HFRA) represents a bold acknowledgement by Congress and the President that our federal forests are truly in a crisis and urgent active management is essential. If HFRA is to make a real difference in the health of our forests several things must happen.

? Congress must fund the work authorized in the legislation. To merely expect the Administration to implement HFRA by redirecting current funds is not logical. The current level of funding provides for less than 50% of the work needed to put current forest plans on the ground.

? The Forest Service and BLM must promptly embrace the new tools and get projects underway on thousands of acres.

? The Administration and Congress must recognize the critical role that the forest products industry plays in forest health and take the necessary steps to retain existing industry infrastructure. Our industry has a long track record of efficiently removing and processing forest vegetation whether it is sawlogs or biomass while protecting the important values of the forest.

In my business, I work closely with many national forests in the South and the Lake States. I discuss HFRA, the Healthy Forest Initiative, and the status and challenges of their vegetation management/forest health programs with Forest Service employees at the District, the Forest, and the Regional Offices on a regular basis. As past Chairman and current member of the Federal Timber Purchasers Group, I am actively involved with other industry and agency

people throughout the country and in the Washington Office.

I find many dedicated, hard working, and highly skilled agency managers and specialists at all levels of the agency. These people know how to keep the forest healthy and productive but they are terribly frustrated. Gridlock caused by appeals and litigation, high unit costs, and limited budgets prevent them from carrying out their approved forest plans.

Most forests are operating under forest plans approved in the late 1980s. The monitoring reports prepared by the Forest Supervisors for these plans generally show that forests have accomplished less than half of the planned vegetative management work. This has resulted in forests that are overstocked with all size trees with mortality typically exceeding harvest by a factor of 2 or 3. Insects, disease, and fire are now the chief agents impacting the forest.

Forest managers tell me that nearly half of their cost of preparing a timber sale goes to prepare documents required by the National Environmental Policy Act. Even after this level of expenditure, documents are still not "bullet proof." Appeals and litigation frequently halt the proposed sale or cause long delays.

This morning, I will limit my comments to Title I and IV of the HFRA.

TITLE I

Title I of the HFRA provides for hazardous fuel reduction on certain federal lands for projects consistent with the Implementation Plan. Approved treatments include prescribe burning and mechanical thinning. An EA or EIS is required for each authorized project. This legislation reduces the number of required alternatives that the agency must analyze but adds a stiffer requirement for public involvement called collaboration. The revised administrative review process saves some time by occurring before the decision approving authorized fuel reduction projects under this act. These projects are subject to judicial review only in the U.S. district court in which the land to be treated is located. This should minimize filings in Washington, D.C. or a Regional headquarters town which could halt many projects over widespread areas for lengthy periods of time. The court reviewing the project shall balance the impact to the ecosystem of undertaking the project vs. the effects of no action.

While there is significant help in this title for the land manager, I believe the field at this point sees it mostly as "a wash." It provides a little help here and a little there, but no "home runs." To make a significant difference in forest plan implementation (forest health), there must be "quantum leaps!" Unless the agencies embrace the Community Wildfire Protection Plan idea and it becomes the "quantum leap," then it doesn't happen in this title.

The agency emphasis within hazardous fuel reduction programs is mostly on prescribed burning because of the relatively low unit cost and the political pressure to show progress by getting acres. In a simplistic way one might describe prescribed burning as a tool typically used to reduce the amount of light fuels in a stand by killing vegetation with small diameter stems and consuming limbs and grass on the forest floor. Prescribe burning is not an acceptable tool for treating the millions of acres of bug killed timber throughout the national forest system that is just one lightning strike or ignited match away from becoming a major conflagration which

destroys homes, watersheds, endangered species, and other valuable forest resources. Nor is it an acceptable tool for treating the millions of acres of dense overstocked stands of all age classes that must be thinned if they are to remain/become healthy and escape almost certain death from attacks by insects and disease as their vigor declines. Many of these acres are suitable for thinning using commercial timber sales and could be treated at a very favorable cost to the agency.

It is very hard for me to understand why the Administration and Congress places such strong emphasis on treating through prescribe burning the brush and young stands which have to date received minimal taxpayer investment and have little commercial value while letting nature thin/harvest the overstocked more mature stands that represent major taxpayer investments over many years and have substantial commercial value. The emphasis, we believe must focus on the more valuable overstocked older stands with considerable investment which are at high risk for catastrophic fire, bug, or disease attacks. I urge Congress and the Administration to require of the agencies a more balanced approach which retains prescribed burning while substantially increasing mechanical thinning including commercial sales as a way of reducing hazardous fuels and improving forest health. In many places, mechanical thinning should be cost competitive with prescribed burning.

I believe the agency line leadership must make these hard decisions rather than leaving them to their fire shops. Culturally, it is almost too much to expect a fire breathing fire staff officer at any level in the organization to recommend to the line manager that fire dollars appropriated by Congress for the National Fire Plan be given to the timber shop to mechanically thin overstocked stands of poletimber and sawtimber. Yet this is precisely what the National Fire Plan envisioned by including "mechanical thinning" as an approved method for treating hazardous fuels. The President's FY 05 Budget proposal to move hazardous fuel treatment funding to the National Forest System would improve implementation of the program.

TITLE IV

Title IV has the potential to help forest managers in areas of the country under attack from major insect infestations and related diseases. In the South more than 57,000,000 acres of forests are at high risk from insect and disease. The emerald ash borer, a nonnative, invasive pest, threatens to destroy more than 692,000,000 ash trees in Michigan and Ohio alone, and between 5 and 10 percent of the urban street trees in the Upper Midwest. I have already mentioned the red oak borer that is ravaging the Central Hardwood forests.

This title provides for expediting applied large scale silvicultural assessments through categorical exclusions on federal lands in areas without extraordinary circumstances. These joint assessments by Forest Service research, Universities, and national forests can provide much needed information on infestation prevention and suppression, restoration of affected forest ecosystems, and options for using infested trees. They ultimately will help managers develop treatments and strategies for reducing the susceptibility of forest ecosystems to severe infestations of insects and disease.

In the Arkansas, the Forest Service is aggressively putting together study plans for silvicultural assessments in the areas heavily infested with the Southern pine beetle and the red oak borer.

Existing appropriated funds were diverted from other important research to get these efforts started.

ECONOMIC IMPACTS

In addition to social and environmental impacts there are economic consequences to agency decisions. As the health of the national forests declined and programs collapsed, forest dependent communities and industries have also suffered. According to the Pulp and Paper Resource Council's 2003 statistics 77 mills in the three Lake States (MN, WI, and MI) have closed or made major adjustments adversely affecting employees and the regional economies. In Missouri 11 mills were impacted and in Arkansas 15.

In Minnesota for example, the Forest Service has proposed to add hurt to hurt by cutting the amount of stumpage that the Chippewa and Superior National Forests can offer by 25%. Today mills in close proximity to these two forests already import much of their furnish from Saskatchewan and other Canadian provinces. All this is happening at a time when the Chippewa and Superior are experiencing major health problems from over stocked over mature stands that are receiving little active management. Doesn't make sense does it?

CONCLUSIONS

In closing, I again thank you and your colleagues for passage of this very important piece of forest legislation. Recognizing the necessary constraints on new money for domestic programs, I strongly urge you and the Administration to work together to fund the real priorities in this legislation. It is simply not enough to divert existing appropriated dollars to HFI and HFRA projects. The combined efforts of existing programs and the new emphasis brought by HFI and HFRA must be additive. The Forest Service in its budget proposal for FY 05 showed negligible reductions in the unit costs for preparing commercial timber sales. I believe that with the "new tools" provided by HFI and HFRA unit cost should drop!

Since 1905, we as a Nation have invested billions of taxpayer dollars to purchase cutover and abused forest and agricultural lands (the lands nobody wanted), to reforest them, and to nurture the young trees into today's pristine national forests of the South and the Lake States. Many of these forests are severely overstocked from lack of active management, are approaching biological maturity, and are become extremely stressed during periods of prolonged drought making them highly susceptible to stand replacing attacks from insects and disease and often fire. We as a Nation must not allow insects and disease to harvest our vast eastern forests. I urge the agencies to make active management including thinning and regeneration harvests a top priority. Use the options available in the National Fire Plan to mechanically thin these stands before they are lost!

Thank You. I'll be glad to answer questions.