



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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U.S. House of Representatives
Committee on Agriculture
Subcommittee on Department Operations,
Oversight, Nutrition and Forestry
July 20, 2009

Testimony of
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Wisconsin Department of Natural Resources

Mr. Chairman and Committee Members:

Good morning and welcome to Wisconsin. I appreciate this opportunity to appear before you to discuss the significant value – ecological, economic and social -- Wisconsin's forests provide to the people of Wisconsin and the nation. These values stem from our:

- abundant and sustainably managed forest resource;
- leadership in providing certified wood on public and private lands;
- successful programs that promote the sustainable management of our privately owned forests;
- large pulp and paper industry and diverse solid wood businesses;
- strong tourism and outdoor recreation base that includes the connection between our forests and high quality water resources, including more than 15,000 lakes;
- abundant habitat for diverse wildlife;
- leadership in research and innovation in renewable energy;
- active protection of the forest resource from fire and invasive species.

Our forests provide these values through the hard work of many partners. The State works closely with our government partners – federal, state, county and municipal – as well as myriad other partners including landowner groups, environmental and conservation organizations, universities, businesses, tribes, and countless others. We can not achieve success working independently, but there is much we can and do accomplish working together. To that end, the federal government is a key partner in a number of ways, which I will outline.

Wisconsin's Abundant Forests

Wisconsin's 16 million acres of forest land, covering nearly half of Wisconsin's landscape, significantly enhance the quality of life in our state. Wisconsin's forested acreage has been steadily increasing for the better part of a century and provides an array of benefits that accrue to us all, even if often we are unaware of their origin. Our forests are often an overlooked part of Wisconsin's strategic infrastructure; in fact, forests are a strategic national resource that we must work to protect and

sustainably manage. Our forests work day in and day out to produce an array of benefits, many of which accrue to the public at large, not just the forest owner.

The benefits we derive from forests include clean air, clean water, wildlife habitat, flood control, carbon sequestration, wood products, jobs, renewable energy, displacement of fossil fuels, settings for recreation and tourism, and scenic beauty. Trees and forest also play a role in conserving energy, reducing floods, and enhancing the quality of life in our cities, villages and towns.

Wisconsin's traditional bio-economy – pulp & paper and solid wood -- collectively contribute \$20.5 billion in value to our economy. Wisconsin leads the nation in the production of paper and in the value of forest product shipments. Over 1,300 wood products companies employ over 68,000 people with an annual payroll of \$3.1 billion representing 13% of all manufacturing employment in the state. We remain second only to California in total employee wages from the forest products industry, which in Wisconsin is the number one employer in 23 counties and either second or third in an additional 15 counties. Wisconsin has a \$13 billion tourism industry with forest-based recreation estimated to add an additional \$5.5 billion in economic output in Wisconsin.

Relationship with USDA Forest Service (USFS)

Wisconsin DNR has a positive working relationship with the USFS, working in collaboration across all three branches of the agency.

With over 1.5 million acres, the Chequamegon-Nicolet National Forest (CNNF) covers nearly 10% of Wisconsin's forest land and 30% of the forested public land. Intermingled with our State (1.1 million acres) and County forests (2.4 million acres), the CNNF shares the joint responsibility for providing the full array of benefits I outlined above. These include raw materials that support jobs and local communities, forest-based recreational opportunities, wildlife habitat and so on. We value our very positive working relationship with CNNF Forest Supervisor Jeanne Higgins and her staff. She recognizes that the CNNF sits within a broader landscape of public and private forest lands and many communities. We work together to collectively address both challenges and opportunities, some of which I will outline here this morning.

WDNR also has a long-standing collaborative relationship with the USFS research, particularly initiatives supported through the USFS Northern Research Station and the Forest Products Laboratory, which we are proud to host here in our state. Long-term field research such as that done on the Argonne Experimental Forest, studies on issues such as old growth, and the Forest Inventory & Analysis (FIA) program are among those research programs important to us here in Wisconsin. The Lab has for decades been a major contributor in advancing the efficient use of our renewable forest resources and remains a critical player as we move forward as a nation to address opportunities such as those associated with renewable, homegrown bioenergy.

The branch of the USFS that we interact with the most is State & Private Forestry (S&PF). This is not surprising given that private forests comprise more than two-thirds of our forest land and are owned by more than 300,000 individuals. The USFS S&PF program provides Wisconsin approximately \$2 million annually to help support our efforts to provide an array of public benefits from our private and community forests. Funding for private forest stewardship, urban & community forestry, Forest Legacy, forest health, and several cooperative fire initiatives are an important component of our program to protect and enhance the public values that we derive from our forests. Furthermore, S&PF provides a conduit for effective cross-state collaboration on forestry issues, enhancing the effectiveness of efforts to maximize the delivery of goods and services from forests across the country.

S&PF programs have supported our work to address destructive invasive species, address how to effectively engage the next generation of family forest owners in whose hands lies the future of our private forests and the benefits they provide us, design and implement efforts to mitigate the hazards facing communities at high risk from wildfire, assess the extent and health of the trees and forests in our communities, and conserve large blocks of private forest land at risk of being subdivided and fragmented. To elaborate briefly on just one of these, through our partnership with the USFS, we have used federal Forest Legacy funds to help acquire conservation easements on more than 100,000 acres of working forest lands, including the Wild Rivers Legacy Forest in Northeast Wisconsin. The final phase of this project is in the FY'10 budget as proposed by President Obama and passed by the House. These easements protect environmentally important forestlands threatened by conversion to non-forest uses while also providing a wide array of public benefits, including exceptional water resources and valuable settings for public recreation.

The federal investment in S&PF is has been declining, just as recognition of the value of our forests as a strategic national asset has been increasing. For example, the allocation of forest stewardship funds, which support efforts to keep our most vulnerable forests in forest and managed well for the long-term, is scheduled to be reduced by 45% for Wisconsin. This seems at odds with the direction I believe we need to be headed if we are to realize the full potential of our forests both ecologically and economically.

Before shifting gears, I want to close by reiterating our opposition to the proposed merger of USFS Region 9 and the Northeastern Area, which was in a recent Federal Register notice. We strongly support increased collaboration among all three branches of the USFS in the East. However, the proposed merger is not an effective way to accomplish that and it fails to recognize the need for the agency to increase its focus on the compelling federal interest in the protection and sustainable management of the nation's forests, not primarily the National Forests. The air and water purified by our forests, and the carbon they sequester, does not vary by ownership; it varies by how the land is treated. We ask that the USFS be a committed partner to work across our forests and in our communities to maximize how our forests best serve us all.

Wisconsin a Leader in Providing Environmentally Sustainable Wood

Over the last decade, third-party forest certification has taken root as a credible public assurance that forests are well-managed. During this time Governor Doyle recognized the important role of Wisconsin forests in his original 2003 "Grow Wisconsin" plan. He directed the Department of Natural Resources and the Council on Forestry to explore opportunities to certify land in DNR administered programs to build the supply of verified, sustainably produced source material. The Department moved quickly to complete forest certification and, as a result, we now have nearly six million acres of State Forest, County Forest, other state lands and private land enrolled in the Managed Forest Law program that are third party certified via the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI) and/or the American Tree Farm system. A growing number of manufacturers are marketing products made from certified wood and paper because the associated trust is very good for business. The concentration of certified forests in the Lakes States has especially helped Wisconsin's paper makers weather the recession and poises them for a more rapid recovery.

A continuing key to this success is that nearly half of Wisconsin forestlands are recognized by leading international and North American forest certification programs. That compares to only about 12% of forests nationwide, making Wisconsin and our neighboring Upper Great Lakes states a distinct forest certification "hub". Last year Wisconsin completed FSC certification of more than 42,000 small private estates covering over 2,000,000 acres, a record no one else comes close to anywhere in the world. This was accomplished through our Managed Forest Law program, giving Wisconsin the largest group of certified family-forest owners under both Forest Stewardship Council and the American Tree Farm System. But we are not satisfied with these accomplishments.

So what's missing from the certification picture? Quite prominently, our National Forests. The CNNF has 1.5 million acres here in northern Wisconsin ready and willing to engage in forest certification. I encourage Congress and the Administration to provide leadership in bringing certification to federal lands and to expand forest certification for small family forests. Outside of the Managed Forest Law program, Wisconsin has another 8 million acres of small land ownerships that need USDA technical forestry assistance and land management incentives that could enable their land to be certified. Certification is also one of several tools that we can use to ensure future bio-fuel and carbon sequestration programs are implemented in a manner that balances environmental, economic and social needs.

Maintaining our Industrial Base in a Global Economy.

Although we continue to lead the nation in paper production, the paper industry, along with others aspects of our forest produces industry, is under stress due to foreign competition, high energy costs and high fiber costs that have reduced companies' competitive position in the global marketplace. Although jobs have declined in this sector over recent years due to the global economy, we still have approximately 35,000 jobs in the pulp, paper and printing sectors alone. The pulp and paper industry is restructuring globally and must add products and streamline operations to regain a competitive advantage. We must also work together to maintain a vibrant cadre of professional loggers who play a key role in achieving sustainability on the ground and getting product to market.

The future health of the industry directly affects Wisconsin's economy; however, it also affects our ability to sustainably maintain forests. Our robust industry has provided an incentive to keep forest land forested and managed sustainably, and encouraged landowners to undertake activities to ensure the long-term capacity of their forests to provide an array of benefits, including feedstock for industry but also such things as recreation opportunities, wildlife habitat, and clean air and water that benefit the public as a whole. As a result, the loss of industry is not only a detriment to Wisconsin's economy, but also to the health of our environment and quality of life in our state.

Climate Change

In 2007 Governor Doyle signed Executive Order 191 creating the Global Warming Task Force. One of the missions given to the task force was to advise the Governor on ongoing opportunities to address global warming locally while utilizing an appropriate mix of fuels and technologies in Wisconsin's energy and transportation portfolios. In addition to sequestering carbon, Wisconsin's forests can provide a feedstock for generating renewable energy. By displacing fossil fuels, our forests reduce our collective carbon footprint.

Governor Doyle has also been a leader in the Midwest Governors Association process to develop a strategy for addressing climate change. Both the Wisconsin and MGA processes have resulted in recommendations that should influence how we proceed on climate change legislation nationally. To that end, Wisconsin has been active in advocating that federal climate legislation account for the positive role forests can play.

Climate Change will have an important effect on the future of the 1.7 billion tons of carbon stored in Wisconsin's Forests. Our forest ecosystems will likely be changed by a warming climate and but also have a role to play in mitigating the extent to which that warming does occur. I appreciate the efforts of the House to pass H.R. 2454 with provisions that for the most part recognize the important contribution of forests to addressing climate change. First, the bill provides for the use of forest biomass as a renewable energy resource. Substituting this fuel for traditional sources in energy generation provides an avenue for energy producers and manufacturers to reduce their greenhouse gas emissions. Second, this bill includes provisions for forest offsets. Under these offsets, tree planting and

forest conservation can act as a low cost means for Wisconsin's greenhouse gas emitters to meet their reduction obligations while implementing more efficient systems.

This same bill also provides assistance to states in working to protect sensitive forest ecosystems that will be put at risk by a changing climate. There was a positive change made in the version that passed the House to ensure some adaptation funding is available to address forests, however, given the critical role that forests play ecologically and economically, the percentage directed to forests remains low. Should the Senate decide to increase adaptation funding for forests, I encourage your support for that when it goes to conference. For our part, Wisconsin has created the Wisconsin Initiative on Climate Change Impacts (WICCI), of which the DNR and University of Wisconsin are partners. WICCI is already working to model the impacts of a changing climate of our forests and recommend adaptation strategies to reduce the detrimental impacts on our most sensitive forest species. Furthermore, this same group is working with the USGS to compete for the creation of a federally funded Midwest Area Science Hub in the State that would study the impacts of climate changes on natural systems in Minnesota, Michigan and Wisconsin.

A Leader in the Green Economy

Since coming into office, Governor Doyle has led efforts to make Wisconsin a leader in the development of clean and renewable energy, advancing energy efficiency and moving Wisconsin toward energy independence. He wants our energy to come from the Midwest, not the Middle East. Governor Doyle has set a goal of generating 25% of electricity and transportation fuels from renewable sources by 2025, capturing 10% of the emerging bio-industry and renewable energy market by 2030, and becoming a national leader in groundbreaking energy research. Governor Doyle has identified our forests and farms as one key component of Wisconsin's energy future. Last year Governor Doyle committed \$50 million to build the Great Lakes Bioenergy Research Center. The synergy that is being created between the research center, the University of Wisconsin and the USDA Forest Products Lab positions Wisconsin to be the national leader in developing innovative solutions to meet our energy needs, from increasing biomass yields to working renewable energy solutions into the state, national, and global economies. It is important that we continue to see federal investment in this area if we are to achieve the goals outlined by both President Obama and Governor Doyle.

Pulp Mills as Biorefineries

Wisconsin's large pulp and paper industry positions the state to take advantage of the existing infrastructure to add production of renewable energy at a large scale. The pulp and paper industry uniquely enables the state to be a significant producer of not only pulp and paper, but bioenergy, biochemicals and bio-feedstocks as well. As integrated "biorefineries" the mills could extract energy and other bi-products from wood while also making their traditional products. This has the potential to significantly increase their revenue stream from the same wood they currently bring into the mill. As a result, adding renewable energy to the products produced at our existing pulp mills would help keep the industry competitive globally while also helping Wisconsin achieve Governor Doyle's targets for renewable energy production.

In addition to producing energy from wood used to produce value-added products, opportunities exist to utilize biomass from the forest that is not used by existing industry. The department estimates that our forests contain over 600 million dry tons of biomass in our forests. Our forests already provide nearly 600,000 tons of wood for energy production today, and another 1.2 million tons of currently unutilized wood are available to use in energy production. This is all in addition to wood that might be used to produce energy prior to being pulped for the production of other products.

In order to ensure that our forests can sustain the production of woody biomass for energy, the Wisconsin Council on Forestry initiated a public process to develop Biomass Harvest Guidelines

designed to assess the how material can be removed from the forest in a manner that will maintain the ability of the forest to provide the array of other public benefits long into the future. We were one of the first states in the nation to put such guidelines in place to ensure the array of values from our forests can be sustained.

Strategic Choices

Policies that promote bioenergy should be crafted in a manner that allows existing industry to compete on a level playing field. Using wood for energy clearly helps us meet identified targets for renewable energy, thereby reducing our carbon footprint and increasing our use of “home grown” energy. On the other hand, to the extent that using wood for energy displaces using that wood for traditional products (e.g., pulp & paper, solid wood products) there is a significant drop-off in economic value. Our forests can provide both traditional forest products and increased energy; we simply must be thoughtful to chart a course that will enhance both existing and new industries.

It is also important not to lose sight of all the different renewable energy products that can be produced from wood, such as transportation fuels, syngas, electricity and heat. We should strive to use wood in a manner that maximizes the energy return to the US from investment in the forest.

As an important step, the RES and RFS definitions must acknowledge wood as an important source of renewable energy. That energy must be extracted in a manner that is sustainable long-term. We believe sustainability can best be determined at a state level, as evidenced by our development of Biomass Harvest Guidelines. The RES definition in H.R. 2454 as passed by the House acknowledges forests to a greater degree than previous versions, however, the final version should more clearly recognize the contribution that can occur on federal lands and have provisions for states to outline clear sustainability guidelines.

Forest Fire Protection

An expanding Wildland Urban Interface (WUI) in Wisconsin and elsewhere, continued droughts, warming climate, and an increasing forest health crisis have created a difficult situation and stressed forest fire management capabilities to protect communities and the forest resource. In Wisconsin, as in the eastern United States generally, the states have the majority of forest fire protection responsibilities, equipment and personnel. We collaborate closely with local fire departments and our federal partners both in-state and out-of-state when called upon to provide aid to other states. In these difficult budget times we will continue to work with our federal partners to see what we might do to further streamline the protection of people, property and natural resources in Wisconsin from forest fires.

At the federal level, there is a continued need to advocate for a solution to the ever increasing impact of emergency fire suppression costs on the U.S. Forest Service (USFS) and the Department of the Interior’s (DOI) constrained budgets. Fire suppression costs for the agencies have exceeded \$1 billion every year since 2000. In 2009, the Forest Service will spend over 50% of its budget on wildland fire suppression.

This increase has placed sustainable forest management efforts at risk on both public and private lands. Unless this diversion of funding is successfully addressed, state forestry agencies will not be able to successfully address national priorities and objectives. Extraordinary emergency fires should be treated the same way as other disasters and should not come at the expense of all other USFS and DOI priorities and programs. To that end, I appreciate the overwhelming bipartisan support shown in the House for the Federal Land Assistance, Management and Enhancement (FLAME) Act (H.R. 1404). The bill is currently being considered in the Senate and we strongly advocate its passage as introduced in S. 561. I hope you will join me in urging action by the Senate and quick turnaround in conference so that President Obama can sign the FLAME Act into law this year.

Invasive Species

Invasive species pose a major challenge to our forests. The Emerald Ash Borer (EAB), for example, has been found in two locations here in Wisconsin since last August. The DNR, the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin (UW) and UW Extension are working closely with federal agencies - USDA Forest Service and Animal Plant Health Inspection Service (APHIS) to implement a cooperative EAB program. This program is focused on delimiting existing infestations, detecting new finds, testing management options and conducting outreach and education. Using EAB as an example of extraordinary invasive species impacts to our forests, the entire ash resource equating to more than 760,000,000 ash trees are at risk, as are 20% of the trees in our communities. Federal grant funds are a key source of support for detection and management of this pest. Using a competitive grant from USFS S&PF, we will be conducting workshops for municipalities and forest landowners in the fall of 2009, helping these communities cope with this destructive pest. DNR is also supporting two research projects using funds from this same competitive process in an effort to learn more about EAB and how we might most effectively detect and manage it.

On DNR-managed properties, we continue to enforce our firewood rule that restricts the distance that firewood can originate from to 50 miles from the property. While this is important, we believe action is also needed at a federal level. We strongly advocate development of a national program to regulate the movement of firewood, which has been found to be a common vector for a number of destructive pests. We would like to see this move forward quickly, working with state forest health program leaders, state plant regulatory directors, environmental, forestry and forest industry groups, the firewood industry and other affected parties. The federal government plays an important role in managing these invasives, which know no political boundaries, to coordinate and lead in the detection, monitoring and long term management of priority invasives. Likewise, investments in research are critical to develop new tools to respond to invasive species.

Looking Ahead

Our forests, like those throughout this nation, are a strategic asset that provide a large array of benefits both today and, if managed well, long into the future. In order to do so, we need to be thoughtful in how we approach use of our forests to best maximize the positive outcomes – ecologically, economically, and socially. We face many critical challenges that we will need to work cooperatively with our partners, including our federal partners, to address, locally, regionally and nationally.

The DNR looks forward to continuing to work with you to help accomplish this. I appreciate this opportunity to discuss these issues with you and would be glad to take any questions you might have.