



FEDERAL FOREST RESOURCE COALITION

**Testimony of Tom Schultz,
President, Federal Forest Resource Coalition
Farm Bill Oversight Hearing
House Agriculture Subcommittee on Conservation and Forestry
July 13, 2022**

Chairwoman Spanberger, Ranking Member LaMalfa, on behalf of the Federal Forest Resource Coalition, I appreciate the opportunity to testify before you today. My name is Tom Schultz and I am Vice President of Resources and Government Affairs at Idaho Forest Group (IFG), a family-owned business operating five sawmills in Idaho, as well as a new mill we are bringing online in rural Mississippi. I am here today as President of the Federal Forest Resource Coalition, which represents purchasers of Federal timber in 37 states, with over 650 member companies and affiliated associations, collectively representing over 390,000 employees.

By way of background, prior to joining IFG, I served in leadership roles for two decades at State land management agencies in both Montana and Idaho, roles I took on following a career in the U.S. Airforce. This diverse background has given me a unique perspective on the challenges facing the U.S. Forest Service.

FFRC is extremely grateful for the leadership this Subcommittee has shown on National Forest Management issues in the last several Farm Bills. Since 2014, the Farm Bill has advanced some of the most effective and important policy changes that have aided Forest Service efforts to begin reversing the forest health and wildfire crisis that is challenging the sustainability of our Federal Forests.

The 2014 and 2018 Farm Bills saw the expansion of Good Neighbor Authority, expansion of Designation by Description and Designation by Prescription, permanent reauthorization of Stewardship End-Results Contracting, and

enactment of streamlined authorities to treat forest insects, disease, and reduce hazardous fuel loads on National Forests. The next bill, scheduled for 2023, provides an opportunity to build on these successes to scale up management to meet the significant challenges facing the health and sustainability of the National Forest System.

Good Neighbor Reform: The 2014 Farm Bill expanded Good Neighbor Authority (GNA) to all 50 States, following years of pilot authorities which allowed small scale work in several States. The 2018 Farm bill expanded the eligibility of GNA to counties and Tribes. The program has been a resounding success and we urge the Subcommittee to build upon it in the 2023 Farm Bill. Since expanding the authority in the 2014 Bill, the number of acres treated annually under this program has grown by more than twenty-fold and is averaging more than 60,000 acres each year for the last four years.

Since the 2014 Bill, three dozen states have begun work on over 130 GNA projects. In addition to improving forest health, GNA has helped increase wood supply to bring additional needed forest products to market. According to the Congressional Research Service, the amount of Forest Service timber sold under GNAs has increased from 14.4 million board feet in FY2016 to 182.6 million board feet in FY2019. That's enough lumber to frame about 11,000 single family homes. As many Americans struggle with finding affordable housing, this program is helping meet market needs.

With States investing substantial sums of money to support implementation of Good Neighbor Authority (GNA) projects, including cross-boundary projects, treatment of revenue from GNA projects must reflect this reality. However, the 2018 Farm Bill limited the ability of States to utilize GNA project receipts on non-Federal lands – despite the clear direction that these projects be conducted to improve forest health on both Federal and Non-Federal lands. We note that this recommendation is consistent with those provided by the National Association of State Foresters.

Action Requested: Amend 16 U.S. Code § 2113b(2)(c) to allow States, Counties, and Tribes to utilize revenues generated on non-Federal lands, pursuant to conditions specified in Good Neighbor Agreements, and direct the Forest Service to update existing Good Neighbor Master Agreements and Project Agreements to use revenue from existing projects for this work.

We also recommend that Congress consider amendments to the GNA authority to allow new road construction and reconstruction under GNA contracts on a limited basis. Restoration work on the National Forest System is not limited the need to reduce hazardous fuels; in many cases, older roads, placed without adequate consideration of water quality impacts, should be retired and replaced by better engineered, correctly placed roads that address water quality issues as well as roads that are just worn out and need reconstruction such as crushed aggregate and vegetation removal for safe and efficient use.

As you move to reauthorize these programs, we urge you to make all of the above changes and extend the authority for this program to the Bureau of Land Management (BLM) as well. The 2014 and 2018 Bills extended several forest management authorities to the BLM, and this committee should build upon that precedent in the 2023 bill.

Stewardship Contracting Amendments: The 2014 Farm Bill made Stewardship Contracting authority permanent, responding to a request from then-Chief Tom Tidwell. Stewardship Contracting has been a vital authority allowing the Forest Service to move implement forest restoration and management projects. Stewardship Contracts now account for about 25 percent of overall Forest Service timber sale volume, and in some regions, this total has grown to exceed 50 percent.

As the use of this contracting tool has expanded, it has become clear that reforms are needed to ensure that the program doesn't result in unintended consequences, including inadequate resources for reforestation. Moreover, as the Forest Service struggles to expand its treatment of at-risk acres of National Forest System lands, it's become clear that retention of existing forest products infrastructure – loggers, trucking capacity, and wood products facilities – is critical to achieving the paradigm shift the Forest Service has called for.

In the last three years, we've seen the closure of five sawmills located near millions of acres of fire prone National Forests, including the IFG mill at St. Regis, Montana. All these closures were precipitated – at least in part – due to insufficient wood supply from nearby National Forests to keep these mills running. Loss of milling infrastructure is a major factor behind what the Forest Service calls its “low value material” problem.

Our initial analysis of Forest Service Forest Inventory & Analysis data show that there are substantial quantities of standing sawtimber on National Forest System lands across the United States. Using what are known as Integrated Resource Timber Contracts (IRTC's), the Forest Service can generate additional revenues to expand treatments – including non-commercial thinning, prescribed fire, and improved fish passage – while supporting family-wage, year-round jobs in forest management and wood products industries.

By contrast, if nearby mills close, experience has taught us that attracting new investment – particularly where there are few non-Federal forests to support a forest products industry – can be extremely difficult. Following the loss of most sawmilling capacity in Arizona, the Forest Service has struggled for over 12 years to attract capable, well capitalized industry to help it accomplish forest management work that will protect watersheds and communities from catastrophic fire.

Action Requested: Amend 16 U.S. Code § 6591c to strike Section (e)(B) and add clarifying language that requires Deposits in the Knutson-Vandenberg Fund (authorized by 16 U.S.C. § 576) for Stewardship End-Results Contracts that include merchantable timber.

Further, amend the purposes of Stewardship End-Results Contracting Projects (16 U.S. Codes § 6591(c)) to add an eighth “land management goal” of retaining and expanding existing forest products infrastructure, including logging capacity and wood consuming facilities, in proximity to the National Forests.

Improving the Effectiveness of Farm Bill Insect and Disease, Hazardous Fuels Reduction Authorities: Beginning in the 2014 Farm Bill, Congress provided the Forest Service with the authority to “categorically exclude” insect and disease treatments on up to 3,000 acres of National Forest System lands. The 2018 Farm Bill expanded this authority to allow for hazardous fuels reduction work on acres designated using this authority.

These authorities have proven effective in expediting needed forest management work. However, the size of the areas allowed to be treated is too small to effectively prevent catastrophic fires. The Caldor Fire in California

provided numerous examples of effective fuels treatments using the Farm Bill CE. Within that fire's 221,000-acre burned footprint, there were at least five areas treated using the Insect & Disease and hazardous fuels mitigation CE's. In every case, where the Forest Service had completed all the steps of the fuels reduction process, the treatments reduced flame length, fire intensity, and rate of spread.

However, the treatments were not conducted on enough acres to prevent the fire from being the first in history to burn over the crest of the Sierra Nevada mountains. Assuming all five categorical exclusions treated the 3,000-acre maximum, the treatments on the Caldor fire area amounted to 15,000 acres, or about 7 percent of the fire area. If the Forest Service had been able to treat 15,000 acres under each CE, fire intensity and the damage resulting from it could have been reduced on fully one third of the fire and may have even allowed firefighters to control the fire sooner.

It is critical to remember that the Categorical Exclusions provided to the Forest Service through the last two Farm Bills do not open a single new acre of land to timber harvest. Use of all Categorical Exclusions requires compliance with existing Forest Plans, including land allocations like designated Wilderness Areas, Inventoried Roadless Areas, and other areas where removal of vegetation is prohibited. These CE's merely allow the Forest Service to quickly approve needed treatments after a brief review, rather than engaging in lengthier NEPA processes that have delayed projects as small as 1,600 acres for as much as five years or more.

Requested Action: Amend 16 U.S. Code § 6591b to increase the number of acres which can be treated for fuels reduction and pest treatment from 3,000 to 15,000 acres.

Eliminate Unnecessary Restrictions on Infrastructure Spending: The Infrastructure Investments & Jobs Act (IIJA, Public Law 117-51) provided unprecedented investments over the next 5 years for a wide range of forest management actions on National Forest System lands. In effect, this bill both authorized and appropriated funds for several new programs that impact all operations of the National Forest System, including those created from outside the Public Domain. That places these programs firmly within the jurisdiction of the Agriculture Committee, and we'd urge you to carefully review them as the 2023 Farm Bill approaches.

Unfortunately, Congress chose to insert language limiting the application of these funds in ways that limits their effectiveness. For instance, the bill provided \$500 million over 5 years for “mechanical thinning and timber harvesting” and “pre-commercial thinning in young growth stands.” However, each of these actions is limited with extraneous or redundant restrictions, including a limitation on precommercial thinning to include only those projects that produce “wildlife benefits to provide subsistence resources.”

This requirement could be construed to limit the application of these new funds to only those National Forest System lands where a recognized tribal government has valid subsistence rights, leaving large portions of the National Forest System ineligible for this important work.

Requested Action: Amend IIA authorities to eliminate duplicative, unnecessary, or unhelpful limitations on management.

Streamline National Forest Management: Each National Forest is governed by a legally binding Forest Plan, developed through a collaborative process with ample opportunities for public involvement. Each Forest Plan designates some acres of National Forests as being “suited for timber production,” while also recommending areas for more restrictive land uses, like wilderness designations.

In practice, these Forest Plans take too long to develop, and frequently, they wind up producing binding restrictions on land management, while land management goals – like early seral habitat – are both difficult to achieve and are rarely monitored to determine whether they are attained. When the Forest Service proposes management actions – such as creation of young forests or thinning fire prone stands – the agency must begin entirely new NEPA processes that make fleeting – if any – reference to the underlying Forest Plan.

The result is both an overly long planning process, and project level analysis that is too dense and voluminous to be of any use to anyone except experts. While the quantity of information required to move forward with a management project is impressive, the quality and accessibility to the public, leaves much to be desired. Moreover, conflicting court precedents, such as the disastrous Cottonwood case, have left in legal limbo whether Forest Plans are

“ongoing actions” under the law. This has left the Forest Service vulnerable to frivolous lawsuits that frequently block or delay needed management projects.

By one estimate, injunctions based on the erroneous Cottonwood precedent have stalled over 350 Million Board Feet of timber in the Forest Service Northern Region alone, enough timber to frame over 29,000 single family homes. Congress stepped in and provided a partial fix to this problem in the 2018 Omnibus Appropriations bill. The 2023 Farm Bill should be a vehicle to complete this work.

Requested Action: Clarify that Forest Plans are not “ongoing actions” for the purposes of Federal law and make clear that consultation under the Endangered Species Act Section 7 is not required at the plan level. Second, Congress should, through amendments to the National Forest Management Act, clarify that projects conducted on acres designated as suited for timber production should be subjected to reduced analytical requirements under other statutes. Planning for an accounting for “sensitive” resources on the National Forest System must grapple with the fact that about half the acres are in restricted land uses and will likely never see management.

Conclusion: FFRC appreciates the work this committee has done to provide the Forest Service with streamlined authorities to accomplish needed work on the National Forests. As we’ve seen, the only limitation with these authorities is that they haven’t gone far enough, fast enough. The forest health crisis on our National Forests threatens not only the sustainability of the forest industry that depends on those forests, but millions of Americans who need them for clean air, clean water, and places to recreate. The forest industry is a tool to help achieve management objectives on our National Forests -- ranging from hazardous fuels reduction to the creation and maintenance of habitat for multiple wildlife species.

By taking the steps outlined above, this Committee can help arrest the declines in forest health we’ve been witnessing for the last 30 years and put our forests on a better path. We look forward to working with the Committee and the other stakeholders on today’s panel to achieve these goals.

Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)* of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: _____

Subcommittee: _____

Hearing Date: _____

Hearing :

Witness Name: _____

Position/Title: _____

Witness Type: Governmental Non-governmental

Are you representing yourself or an organization? Self Organization

If you are representing an organization, please list what entity or entities you are representing:

FOR WITNESSES APPEARING IN A NON-GOVERNMENTAL CAPACITY

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

Are you a fiduciary—including, but not limited to, a director, officer, advisor, or resident agent—of any organization or entity that has an interest in the subject matter of the hearing? If so, please list the name of the organization(s) or entities.

Please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the source and amount of each grant or contract.

Please list any contracts, grants, or payments originating with a foreign government and related to the hearing's subject that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the amount and country of origin of each contract or payment.

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

- I have attached a written statement of proposed testimony.
- I have attached my curriculum vitae or biography.

* Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a non-governmental capacity, a written statement of proposed testimony shall include— (i) a curriculum vitae; (ii) a disclosure of any Federal grants or contracts, or contracts, grants, or payments originating with a foreign government, received during the past 36 months by the witness or by an entity represented by the witness and related to the subject matter of the hearing; and (iii) a disclosure of whether the witness is a fiduciary (including, but not limited to, a director, officer, advisor, or resident agent) of any organization or entity that has an interest in the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B)(iii) shall include— (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form 24 hours before the witness appears to the extent practicable, but not later than one day after the witness appears.

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

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

1. **Name:** Tom Schultz

2. **Organization you represent:** Federal Forest Resource Coalition

3. **Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:**
Idaho Forest Group, Vice President, Resources and Government Affairs: 2018 – Present.
Montana Department of Natural Resources and Conservation 1998 – 2012:
Administrator, Trust Lands Division, Administrator, Water Resources Division:
Idaho Department of Lands: 2012 – 2018: Director, Secretary of Idaho State Land Board.

4. **Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:**
Bachelor of Arts, Political Science, University of Virginia
Masters, Political Science, University of Wyoming
Masters in Forestry, University of Montana

5. **If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:**
I am currently serving as President of the Federal Forest Resource Coalition.

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