GAO

Report to the Chairman, Subcommittee on Regulation, Business Opportunities, and Technology, Committee on Small Business, House of Representatives

May 1994

FORESTRY FUNCTIONS

Unresolved Issues Affect Forest Service and BLM Organizations in Western Oregon



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United States General Accounting Office Washington, D.C. 20548

Resources, Community, and Economic Development Division

B-256361

May 17, 1994

The Honorable Ron Wyden
Chairman, Subcommittee on Regulation,
Business Opportunities, and
Technology
Committee on Small Business
House of Representatives

Dear Mr. Chairman:

The Bureau of Land Management (BLM), within the Department of the Interior, and the Forest Service, within the Department of Agriculture, manage 7.2 million acres of land in western Oregon. BLM is responsible for 2.3 million acres, while the Forest Service is responsible for the remaining 4.9 million acres. Both agencies manage portions of these lands for timber production and have parallel forestry organizations in several locations.

Because these parallel organizations operate in western Oregon, you asked GAO to assess the possibility of consolidating their forestry functions. During subsequent discussions with your office, we decided that it would not be appropriate for GAO to perform a detailed review at this time because of (1) ongoing reorganization efforts by BLM and the Forest Service and (2) the uncertainties associated with the administration's plan to resolve the dispute over timber cutting on federal lands in the Pacific Northwest. Instead, we agreed to summarize for you these agencies' prior and ongoing reorganization efforts and the potential legal and other constraints affecting any consolidation.

Results in Brief

Declining timber sales, tightening budgetary constraints, recommendations to reinvent government, and an increased understanding of the importance and functioning of natural systems, such as watersheds, soils, and animal habitats, are leading land management agencies such as BLM and the Forest Service to rethink their organizational structures and relationships with one another. Although previously identified opportunities to simplify federal land management by consolidating the responsibility for managing federal lands have not been implemented, both BLM and the Forest Service are attempting to refocus their existing programs and activities to meet the current challenges they face as well as to prepare for initiatives they may undertake in the future.

Many other unresolved issues in the Pacific Northwest—including potential conflicts in legislative mandates, timber-harvesting procedures, and revenue-sharing formulas—affect the future structure and organization of BLM and the Forest Service in western Oregon. Uncertainties about such matters as the future levels of timber harvests or the effects of reinventing government make it extremely difficult to determine how best to reorganize. An agency-by-agency approach to downsizing and restructuring may not have the potential to achieve the efficiencies that could be derived through a collaborative federal approach to land management.

Background

In the Pacific Northwest, BLM and the Forest Service manage adjoining federal lands. Of the 7.2 million acres of federal land in western Oregon, 2.6 million acres are Oregon and California Railroad lands that BLM and the Forest Service manage under the Oregon and California Sustained Yield Act of 1937 (O&C Act) (43 U.S.C. 1181a, et seq.). The Forest Service manages 490,000 acres of these lands; BLM manages the rest. Interspersed within and around the federal lands are state and private lands, some of which are used for timber operations.

As of September 30, 1993, BLM and the Forest Service had a combined total of 2,958 authorized positions in field offices in western Oregon, down from 3,213 in 1985. BLM's field organization in western Oregon consists of five district offices; each district office includes several subunits, or resource areas, which are located in the same community as the district office. The Forest Service has five national forests in the area; each forest has a Forest Supervisor's office and subunits, or ranger districts, which are generally located in smaller communities within the forest boundaries. These offices manage all of the usual organizational operations, such as grazing, mining, and recreation, as well as timber sales programs. (App. I provides a detailed listing of the number of authorized positions by location.)

Prior Recommendations to Consolidate BLM and Forest Service Never Implemented

Through the years, several unsuccessful attempts have been initiated to simplify federal land management by consolidating BLM's and the Forest Service's responsibilities for managing adjacent lands. These efforts included the Public Land Law Review Commission in 1964, the President's Private Sector Survey on Cost Control in 1983, and the 1985 BLM and Forest Service study.

In 1964, the Congress established the Public Land Law Review Commission to conduct a thorough investigation of federal land management. In June 1970, this Commission submitted a report to the President and the Congress recommending that the Forest Service be transferred to the Department of the Interior, which would then be renamed the Department of Natural Resources. However, the merger of the two agencies was not explicitly proposed, nor were subsequent legislative proposals to effect the recommendation introduced.

In 1983, the President's Private Sector Survey on Cost Control, also known as the Grace Commission, noted that the management of the two agencies' adjacent lands was made difficult by the many inconsistencies between BLM's and the Forest Service's policies. The Commission recommended that the two agencies combine administrative functions, eliminate duplication of efforts, and plan a program of jurisdictional transfers to accomplish these objectives. However, no legislation resulted from these findings and recommendations.

During the same period as the Grace Commission study, the Forest Service and BLM studied the feasibility of consolidating adjoining federal lands under a single agency to reduce costs, improve administrative efficiency, and improve public service. As a result of this study, the agencies proposed to exchange lands in Oregon and Washington so that the Forest Service would assume management responsibility for virtually all federal lands in western Oregon. The proposal included merging the BLM district offices with the Forest Service Supervisors' offices located in the same community, restructuring the boundaries to achieve an optimum size for and balance between units, and eliminating some managerial and overhead positions. The proposal included eliminating 280 permanent positions at an estimated annual savings of \$10.3 million; the costs of implementation over 5 years were projected at \$18.6 million. This "interchange" proposal, like the previous studies and recommendations, was not implemented.

Many Issues Affect BLM's and Forest Service's Efforts to Downsize and Reorganize BLM and the Forest Service, like all federal agencies, must be prepared to respond to budget cuts and smaller appropriations in the coming years. In addition, as a result of a proposal by the National Performance Review in its efforts to reinvent government, the agencies are likely to be reduced in size to absorb a portion of the 252,000-person reduction in federal positions that the administration plans to make by 1999. The major factor,

however, that will drive BLM and the Forest Service to downsize and reorganize is the decline in the timber sales program.

Declining Timber Sales Affect Staffing Needs and Organization

Federal timber sales have declined significantly in the Pacific Northwest since 1985. In western Oregon, for example, BLM sold 963.5 million board feet of timber in fiscal year 1985, compared with 48.5 million board feet in fiscal year 1993; the Forest Service sold 1,889.3 million board feet in fiscal year 1985, compared with 80.1 million board feet in fiscal year 1993. (These declining timber harvests are identified further in app. I.)

The fiscal year 1993 timber sales reflect the constraints of various lawsuits and federal court injunctions and may not be representative of future sales levels. However, the average annual timber harvest on federal lands in western Oregon dropped by about 46 percent, from 2.8 billion board feet for the period from 1980 through 1989 to 1.5 billion board feet for the period from 1990 through 1992. These declining levels, in conjunction with uncertain future levels, caused both BLM and the Forest Service to undertake efforts to downsize and restructure their forestry organizations. According to the current estimates being considered, the probable future timber sales for western Oregon may be as low as 689 million board feet for both agencies. However, since the volume of future timber sales is difficult to predict, determining the appropriate staffing levels for the organizations remains an uncertain task.

In the past few years, Pacific Northwest timber sales have been curtailed because of lawsuits and the resulting federal court injunctions based on habitat protection for the northern spotted owl and on the preservation of old-growth forests. In an attempt to resolve this impasse between timber sales and environmental concerns, President Clinton held a Forest Conference in Portland, Oregon, in April 1993. As a result of the Forest Conference, an interagency team was given the task of developing land management alternatives that would "attain the greatest economic and social contribution from the forests of the region and meet the requirements of the applicable laws and regulations."

In July 1993, the interagency team produced a set of alternatives, including a preferred alternative. When soliciting public comment on these alternatives, the team received more than 100,000 comments, which had to be reviewed and incorporated, as appropriate. The agencies submitted the final land management plan to the responsible federal court judge on April 14, 1994, and filed a notice to lift the injunction. Until a final decision

is made, it is impossible to predict its impact on the existing land and resource management plans, timber sales, or agency resources needed to implement the alternative.

In addition to the protection of habitat for the northern spotted owl, the protection of threatened and endangered salmon runs could have a major impact on timber sales as well as on other activities on federal lands, such as grazing, mining, and recreation. No clear estimate exists of what impact these protection measures will have on the organizational makeup of the Forest Service and BLM, but experts suggest that the impacts could be more substantial than the effects of protecting the northern spotted owl.

Budget Declines Affect Operations

While the overall budgets for the two departments have remained relatively stable in the past, reductions in BLM's and the Forest Service's budgets for their timber sales programs have resulted in a need to restructure and downsize their timber organizations.

BLM is studying its organization in Oregon with the goal of getting more people into the field and creating a more efficient structure. According to BLM officials, the ongoing reorganization efforts are tied to the draft land and resource management plans for the individual BLM districts. These plans are pending until a final decision is made on the overall land management plan submitted to the federal court judge on April 14, 1994.

In addition, the Forest Service, in order to meet a \$10 million reduction in its general administrative appropriation for fiscal year 1994, is cutting staff at the Washington Office and in the field. Moreover, as part of its ongoing cost-efficiency efforts to meet this \$10 million reduction, the Forest Service's Pacific Northwest Region is considering either combining functions or closing locations.

On a related note, BLM and the Forest Service in December 1993 began an experiment in south central Oregon that gives the Forest Supervisor the responsibility for both the Fremont National Forest and BLM's Lakeview District. The Fremont National Forest covers 1.2 million acres and has 248 full-time employees; the Forest Supervisor's office is also located in Lakeview. BLM's Lakeview District includes 3.4 million acres of mostly high desert rangeland and has 80 full-time employees. The combined annual budget of the two offices totals about \$25 million. This experiment, scheduled to run for 6 months, could provide a model for improving

interagency coordination and communication as well as for streamlining the work of both agencies and improving customer services.

National Performance Review Calls for Significantly Reduced Federal Staffing

In addition to the decline in staff resulting from decreased timber sales, both BLM and the Forest Service will have to absorb a portion of the 252,000-person reduction in federal positions that the administration plans to achieve by 1999. Both the Forest Service and BLM have reacted to the September 1993 National Performance Review by initiating studies.

The Forest Service has undertaken a reorganization study. Currently under consideration is a change from a four-level to a two-level structure, whereby regional offices and ranger district offices could be eliminated. The Forest Service expects to have a final report by September 1994.

BLM created a task force to review the organization of its Washington Office to complete a "right-sizing" effort and to meet the goals of the National Performance Review. At a March 1994 meeting of senior managers, however, BLM decided to retain its three-tier field structure and concentrate on making the organization more efficient under its present structure. In addition, BLM plans to hold an additional management meeting soon to refine the mission of the agency and to decide on its structure.

New Natural
Resources
Management
Approach Will Fuel
Current Efforts and
Require More
Reforms

Both BLM and the Forest Service have committed to implementing ecosystem management, which focuses on managing federal lands and natural resources along ecological rather than political or administrative boundaries. The National Performance Review also endorses a shift to a new land management approach that would affect these agencies. This effort is strongly endorsed by the current administration, and BLM and the Forest Service currently are in the planning stages of implementing this new approach.

The ecosystem management approach includes new levels of interagency communication and coordination, increased monitoring efforts, more adaptive management practices, and greater public involvement in the decision-making process. However, since the boundaries of natural systems and of the ecosystems that they combine to form are not consistent with the boundaries of existing federal land units, ecosystem management may require that activities and uses be coordinated and managed across the existing federal land units and agencies.

With this transition to ecosystem management, the agencies are reviewing their existing organizations to determine whether they have sufficient people with the necessary skills to implement this new management approach. The new emphasis on multiple resources and the cumulative effects of management actions on the environment will necessitate an increase in such personnel as wildlife biologists and hydrologists. In addition, the establishment of a unified resource data base across federal agencies will increase the need for computer expertise. On the other hand, the ecosystem approach to managing natural resources also has the potential to increase the efficiency and effectiveness of land management agencies by improving coordination and decreasing duplicate efforts.

In recent testimony¹ on reforming the Forest Service, we commented on the importance of ecosystem management in any efforts to restructure and refocus the existing programs to achieve new initiatives. Many of the issues needing to be considered when developing a strategy to reform the Forest Service transcend the agency's existing jurisdictional boundaries and affect the future effectiveness and efficiency of the other three primary land management agencies—the Department of the Interior's National Park Service, Fish and Wildlife Service, and BLM. In our testimony, we said that the current fiscal climate demands that the Forest Service and the other land management agencies search for ways to reduce costs, increase efficiency, and improve service to the public. Furthermore, we expressed the view that opportunities exist to increase the efficiency of federal land management by refocusing, combining, or eliminating certain missions, programs, activities, or field locations.

We encouraged the Forest Service to work closely with the Congress and the other federal land management agencies to find ways to operate more efficiently and to manage activities and uses across the existing federal land units so as to preserve the nation's natural resources and sustain their long-term economic productivity. We suggested that to accomplish these objectives, a coordinated interagency strategy may be needed to link the Forest Service's reforms to reforms being considered by other federal land management agencies.

¹Forest Service Management: Issues to Be Considered in Developing a New Stewardship Strategy (GAO/T-RCED-94-116, Feb. 1, 1994).

Legal and Operational Differences Complicate the Reform Process

Many legal and operational issues need to be resolved before any consolidation of BLM's and the Forest Service's forestry functions can occur. Among these issues are the different emphases in the controlling legislation. These differences include the potential conflict between the mandate in the O&C Act emphasizing timber and (1) the emphasis on the multiple-use philosophy of other controlling legislation and (2) the evolving emphasis on ecosystem processes and health in the preferred alternative resulting from the President's Forest Conference. Finally, BLM and the Forest Service are located within two different departments and have different agency heads, overall organizational missions, and operating procedures and practices.

Controlling Legislation Suggests Different Emphases

Under different controlling legislation with different legislative emphases, BLM and the Forest Service manage lands in western Oregon. The interpretation and application of these various laws make land management complex.

Both agencies generally manage their lands under laws with an emphasis on multiple use; that is, BLM operates under the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.), while the Forest Service follows the Multiple-Use, Sustained Yield Act of 1960 (16 U.S.C. 528-531) and the National Forest Management Act of 1976 (16 U.S.C. 1601 et seq.). These acts suggest that the land should be managed for all of the various renewable resources so that they are used in a combination that will best meet the needs of the American people.

Complicating the situation, however, is the existence of the O&C Act of 1937, which emphasizes timber. This act requires BLM and the Forest Service to manage the O&C lands under the principle of having a sustained yield "for the purpose of providing a permanent source of timber supply, protecting watersheds, regulating stream flow, and contributing to the economic stability of local communities and industries, and providing recreational facilities." The United States Court of Appeals for the Ninth Circuit has held that the act requires BLM and the Forest Service to manage these lands predominantly for timber production. This emphasis on timber is further supported by section 701(b) of the Federal Land Policy and Management Act of 1976, which specifies that if a conflict or an inconsistency in the management of timber resources arises between this act and the O&C Act, the O&C Act shall prevail.

Operational Differences Require Resolution

Other programmatic concerns also need to be resolved before a consolidation of BLM and the Forest Service in western Oregon could occur. Although the two agencies manage adjoining lands and have parallel forestry organizations, each agency operates under its own regulations, policies, procedures, and practices. The agencies' timber sales programs differ in such areas as contract procedures, the treatment of roads constructed by timber purchasers, and revenue-sharing formulas. In BLM's timber sales, for example, the purchaser pays for the timber before it is harvested; for the Forest Service's timber sales, the purchaser pays for the timber only as it is harvested.

Additionally, the Forest Service provides credits to timber purchasers for constructing the roads necessary to harvest the timber; these credits can be used instead of cash to pay for timber harvested. BLM provides no such credits to its timber purchasers, who factor the cost of building the access roads into their bids for individual timber sales. Furthermore, for revenue-sharing on timber sales, BLM remits 50 percent of the gross timber receipts on its lands to the counties where the timber is located; the Forest Service pays the counties 25 percent of the gross timber receipts, which includes the credits provided to the timber purchaser for constructing access roads.

Observations

Although previous studies, such as the 1985 interchange study, found that consolidating BLM's and the Forest Service's functions in western Oregon was feasible, they did not result in any significant downsizing or reorganization efforts. However, significantly reduced federal timber sales and efforts to reduce the budget deficit and the size of the federal work force by 252,000 federal positions by 1999 will require major changes. Both BLM and the Forest Service have actions under way or planned in response to these forces. However, new ecosystem management approaches, if successful, offer the potential for the most significant changes by integrating and coordinating the two agencies' programs and activities and eliminating duplication.

Agency Comments

We discussed the facts and observations in this report with the Deputy Regional Forester for Administration and the Director for Fiscal and Public Safety of the Forest Service's Pacific Northwest Region and the State Director and Deputy State Directors of BLM's Oregon State Office. We also discussed this information with timber management officials at both agencies' headquarters offices. The agency officials agreed that the facts

and observations presented accurately reflect the current situation in western Oregon and the issues affecting both agencies.

Scope and Methodology

To address the issues you asked us to review, we reviewed the 1985 Interchange of Land Management Responsibilities Implementation Guide for Oregon and Washington. However, we did not attempt to validate the methodology or results of the 1985 study because of the numerous other factors currently affecting the agencies' operations.

To obtain information on the agencies' current structure and reorganization efforts and on issues affecting them in western Oregon, we interviewed officials at the Forest Service's Pacific Northwest Region and BLM's Oregon State Office and reviewed documentation they provided, including the Report of the Forest Ecosystem Management Assessment Team.

To determine the legal issues or constraints, we reviewed the applicable legislation, including the Oregon and California Sustained Yield Act of 1937; the Federal Land Policy and Management Act of 1976; the Multiple-Use, Sustained Yield Act of 1960; and the National Forest Management Act of 1976.

Our review was performed between September 1993 and March 1994, in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after the date of this letter. At that time, we will send copies to the Secretaries of Agriculture and the Interior. We will make copies available to others on request.

Please call me at (206) 287-4810 if you or your staff have any questions about this report. Major contributors to this report include Linda L. Harmon, Assistant Director, and Carole J. Blackwell, Evaluator-in-Charge.

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Sincerely yours,

James K. Meissner

Associate Director, Timber

Locations, Number of Authorized Positions, and Timber Harvested in Western Oregon as of September 30, 1993

Agency	Location	Number of positions	Timber harvested⁴ in 1985⁵	Timber harvested ^a in 1993 ^b
Bureau of Land Management				
Salem District	Salem	97		
Yamhill Resource Area	Salem	29		
Alsea Resource Area	Salem	24		
Clackamas Resource Area	Salem	24		
Santiam Resource Area	Salem	24		
Tillamook Resource Area	Tillamook	25		
Subtotal		223	246.2	7.3
Eugene District	Eugene	94		
McKenzie Resource Area	Eugene	34		<u> </u>
South Valley Resource Area	Eugene	32	· · · · · · · · · · · · · · · · · · ·	
Coast Range Resource Area	Eugene	34		
Subtotal		194	212.9	7.9
Coos Bay District	Coos Bay/North Bend	97		
Umpqua Resource Area	Coos Bay/North Bend	35		
Tioga Resource Area	Coos Bay/North Bend	32		
Myrtlewood Resource Area	Coos Bay/North Bend	39		
Subtotal		203	216.1	7.0
Roseburg District	Roseburg	90		
Mt. Scott Resource Area	Roseburg	37		 -
Tyee Resource Area	Roseburg	32		
South Douglas Resource Area	Roseburg	35		-1.
Subtotal		194	173.2	3.0
Medford District	Medford	117		
Glendale Resource Area	Medford	38		
Grants Pass Resource Area	Medford	44		
Butte Falls Resource Area	Medford	35		
Ashland Resource Area	Medford	45		·
Subtotal		279	115.1	23.3
Total BLM positions in western Oregon and harvested	timber	1,093	963.5	48.5
Forest Service				
Willamette National Forest	Eugene	164		***
Blue River Ranger District	Blue River	47		
Detroit Ranger District	Mill City	60		
Lowell Ranger District	Lowell	37		
McKenzie Ranger District	McKenzie Bridge	46		

(continued)

Appendix I Locations, Number of Authorized Positions, and Timber Harvested in Western Oregon as of September 30, 1993

Agency	Location	Number of positions	Timber harvested ^s in 1985 ^b	Timber harvested ^a in 1993 ^b
Oakridge Ranger District	Westfir	63		
Rigdon Ranger District	Oakridge	68		
Sweet Home Ranger District	Sweet Home	61		
Subtotal		546	786.9	54.2
Siuslaw National Forest	Corvallis	99		
Alsea Ranger District	Alsea	29		
Hebo Ranger District	Hebo	31		
Mapleton Ranger District	Mapleton	36		
Waldport Ranger District	Waldport	40		
Oregon Dunes NRA°	Reedsport	18	-	
Angell Job Corps/CCCd	Yachats	49		
Subtotal		302	278.4	5.3
Umpqua National Forest	Roseburg	119		
Cottage Grove Ranger District	Cottage Grove	36		
Tiller Ranger District	Tiller	68		
Diamond Lake Ranger District	Idleyid Park	46		
North Umpqua Ranger District	Glide	57		
Wolf Creek Job Corps/CCC	Glide	48		
Dorena Tree Improvement	Cottage Grove	9		
Subtotal		383	416.7	8.6
Siskiyou National Forest	Grants Pass	95	· · · · · · · · · · · · · · · · · · ·	
Chetco Ranger District	Brookings	29		
Galice Ranger District	Grants Pass	44		
Gold Beach Ranger District	Gold Beach	43		
Illinois Valley Ranger District	Cave Junction	39		
Powers Ranger District	Powers	39		
Engineering Zones	Grants Pass	55		
Subtotal		344	207.0	3.5
Rogue River National Forest	Medford	117		
Applegate Ranger District	Jacksonville	35		
Ashland Ranger District	Ashland	24		
Butte Falls Ranger District	Butte Falls	30		
Prospect Ranger District	Prospect	55		
J. Herbert Stone Nursery	Medford	29		
Subtotal		290	200.3	10.5

(continued)

Appendix I Locations, Number of Authorized Positions, and Timber Harvested in Western Oregon as of September 30, 1993

Agency	Location	Number of positions	Timber harvested ^a in 1985 ^b	Timber harvested ^a in 1993 ^b
Total Forest Service positions in western Oregon				1-0
and timber harvested		1,865	1,889.3	80.1
Total BLM/Forest Service positions in western			-	
Oregon and timber harvested		2,958	2,852.8	128.6

^aIn million of board feet.

^bFiscal year.

^cNational Recreation Area.

^dCivilian Conservation Center.

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