Continued Work Needed to Address Persistent Management Challenges
Why GAO Did This Study

The Forest Service, within the Department of Agriculture, manages over 190 million acres of national forest and grasslands. The agency is responsible for managing its lands for various purposes—including recreation, grazing, timber harvesting, and others—while ensuring that such activities do not impair the lands' long-term productivity. Numerous GAO reports examining different aspects of Forest Service programs—including a testimony before this Subcommittee in 2008—have identified persistent management challenges facing the agency. In light of the federal deficit and long-term fiscal challenges facing the nation, the Forest Service cannot ensure that it is spending its limited budget effectively and efficiently without addressing these challenges.

This testimony highlights some of the management challenges facing the Forest Service today and is based on recent reports GAO has issued on a variety of the agency's activities.

What GAO Recommends

GAO has made a number of recommendations intended to improve the Forest Service’s management of wildland fires, strengthen its collection of data, increase accountability, and improve program management. The Forest Service has taken steps to implement many of these recommendations, but additional action is needed if the agency is to make further progress in rectifying identified shortcomings.

What GAO Found

In 2009, GAO highlighted management challenges that the Forest Service faced in three key areas—wildland fire management, data on program activities and costs, and financial and performance accountability. The Forest Service has made some improvements, but challenges persist in each of these three areas. In addition, recent GAO reports have identified additional challenges related to program oversight and strategic planning.

Strategies are still needed to ensure effective use of wildland fire management funds. In numerous previous reports, GAO has highlighted the challenges the Forest Service faces in protecting the nation against the threat of wildland fire. The agency continues to take steps to improve its approach, but it has yet to take several key steps—including developing a cohesive wildland fire strategy that identifies potential long-term options for reducing hazardous fuels and responding to fires—that, if completed, would substantially strengthen wildland fire management.

Incomplete data on program activities remain a concern. In 2009, GAO concluded that long-standing data problems plagued the Forest Service, hampering its ability to manage its programs and account for its costs. While GAO has not comprehensively reviewed the quality of all Forest Service data, shortcomings identified during several recent reviews reinforce these concerns. For example, GAO recently identified data gaps in the agency’s system for tracking appeals and litigation of Forest Service projects and in the number of abandoned hardrock mines on its lands.

Even with improvements, financial and performance accountability shortcomings persist. Although its financial accountability has improved, the Forest Service continues to struggle to implement adequate internal controls over its funds and to demonstrate how its expenditures relate to the goals in the agency’s strategic plan. For example, in 2010 Agriculture reported that the agency needed to improve controls over its expenditures for wildland fire management and identified the wildland fire suppression program as susceptible to significant improper payments.

Additional challenges related to program oversight and strategic planning have been identified. Several recent GAO reviews have identified additional challenges facing the Forest Service, which the agency must address if it is to effectively and efficiently fulfill its mission. Specifically, the agency has yet to develop a national land tenure strategy that would protect the public’s interest in land exchanges and return fair value to taxpayers from such exchanges. In addition, it has yet to take recommended steps to align its workforce planning with its strategic plan, which may compromise its ability to carry out its mission; for example, it has not adequately planned for the likely retirement of firefighters, which may reduce the agency’s ability to protect the safety of both people and property. Finally, the Forest Service needs a more systematic, risk-based approach to allocate its law-enforcement resources. Without such an approach it cannot be assured that it is deploying its resources effectively against illegal activities on the lands it manages.
Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss management challenges facing the Forest Service. As the steward of more than 190 million acres of national forest and grassland, the Forest Service, within the Department of Agriculture, is responsible for managing its lands for various purposes—including recreation, rangeland, timber, wilderness, and the protection of watersheds and wildlife—while ensuring that the agency's management of the lands does not impair their long-term productivity. In managing its lands in accordance with these purposes, the agency provides a variety of goods and services. Goods include timber, natural gas, oil, minerals, and range for livestock to graze. Watersheds on Forest Service lands provide drinking water to thousands of communities, and the national forests and grasslands themselves offer the public recreational opportunities, such as camping, hiking, and rafting. To carry out its responsibilities, the Forest Service employs about 30,000 permanent full-time employees and maintains hundreds of regional, forest, and ranger district offices nationwide, as well as a network of research facilities. Appropriations for the agency totaled $6.2 billion in fiscal year 2010.

My testimony today updates our 2009 testimony before this Subcommittee on Forest Service management challenges and is based primarily on findings from several reports we have recently issued on the agency's activities. Specifically, I will focus on management challenges in three key areas we identified in our 2009 testimony—wildland fire management, data on program activities and costs, and financial and performance accountability—as well as on additional challenges related to program oversight and strategic planning. As we stated in 2009, in light of the federal deficit and long-term fiscal challenges facing the nation, it is important for the Forest Service to address these management challenges to ensure that its limited budget is effectively and efficiently spent.

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1GAO, Forest Service: Emerging Issues Highlight the Need to Address Persistent Management Challenges, GAO-09-443T (Washington, D.C: Mar. 11, 2009).

2See the list of related GAO products at the end of this statement, which were generally conducted in accordance with generally accepted government auditing standards. Additional information on the scope and methodology used for this body of work is provided in each issued product.
In our 2009 testimony, we reported that the Forest Service, working with the Department of the Interior, had taken steps to help manage perhaps the agency’s most daunting challenge—protecting lives, private property, and federal resources from the threat of wildland fire—but that it continued to lack key strategies needed to use its wildland fire funds effectively. Over the past decade, our nation’s wildland fire problem has worsened dramatically. Since 2000, wildland fires burned more than double the acres annually, on average, than during the 1990s, and the Forest Service’s wildland fire-related appropriations have also grown substantially, averaging approximately $2.3 billion over the past 5 years, up from about $722 million in fiscal year 1999. As we have previously reported, a number of factors have contributed to worsening fire seasons and increased firefighting expenditures, including an accumulation of flammable vegetation due to past land management practices; drought and other stresses, in part related to climate change; and increased human development in or near wildlands. The Forest Service shares federal responsibility for wildland fire management with four Interior agencies— the Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, and National Park Service.

In our 2009 testimony we noted four primary areas we believed the Forest Service, in conjunction with Interior, needed to address to better respond to the nation’s wildland fire problems. The agencies have taken steps to improve these areas, but work remains to be done in each. As a result, we continue to believe that these areas remain major management challenges for the Forest Service:

• Developing a cohesive strategy that identifies options and associated funding to reduce potentially hazardous vegetation and address wildland fire problems. In a series of reports dating to 1999, we have recommended that the Forest Service and Interior agencies develop a cohesive wildland fire strategy identifying potential long-term options for reducing fuels and responding to fires, as well as the funding requirements associated with the various options. By laying out various potential approaches, their estimated costs, and the accompanying trade-offs, we

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\(^3\)GAO has issued dozens of reports and recommended more than 50 actions the Forest Service and Interior agencies could take to improve wildland fire management. For more information on the agencies’ efforts over the previous decade to improve their management of wildland fire, see GAO, *Wildland Fire Management: Federal Agencies Have Taken Important Steps Forward, but Additional, Strategic Action Is Needed to Capitalize on Those Steps*, GAO-09-877 (Washington, D.C.: Sept. 9, 2009).
reported that such a strategy would help Congress and the agencies make informed decisions about effective and affordable long-term approaches to addressing the nation’s wildland fire problems. Congress echoed our call for a cohesive strategy in the Federal Land Assistance, Management, and Enhancement Act of 2009, which requires the agencies to produce a cohesive strategy consistent with our recommendations.⁴

In response, the agencies have prepared “Phase I” of the cohesive strategy, which, according to a Forest Service official, provides a general description of the agencies’ approach to the wildland fire problem and establishes a framework for collecting and analyzing the information needed to assess the problem and make decisions about how to address it. The Phase I document has not yet been made final or formally submitted to Congress, even though the act requires the strategy to be submitted within 1 year of the act’s 2009 passage. Once the document has been made final, according to this official, the agencies expect to begin drafting Phase II of the strategy, which will involve actual collection and analysis of data and assessment of different options.

- **Establishing clear goals and a strategy to help contain wildland fire costs.** The agencies have taken steps intended to help contain wildland fire costs, but they have not yet clearly defined their cost-containment goals or developed a strategy for achieving those goals—steps we first recommended in 2007.⁵ Without such fundamental steps, we continue to believe that the agencies cannot be assured that they are taking the most important steps first, nor can they be certain of whether or to what extent the steps they are taking will help contain costs. Agency officials identified several agency documents that they stated clearly define goals and objectives and that make up their strategy to contain costs. However, these documents lack the clarity and specificity needed by officials in the field to help manage and contain wildland fire costs. We therefore continue to believe that the agencies will be challenged in managing their cost-containment efforts and improving their ability to contain wildland fire costs.


• **Continuing to improve processes for allocating fuel reduction funds and selecting fuel reduction projects.** The Forest Service has continued to improve its processes for allocating funds to reduce fuels and select fuel reduction projects but has yet to fully implement the steps we recommended in 2007.⁶ These improvements, which we reported on in 2009 and which the agency has continued to build upon, include (1) the use of a computer model to assist in making allocation decisions, rather than relying primarily on historical funding patterns and professional judgment, and (2) taking into consideration when making allocation decisions information on wildland fire risk and the effectiveness of fuel treatments.⁷ Even with these improvements, we believe the Forest Service will continue to face challenges in more effectively using its limited fuel reduction dollars unless it takes the additional steps that we have previously recommended. The agency, for example, still lacks a measure of the effectiveness of fuel reduction treatments and therefore lacks information needed to ensure that fuel reduction funds are directed to the areas where they can best minimize risk to communities and natural and cultural resources. And while Forest Service officials told us that they, in conjunction with Interior, had begun a comprehensive effort to evaluate the effectiveness of different types of fuel treatments, including the longevity of those treatments and their effects on ecosystems and natural resources, this endeavor is likely to be a long term effort and require considerable research investment.

• **Taking steps to improve the use of an interagency budgeting and planning tool.** Since 2008, we have been concerned about the Forest Service’s and Interior’s development of a planning tool known as fire program analysis, or FPA.⁸ FPA is designed to allow the agencies to analyze potential combinations of firefighting assets, and potential strategies for reducing fuels and fighting fires, to identify the most cost-effective among them. By identifying cost-effective combinations of assets and strategies within the agencies, FPA was also designed to help the agencies develop their wildland fire budget requests and allocate resources across the country. FPA’s development continues to be characterized by delays and revisions, however, and the agencies are

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⁷GAO-09-877.

several years behind their initially projected timeline for using it to help develop their budget requests. The agencies collected nationwide data on available assets and strategies in fiscal years 2009 and 2010, but in neither case did the agencies have sufficient confidence in the quality of the data to use them to help develop their budget requests. FPA program officials told us that they are currently analyzing data collected early in fiscal year 2011 to determine the extent to which the data can be used to help develop the agencies’ fiscal year 2013 budget requests. The officials also told us they expect an independent external peer review of the science underlying FPA—a step we recommended in our 2008 report—to begin in May 2011. The agencies continue to take steps to improve FPA, but it is not clear how effective these steps will be in correcting the problems we have identified, and therefore we believe that the agencies will continue to face challenges in this area.

Incomplete Data on Program Activities Remain a Concern

Our 2009 testimony noted shortcomings in the completeness and accuracy of Forest Service data on activities and costs. Although we have not comprehensively reviewed the quality of all Forest Service data, we have encountered shortcomings during several recent reviews that reinforce our concerns. For example, during our review of appeals and litigation of Forest Service decisions related to fuel reduction projects, we sought to use the agency’s Planning, Appeals, and Litigation System, which was designed to track planning, appeals, and litigation information for all Forest Service decisions. During our review, however, we determined that the system did not contain all the information we believed was pertinent to decisions that had been appealed or litigated and that the information the system did contain was not always complete or accurate. As a result, we conducted our own survey of Forest Service field unit employees. Likewise, during our recent testimony on hardrock mining, we noted that the Forest Service had difficulty determining the number of abandoned hardrock mines on its land, and we were concerned about the accuracy of the data that the agency maintained. Further, we recently reported that the Forest Service does not track all costs associated with activities under

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10GAO, Hardrock Mining: Information on State Royalties and the Number of Abandoned Mine Sites and Hazards, GAO-09-854T (Washington, D.C: July 14, 2009).
its land exchange program—another area of concern in our 2009 testimony.

One area that is expected to see improvements in the future is the completeness and accuracy of cost data, because in 2012 Agriculture is scheduled to replace its current Foundation Financial Information System with a new Financial Management Modernization Initiative system that includes managerial cost-accounting capabilities. Managerial cost accounting, rather than measuring only the cost of “inputs” such as labor and materials, integrates financial and nonfinancial data, such as the number of hours worked or number of acres treated, to measure the cost of outputs and the activities that produce them. Such an approach allows managers to routinely analyze cost information and use it in making decisions about agency operations and supports a focus on managing costs, rather than simply managing budgets. Such information is crucial for the Forest Service, as for all federal agencies, to make difficult funding decisions in this era of limited budgets and competing program priorities. According to Agriculture’s 2010 Performance and Accountability Report, the Forest Service has assessed its managerial cost accounting needs, and the cost-accounting module in the new system should allow the Forest Service to collect more-relevant managerial cost-accounting information.

In 2009, we testified that the Forest Service had made sufficient progress resolving problems we identified with its financial management for us to remove the agency from our high-risk list in 2005 but that concerns about financial accountability remained. While we have not reexamined these issues in detail since that time, recent reports from Agriculture, including from the Office of the Inspector General, continue to identify concerns in this area. For example, in 2010 Agriculture’s Office of Inspector General reported six significant deficiencies—including poor coordination of efforts to address financial reporting requirements and weaknesses in

Even with Improvements, Some Financial and Performance Accountability Shortcomings Persist


13We included the Forest Service on our high-risk list from 1999 through 2004 because of long-standing concerns over its financial accountability, citing “a continuing pattern of unfavorable conclusions about the Forest Service’s financial statements.”
internal controls for revenue-related transactions—although it did not find any of the deficiencies to be material weaknesses.\textsuperscript{14} Echoing these concerns about internal control weaknesses, Agriculture reported in its 2010 Performance and Accountability Report that the Forest Service needed to improve controls over its expenditures for wildland fire management and identified the wildland fire suppression program as susceptible to significant improper payments.\textsuperscript{15}

The Forest Service likewise has not fully resolved the performance accountability concerns that we raised in our 2009 testimony. As we noted at that time, the agency’s long-standing performance accountability problems included an inability to link planning, budgeting, and results reporting. This concern was also raised by a 2010 Inspector General report, which stated that the major goals cited in the agency’s strategic plan did not match the categories in its Foundation Financial Information System. In other words, the Forest Service could not meaningfully compare its cost information with its performance measures.\textsuperscript{16}

In addition to the management challenges we discussed in our 2009 testimony, several of our recent reviews have identified additional challenges facing the Forest Service—challenges that highlight the need for more effective program oversight and better strategic planning. In light of potential funding constraints resulting from our nation’s long-term fiscal condition, it is essential that the Forest Service be able to maximize the impact of its limited budget resources by exercising effective program oversight and appropriate strategic planning. Some recent concerns we have noted in this area include the following:

- \textit{Oversight of the land exchange process}. As part of its land management responsibilities, the Forest Service acquires and disposes of lands through land exchanges—trading federal lands for lands owned by willing private entities, individuals, or state or local governments. In the past, we and others identified problems in the Forest Service’s land exchange program and made recommendations to correct them. However, in our 2009 report


\textsuperscript{15}Department of Agriculture, \textit{2010 Performance and Accountability Report}.

\textsuperscript{16}08401-11-FM.
on the Forest Service’s land exchange program, we found that, although the agency had taken action to address most of the problems we had previously identified, it needed to take additional action to better oversee and manage the land exchange process so as to ensure that land exchanges serve the public interest and return fair value to taxpayers. In that report we made recommendations for the agency to, among other things, strengthen its oversight of the land exchange process, develop a national land tenure strategy, track costs, make certain training mandatory, and develop a formal system to track staff training. The Forest Service generally agreed with our recommendations, but as of October 2010, the agency had yet to develop a national land tenure strategy, track land exchange costs, require specific training for staff working on land exchanges, or fully implement a system to track attendance at training.

- **Workforce planning.** In recent reports, we and Agriculture’s Inspector General have raised concerns about the Forest Service’s ability to maintain an effective workforce through strategic workforce planning. In a 2010 report, we noted that the Forest Service (like Interior and the Environmental Protection Agency) had fallen short with respect to two of the six leading principles that we and others have identified as important to effective workforce planning: (1) aligning the agency’s workforce plan with its strategic plan and (2) monitoring and evaluating its workforce-planning efforts. Without more clearly aligning its workforce plans with its strategic plan, and monitoring and evaluating its progress in workforce planning, as we recommended in that report, the Forest Service remains at risk of not having the appropriately skilled workforce it needs to effectively achieve its mission. In addition, we reported that the Forest Service developed and issued annual workforce plans containing information on emerging workforce issues and that the agency had identified recommendations to address these issues but did not communicate its recommendations, nor assign responsibility for implementing recommendations. For the Forest Service to further capitalize on its existing workforce-planning efforts, we recommended that the agency communicate its recommendations in its annual 5-year


workforce plan, assign responsibility and establish time frames for implementing the recommendations, and track implementation progress. As of November 2010, the Forest Service had begun several actions to address our recommendations, although they had not yet been fully implemented.

Workforce planning is of particular concern in the area of wildland firefighting. In March 2010, Agriculture’s Inspector General reported that the Forest Service lacked a workforce plan specific to firefighters, despite the relatively high number of staff eligible to retire among those in positions critical to firefighting and the agency’s own expectations of an increase in the size and number of fires it will be responsible for suppressing. As the Inspector General noted, a lack of qualified firefighters due to retirements and inadequate planning could jeopardize the Forest Service’s ability to accomplish its wildland fire suppression mission, resulting in the loss of more property and natural resources and increased safety risks to fire suppression personnel.

- **Strategic approaches for protecting and securing federal lands.** In 2010, we issued reports examining different aspects of the Forest Service’s response to illegal activities occurring on the lands it manages, including human and drug smuggling into the United States. For example, we reported that the Forest Service, like other federal land management agencies, lacks a risk-based approach to managing its law enforcement resources and concluded that without a more systematic method to assess risks posed by illegal activities, the Forest Service could not be assured that it was allocating scarce resources effectively. For federal lands along the United States border, we reported that communication and coordination between Border Patrol and federal land management agencies, including the Forest Service, had not been effective in certain areas, including the sharing of intelligence and threat information, deployment plans, and radio communications between the agencies. In

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light of these shortcomings, and to better protect resources and the public, we recommended that the Forest Service adopt a risk-based approach to better manage its law enforcement resources and, in conjunction with the Department of the Interior and the Department of Homeland Security, take steps to improve communication and coordination between the agencies. The Forest Service concurred with our recommendations.

- Management strategies for the use of off-highway vehicles (OHV). Over the past few decades, the use of OHVs on federal lands has become a popular form of recreation, although questions have been raised about the effects of OHV use on natural resources and on other visitors. In 2009, we reported that the Forest Service’s plans for OHV management lacked key elements of strategic planning, such as results-oriented goals, strategies to achieve the goals, time frames for implementing strategies, and performance measures to monitor incremental progress.22 We recommended that the Forest Service take a number of steps to provide quality OHV recreational opportunities while protecting natural and cultural resources on federal lands, including identifying additional strategies to improve OHV management, time frames for carrying out the strategies, and performance measures for monitoring progress. As of June 2010, the Forest Service had several actions under way to address our recommendations, but none were yet complete.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

For further information about this testimony, please contact me at (202) 512-3841 or mittala@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Key contributors to this testimony include Steve Gaty, Assistant Director; Andrea Wamstad Brown; Ellen W. Chu; Jonathan Dent; Griffin Glatt-Dowd; and Richard P. Johnson.

Related GAO Products


**Hardrock Mining: Information on State Royalties and the Number of Abandoned Mine Sites and Hazards.** GAO-09-854T. Washington, D.C: July 14, 2009.


**Forest Service: Emerging Issues Highlight the Need to Address Persistent Management Challenges.** GAO-09-443T. Washington, D.C: March 11, 2009.
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