Budget Update

Congress is back in session following the August recess and the bruising debt limit debate that preceded it. The next impending deadline facing Congress is the passage of appropriations for Fiscal Year 2012, which starts October 1. Congress has made little progress passing the twelve individual appropriations bills that fund the federal government -- the House has passed six of the bills while the Senate has passed only one. The House is likely to vote this week on a continuing resolution (CR) keeping the government funded through November 18 while Congress awaits further direction on possible Fiscal Year 2012 spending cuts from the Congressional "Super Committee" created in the August debt limit deal.

The draft CR is likely to provide initial FY12 funding at the $1.043 trillion level adopted in the debt limit bill, which amounts to a $6.8 billion dollar reduction over FY11 enacted levels or $79.2 billion below the President's budget request level. That level is actually $24 billion higher than the amount provided in the House budget resolution passed earlier this year. Fiscal conservatives in the House may object to the higher spending levels, although they may prefer to delay the fight until after the Super Committee recommendations have been received.

One additional sticking point between the House and Senate could be the House's demand that an estimated $1 billion in Federal Emergency Management Agency (FEMA) disaster relief funding be offset elsewhere in the budget. FEMA's disaster reserve has been depleted following major tornados earlier this year and the damage caused by Hurricane Irene. Senate Democrats are opposed to offsetting disaster spending with cuts to other programs. Nonetheless, the House CR includes fund transfers and across-the-board cuts to offset the disaster spending.

It is likely that Congress will agree to a CR that lasts until November as they turn their attention to drafting what seems to be an inevitable omnibus appropriations measure for the remainder of FY12. Remaining questions include the final funding level Congress will provide and any decisions made by the Super Committee as it seeks to trim the long-term deficit by $1.5 trillion or more, to avoid major across-the-board cuts to defense and non-defense spending. It is likely that both issues will be clearer in November.

TheInterior Environment Appropriations bill, which funds the Forest Service, Department of the Interior and the Environmental Protection Agency (EPA), will see cuts in FY12. The August debt limit level as adopted by the Senate Appropriations Committee would cut $314 million from current spending levels. The House Appropriations Committee slated the Interior bill for a $2.1 billion reduction in FY12, with the EPA taking the brunt of the cuts.
The House Interior, Environment, and Related Agencies Appropriations bill was debated on the House floor earlier this summer but never received a vote. The Senate Appropriations Committee did not offer a draft Interior Appropriations bill. The House legislation largely left forest management funding for the Forest Service and BLM at or near FY11 levels. /Tom Partin

**County Revenue Proposal**

On September 15, the House Natural Resources Committee, chaired by Representative Doc Hastings (R-WA), released a legislative discussion draft of a proposal that ties the reauthorization of the Secure Rural Schools and Community Self Determination Act (SRS) to fundamental reforms in how the Forest Service manages the federal forests. The draft legislation has been scheduled for a hearing on September 22 in Washington, D.C.

The legislation, dubbed the National Forest County Revenue, Schools, and Jobs Act, [http://naturalresources.house.gov/UploadedFiles/SRS2011DiscussionDraft.pdf](http://naturalresources.house.gov/UploadedFiles/SRS2011DiscussionDraft.pdf) would establish a revenue trust mandate between the Forest Service and beneficiary counties. It would require the Forest Service to generate a specific level of receipts -- an Annual Revenue Requirement (ARR) -- from each National Forest to share with local governments. The draft legislation would assign each forest an ARR equal to a yet to be determined percentage of the average annual receipts generated between 1980 and 1999. The ARR would be distributed in the following manner: 75% to participating counties, 20% to a local Forest Service revolving fund, and 5% to the U.S. Treasury.

The Forest Service would be provided alternative, streamlined administrative and procedural requirements and timelines for timber sales developed to meet the ARR or those projects conducted in response to a catastrophic event. These projects, known as "County, Schools and Revenue Trust Projects," would also be exempt from judicial review.

The legislation would apply to National Forests nationwide and represents a proposal from the House GOP Majority on how to continue providing revenue to rural counties and schools dependent on the Secure Rural Schools program, which expires later this month. It will face obstacles getting through the democratically controlled Senate, which has focused on merely reauthorizing the direct payments to counties.

We understand that the legislation now under discussion includes a possible placeholder for adding a legislative proposal for resolving the gridlock crippling management of BLM lands in Western Oregon. It is likely that Representatives Greg Walden (R-OR), Peter DeFazio (D-OR) and Kurt Schrader (D-OR) would be key to any such proposal.

In 2000, Congress passed the SRS to make up for a severe reduction in timber receipts from the national forests. SRS has since been reauthorized twice and has fed billions of dollars to local governments and schools. The latest reauthorization expires at the end of the month, although the counties will receive a final payment early next year. The SRS funding was always intended to be an interim measure that would be in place until forest policy changes allowed harvest levels to return to sustainable levels. To date that transition has not happened.

AFRC has been particularly active working with key members of Congress to promote legislative solutions to restore responsible, sustainable management to our federal forests to improve the health of
local communities and the forests. We will continue working with the House Natural Resources
Committee and key members in both the House and Senate as the process unfolds.

Idaho Community Forest Trust Proposal
On July 26, five Idaho counties including Boundary, Clearwater, Idaho, Shoshone, and Valley, put forth
a proposal for counties to transition away from uncertain federal payments under the SRS to county
management of certain federal forest lands. The proposal is for Community Forests to be designated
from federal forest lands within Idaho and managed in trust by the state for the benefit of county
governments and local communities. Proceeds from the management of these lands would then go to
counties which are currently receiving SRS funding in lieu of transfer payments from the federal
treasury.

Under the Idaho counties’ proposal, designated County Forest Trust land would be professionally
managed by the Idaho Department of Lands for the legislatively defined purposes of supporting county
governments and providing sustainable forest stewardship. The Community Forest Trust lands would
remain the property of the United States government but would be managed in trust for county
governments under the laws that apply to the management of Idaho state lands.

Oversight of the Trust would be provided by a Board of Directors made up from those federal land
counties and appointed by the Governor. Management costs would be deducted from the revenue
earned from land management activities and paid back to the Idaho Department of Lands.

The immediate proposal is for Congress to approve a 200,000 acre Community Forest Trust pilot project
in Idaho to demonstrate how the project would function and to evaluate and fine-tune the concept. The
pilot would continue for at least five years or for the duration of the next SRS reauthorization, whichever
is longer. The next step is for members of the Idaho delegation to introduce the proposal as legislation
to see if Congressional support for this Trust proposal can be gained. While sufficient support likely
exesists in the GOP-led House, the Democratic Senate has resisted similar proposals in the past. /Tom
Partin

Forest Roads Case
On September 13, the timber industry and Tillamook County filed a petition with the U.S. Supreme
Court seeking review of the Ninth Circuit Court of Appeals decision in Northwest Environmental
Defense Center v. Brown. That ruling invalidated EPA’s long-standing rule that forest roads are
nonpoint sources under the federal Clean Water Act. The State of Oregon has filed a similar petition. A
decision by the Supreme Court on whether to accept review is expected before the end of 2011.

The case is important to all forest landowners nationwide and to all users of federal forest lands because
of the uncertainties associated with the requirement to obtain National Pollution Discharge Elimination
System (NPDES) permits and the likelihood of both process and litigation gridlock arising from the
right of citizens to sue for alleged violations of the Clean Water Act. The effectiveness of state forest
practices rules and best management practices is the most effective means of preventing sedimentation
from forest roads, making a federal permit system both unnecessary and expensive to both landowners
and taxpayers.
Retitled *NEDC v. Decker*, the original case is now scheduled for trial in the District of Oregon Portland Division on November 13, 2012. A request to the Circuit Court to stay proceedings pending the Supreme Court’s decision on whether it will take the case was denied earlier this summer. /Ann Forest Burns

**Fire Acreage Above Average**

To date, the 2011 fire year is outpacing the ten-year average in the total number of acres lost to wildfire. The fire season started early with several large fires in the Southwest in Arizona, New Mexico and Texas.

Fire season finally hit the West in mid-August. Several large blazes are still burning, but are getting closer to containment. Below are the national statistics through September 8 showing fires and acres burned for the last 10 years and the averages:

<table>
<thead>
<tr>
<th>Year-to-date</th>
<th>Fires</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>56,195</td>
<td>7,274,576</td>
</tr>
<tr>
<td>2010</td>
<td>43,544</td>
<td>2,616,129</td>
</tr>
<tr>
<td>2009</td>
<td>68,374</td>
<td>5,465,991</td>
</tr>
<tr>
<td>2008</td>
<td>64,505</td>
<td>4,623,563</td>
</tr>
<tr>
<td>2007</td>
<td>66,319</td>
<td>6,992,476</td>
</tr>
<tr>
<td>2006</td>
<td>80,072</td>
<td>7,875,699</td>
</tr>
<tr>
<td>2005</td>
<td>45,991</td>
<td>7,542,411</td>
</tr>
<tr>
<td>2004</td>
<td>55,164</td>
<td>7,482,726</td>
</tr>
<tr>
<td>2003</td>
<td>44,978</td>
<td>2,705,583</td>
</tr>
<tr>
<td>2002</td>
<td>62,747</td>
<td>6,343,656</td>
</tr>
<tr>
<td>10 yr avg</td>
<td>59,908</td>
<td>6,078,937</td>
</tr>
</tbody>
</table>

In an August 1 Forest Service report, which was the largest study ever of fuel treatment effectiveness, researchers found that intense thinning treatments that leave 50-100 trees per acre are the most effective in reducing crown fires across western forests. Forest Service Chief Tom Tidwell stated “this study proves once again that an ounce of prevention is worth a pound of cure.” With millions of acres at risk to wildfires, these intense thinning regimes are desperately needed on a landscape basis. /Tom Partin

**Log Exports Skyrocket**

A September 1 Pacific Northwest Research Station report revealed that the volume of softwood log exports from the west coast (Washington, Oregon, California, and Alaska) increased by 79 percent from the first half of 2010 to the first half of 2011. In 2010 a total of 548.6 mmbf of raw logs had been exported during the first six months. In 2011, 982.2 mmbf were shipped abroad during that same period, mostly to China.

A breakdown of where the second quarter 2011 log shipments were bound showed that 71 percent went to China, 14.6 percent to Japan, and 13.8 percent to South Korea. Douglas-fir accounted for 55.6 percent of the volume, 28.9 percent was western hemlock, 11.2 percent spruce, and other softwoods accounted for the remaining 4.3 percent.
Lumber shipments to Pacific Rim nations took a dip in the second quarter of 2011 compared to first quarter volume, at least for Oregon and Washington. The total for Oregon and Washington was 201.3 mmbf, down from 213.5 mmbf. California, on the other hand exported, 31 mmbf up from 11.4 mmbf. Alaska did not export any lumber. The increased log exports are making it harder for domestic manufacturers to find logs for processing, making public timber, which can’t be exported, very much in demand. /Tom Partin

**WA Attorney General’s Powers**

On September 1, the Washington Supreme Court issued two opinions on the powers and duties of the State Attorney General. In a case brought by Commissioner of Public Lands Peter Goldmark (*Goldmark v. McKenna*), seeking to require the Attorney General to appeal an Okanogan trial court decision involving the right of the Public Utility Commission to condemn a right of way across state land, the Court held that the A.G. is required by statute to “provide the Commissioner with representation.”

In the other case decided on the same day (*City of Seattle v. McKenna*), the court unanimously upheld the authority of the Attorney General to add Washington State to the list of states challenging President Obama’s health insurance law in federal court. /Ann Forest Burns

**Northwest Forest Plan - Klamath**

This issue will highlight how the Klamath National Forest has fared in meeting Northwest Forest Plan (NWFP) timber target expectations during the past 15 years (1995-2009).

The Klamath encompasses approximately 1,700,000 acres and is located within Siskiyou County, California, with a small portion in Jackson County, Oregon. The annual Allowable Sale Quantity identified in the NWFP was 44 mmbf and if fully funded would have amounted to 660 mmbf over the 15 year period. The total target funded during this period was approximately 501 mmbf, which is only 76% of NWFP expectations. During the last 15 years the Klamath awarded approximately 403 mmbf, which amounts to 80% of the funded target and 61% of NWFP expectations.

**Job Creation**

If NWFP projections had been met, approximately 7,260 direct and 17,061 indirect jobs would have been created. If funded targets had been met, approximately 5,511 direct jobs and 12,951 indirect jobs would have been created. In reality only 4,433 direct and 10,418 indirect jobs were created from actual awarded projects. This accounts for a reduction of 2,827 direct and 6,643 indirect jobs.

During the last 15 years, the forest has been given $53,168,000 to accomplish their assigned target. This number only includes appropriated timber dollars and not fuels, wildlife, and watershed funding used to assist with the vegetation program. The cost per thousand board feet on the forest for the last 15 years has been approximately $106/mbf. /Rick Svilich

**Malheur Meets FY11 Targets**

Demonstrating its commitment to industry infrastructure, communities, and forest restoration, the Malheur National Forest will meet its sale target of 29 mmbf of sawlog material for Fiscal Year 2011. The forest has implemented a program of “landscape scale” restoration projects with the assistance of the Blue Mountains Forest Partners (BMFP) and the Harney County Restoration Collaborative (HCRC). These two collaborative groups operate on the north and south ends of the forest respectively. The
Malheur anticipates completion of planning on an estimated 90,000 acres, or ten percent of the manageable lands on the forest, by April, 2012.

The BMFP proposed to the Forest Leadership Team (FLT) that 40,000 to 60,000 acres of planning, resulting in actual treatment of about 50 percent of those acres, was necessary to restore dry pine sites on the forest. The FLT accepted that proposal. In a show of support to the region, the Governor’s office provided funding to the Harney County Soil and Water District to hire local citizens for sale preparation and layout on the Jane Collaborative project. The Malheur National Forest provided flagging, tags, and boundary paint for the effort. Congratulations to the Malheur for a job well done! /Irene Jerome

Pine Butterfly Outbreak
After many decades of little activity and no visible defoliation, pine butterfly (Neophasia menapia) populations are on the rise in the Blue Mountains. The resulting large-scale defoliation occurring on 250,000 to 300,000 acres is a 10-fold increase from 2009 and is most prevalent on the Malheur National Forest. Generally, the larvae prefer to eat older pine needles and this defoliation may have little to no effect on trees; however, reduced growth and/or whole tree mortality may occur if trees are under stress. While the health and vigor of a tree prior to defoliation plays a role in determining whether a tree will survive an attack, the percent of the canopy actually defoliated is also an important factor. Outbreak duration also contributes to mortality rates.

It’s too early to tell what will happen next year, but entomologists have noticed two trends. There is a wider distribution of eggs this year compared to last year which could mean more widespread defoliation next year, but there is also a rise in the number of dead and dying larvae resulting from viral infection, which may indicate that natural controls may be kicking in and could lead to a steep collapse in the butterfly populations.

Outbreaks like this are typically short in duration, lasting just a couple of years before natural enemies, environmental conditions, and starvation crash the population. An ichneumonid wasp that parasitizes the larvae has been credited with pine butterfly population declines in the past, but usually the parasite’s populations lag 1-2 years behind that of the pine butterfly. On a positive note, entomologists believe that most of the defoliated trees should recover. For more information visit: http://www.oregon.gov/ODF/privateforests/docs/fh/PineButterflyWeb.pdg
http://www.youtube.com/watch?v=MG2NUatqtU8
http://www.youtube.com/watch?v=ufdPR24qW3E
http://news.opb.org/article/after_the_pine_butterflies_what_next/ /Irene Jerome

Monument Designation Powers Reviewed
On September 13, the House Natural Resources Subcommittee on National Parks, Forests and Public Lands held a hearing to focus on a series of bills intended to prevent the Administration from unilaterally designating new National Monuments within certain states without Congressional approval.

Last year an internal document from the Interior Department revealed the Administration’s potential plans to designate new National Monuments under the Antiquities Act. The proposed designations would lock-up millions of acres of public lands in the West without Congressional approval and restrict access for energy production, timber harvesting, recreation and other job-creating economic activities.
The six bills under consideration would require either state approval or authorization by Congress prior to a National Monument designation and prevent unilateral designation by any President. / Tom Partin

Survey and Manage - Correction and Appeal
AFRC’s August 18 Newsletter incorrectly stated that the Northwest Forest Plan (NWFP) survey and manage program applies only to the matrix lands. We appreciate the reader who correctly pointed out that survey and manage applies to all lands under the NWFP. Our blunder was perhaps caused by the repeated assertions of plaintiffs in Conservation Northwest v. Rey that survey and manage was adopted in part to mitigate the effect on late successional species of harvest outside the reserves that would occur in the Matrix and Adaptive Management Areas.

On August 31, Conservation Northwest v. Rey Intervenor D.R. Johnson Lumber Company appealed the Court’s decision and the approval of the survey and manage settlement agreement (see August 18 AFRC Newsletter) on numerous grounds, including that survey and manage no-cut reserves violate the O & C Act. D.R. Johnson also pointed out that the back room settlement agreement continuing survey and manage required public participation and a plan amendment because at the time Judge Coughenour approved the settlement the 2008 Western Oregon Plan Revisions, which eliminated the survey and manage program, were the governing plans under Judge Bates Order in Douglas Timber Operators v. Salazar. /Ann Forest Burns

FFRC Board to Meet
The first Board of Directors meeting of the Federal Forest Resource Coalition (FFRC) will be held October 10 in Washington D.C. Bill Imbergamo began the job of Executive Director on September 1, and the purpose of the first Board meeting is to fine tune the issues and policies the new group will work on. To take advantage of the presence in DC of several of its members who are FFRC directors, AFRC is also scheduling a series of meetings for that week with Congressional and Administration leaders to hone in on issues impacting the harvest of federal timber in Regions 1, 4, 5 and 6.

FTPC Update
The Federal Timber Purchaser’s Committee, which is now housed within FFRC, has scheduled its next meeting for November 15-17 in Albuquerque, New Mexico. There will be a field trip November 15 to look at some of the forest management, fire, and fuels reduction issues in that Region, followed by two days of meetings.

There was an excellent turnout of both industry and agency personnel for the spring FTPC meeting which was held in Portland. Hopefully that momentum can continue. /Tom Partin

Sequoia National Forest Supervisor
On September 11, Kevin Elliott became Forest Supervisor of the Sequoia National Forest and Giant Sequoia National Monument. He formerly served as Forest Supervisor of the Ashley National Forest and the Alleghany National Forest. He holds dual bachelor’s degrees in forestry/recreation and zoology/botany from the University of Montana and is a graduate of Harvard’s Kennedy School of Government, Senior Executive Fellows Program.

Deb Whitman, acting Forest Supervisor for the last seven months, returns to her position as the Region 5 Director of Ecosystem Management.
AFRC looks forward to working with Kevin and continuing to work with Deb. /Jerry Jensen

Mankowski Moves to Cooperative
John Mankowski, Governor Gregoire’s representative on the Washington Board of Natural Resources, has accepted a position as the coordinator of the North Pacific Landscape Conservation Cooperative http://www.fws.gov/pacific/Climatechange/pdf/DoINorthPacificLCC.pdf effective September 19. The cooperative is a partnership involving state and federal agencies, tribes, nongovernmental organizations, universities and others. It is designed to inform natural resource management needs and provide management tools. AFRC wishes John well in his new job. /Jacob Groves

Forest Restoration Conference
Registration is now open for the Forest Restoration Beyond Fuels Reduction: What is the Vision conference to be held October 12—14 in Bend, OR. Co-sponsored by the Society of American Foresters, Central Oregon Community College, and Oregon State University, the program’s 27 speakers will examine topics ranging from harvesting and economics to silvicultural treatments and social aspects of restoration. Speakers include John Allen, Deschutes National Forest Supervisor; Chuck Burley, Interfor Pacific Gilchrist Timber Manager; and Stephen Fitzgerald, OSU Extension Forester. A full agenda and registration information are available at http://www.forestry.org/oregon/chapter/3/forestrestoration/ or by calling the SAF Northwest Office (503) 224-8046. /Ann Forest Burns