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Forest Service's "End-Results" Budget  
Tests and Implementation of the  
Timber Cost Accounting System

Statement of  
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Before the  
Subcommittee on Interior and  
Related Agencies  
Committee on Appropriations  
House of Representatives



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Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear here today to discuss our office's review of actions being taken by the Forest Service to test an end-results budgeting procedure and to implement a new accounting system for timber sales in national forests. We undertook this review in response to your request after last year's appropriation hearings. We have provided you with two separate reports<sup>1</sup> detailing our work on these subjects.

With the Subcommittee's approval, the Forest Service is suggesting a change in the manner in which it receives funding from the Congress. The Service is proposing that its budget structure be streamlined to receive funds through appropriation line items that, in many cases, consolidate existing line items. For the Subcommittee's use in overseeing the revised budget structure, the Service is also proposing that output targets supplement traditional appropriation accountability. These targets, coupled with authority at the forest level to shift funds among targets within a line item, will be adopted by the Service for management

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<sup>1</sup>Letter to Chairman Yates dated March 29, 1988, and report entitled, Forest Service: Evaluation of "End-Results" Budgeting Test (GAO/AFMD-88-45, March 31, 1988).

of its programs. Through its tests of these procedures, the Forest Service has attempted to demonstrate that it will provide more service for the dollars made available by the Congress.

From our point of view, this proposal makes sense. The land management planning process mandated by the Congress provides broad management direction to the Forest Service. This process outlines the work that must be accomplished if the land is to produce the output values described in the plan. In our view, it is logical for the Service to receive its funds and establish its output targets on a basis comparable with this plan. The same basis should, likewise, be used to track costs to show progress in and the cost of attaining those goals. This allows forest managers to clearly link their plans with the reality of daily operations and provides the means for making necessary operational adjustments.

One of the more significant aspects of the Service's proposal is its request to be allowed to spend funds within consolidated budget line items without the Subcommittee's prior approval. We believe that the Service's proposal to shift funds within consolidated line items is workable and should not lessen the Subcommittee's ability to oversee the Service's budget. Adequate appropriation accountability will be facilitated as long as the Subcommittee and the Service agree on consolidated line items to be used and the output targets expected for those items. The

Service would continue to request authority from the Subcommittee to reprogram funds between line items. It would also request the Subcommittee's approval when a significant decrease in any agreed upon program output target within a line item occurs.

The Service believes that, as a part of this change in the budgetary process, 2-year availability of appropriations would aid in carrying out its programs, especially in terms of completing work which is subject to extreme and unexpected changes, such as the weather or similar factors. It is a matter for the Subcommittee to decide, considering the nature and objectives of Forest Service programs, whether extended availability makes sense. We believe that it will aid in more effective and efficient use of the funds made available.

In a related matter, the Subcommittee and the Forest Service have recognized that the Service's existing accounting records do not always provide an accurate representation of what it costs to do a particular project. The Forest Service should continue its efforts to develop better costs of its timber program and should also begin to improve accounting for the cost of its other programs. This will assist in assessing the cost of providing the various outputs required by the multiple-use mandate, as well as those agreed to by the Subcommittee.

Finally, the Service has progressed in implementing its timber cost accounting system. This system has been tested at 11 forests during fiscal year 1988. Full implementation on a servicewide basis is scheduled for October 1, 1988. We believe that the test has worked well and that full implementation is warranted to resolve this long-standing issue.

In summary, we believe the Subcommittee should view the Forest Service proposal as a closely inter-related package and allow the Service to continue testing its end-results budgeting ideas on a servicewide basis. In addition, we believe that the timber cost accounting system should be implemented as scheduled.

Mr. Chairman, that concludes my formal statement. I would be happy to answer any questions you or members of the Subcommittee may have.