



## Testimony

Before the Subcommittee on Forests and Forest Health,  
Committee on Resources, House of Representatives

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# FOREST SERVICE

## Actions Needed for the Agency to Become More Accountable for Its Performance

Statement of Jim Wells, Director,  
Energy, Resources, and Science Issues  
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G A O

Accountability \* Integrity \* Reliability

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Madam Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss (1) the status of efforts by the Department of Agriculture's Forest Service to become more accountable for what it accomplishes with appropriated funds and (2) the actions still needed for the agency to provide the Congress and the public with a better understanding of its performance. Our comments are based on products issued over the last 3 years as well as on our ongoing work.<sup>1</sup>

In summary, Madam Chairman:

- To become more accountable for its performance, the Forest Service will need to link its budget and organizational structures as well as its budget allocation criteria, forest plans, and performance measures to its strategic goals, objectives, and strategies. However, the agency is still years away from completing these linkages. For example, the Forest Service continues to budget and allocate most of its appropriated funds to its field offices on the basis of nine separate programs, many of which are not linked to either its strategic plan or the way that work is routinely accomplished on the national forests. In addition, even though forest plans are intended to serve as a basis for developing future budget proposals, the Forest Service has not determined how or if the national forests will blend agencywide objectives and strategies with local priorities in revising their plans. Moreover, instead of developing new performance measures and improving existing ones to better align them with its strategic goals and objectives and its on-the-ground projects and work activities, the agency is relying on old program-based performance measures. Many of these measures are not clearly linked to the Forest Service's strategic goals and objectives and do not always adequately assess the outputs, service levels, and outcomes that the agency intends to achieve. As a result, the Congress and other interested parties do not have an adequate measure of the Forest Service's funding needs or of its progress toward achieving its strategic goals and objectives.

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<sup>1</sup>See app. I for relevant GAO products on performance accountability within the Forest Service.

- To provide the Congress and the public with a better understanding of what it accomplishes with appropriated funds, the Forest Service will need to make performance accountability a priority within the agency. To do so, the Forest Service will need to provide strong leadership, a cohesive strategy, and firm deadlines for correcting known deficiencies. One component of such a strategy would be to replace the agency's current program structure with one that is better linked to its strategic goals and objectives, proposed budget structure, and the way of accomplishing work routinely on the national forests. The Congress could provide an incentive to the Forest Service to become more accountable for its performance by requiring that any further revisions to the agency's budget coincide with actions by the Forest Service to correct known performance-related deficiencies. The Congress could also help to expedite the process by requiring that the agency develop a firm schedule to implement these actions.

## **Background**

Twice in the last 13 years, the Congress has given the Forest Service greater discretion in deciding where to spend appropriated funds after the agency has promised to become more accountable for its performance. In neither instance did the Forest Service fulfill its promise. For example, in acting on the agency's appropriations for fiscal year 1995, the Congress consolidated line items in the Forest Service's budget for which specific amounts of funds are allocated. The simplified budget provided larger pools of funds and, thus, greater discretion to the agency's field and program managers in deciding where to spend the money. However, as recently as October 1999, we observed that the Forest Service could not accurately report its expenditures and accomplishments and that its budgetary, financial, and performance systems and data were not linked.

For fiscal year 2001, the Forest Service proposed significant changes to simplify its budget structure. The proposed budget structure would have reduced 21 existing budget line items and extended budget line items within the National Forest System appropriation—the agency's largest discretionary appropriation—to 3 budget line items.

The Forest Service's proposed budget structure was intended to better link the National Forest System appropriation with two goals in the agency's 2000 strategic plan<sup>2</sup> and with the way that work is routinely accomplished in the field. Over time, the link between how funds are appropriated and how they are spent has weakened as the agency's field offices have been required to address issues or problems that are not aligned with the agency's budget structure. For example, a full range of projects and activities—including timber sales, thinning, wildlife habitat treatments, prescribed fires, and mechanical treatments—are often necessary to restore and protect land health and forest resources. To fund this integrated approach to land management, field offices must now use funds from multiple appropriations and from multiple budget line items and extended budget line items within appropriations.

In May 2000, the House Committee on Appropriations simplified the Forest Service's budget structure by reducing the 21 existing budget line items and extended budget line items within the National Forest System appropriation to 10 budget line items, thus giving the agency greater discretion in deciding where to spend the funds. In doing so, the Committee chose to retain the appropriation's program-specific budget structure and noted that neither the Congress nor the agency seemed prepared to reduce the appropriation to the three budget line items proposed by the Forest Service.

### **The Forest Service Is Still Years Away From Achieving Performance Accountability**

On February 7, 2000, the Forest Service asked the Congress to simplify its budget structure. In February 16, 2000, testimony before the Subcommittee on Interior and Related Agencies, House Committee on Appropriations, the Chief of the Forest Service stated that he would not ask the Congress to continue to support the agency's efforts to simplify its budget unless the Forest Service could clearly show how taxpayer money is being used to conserve and restore the health, diversity, and resiliency of lands and

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<sup>2</sup>*Draft USDA Forest Service Strategic Plan (2000 Revision)*, U.S. Department of Agriculture, Forest Service (Nov. 1999).

waters and provide services to the American people.<sup>3</sup> However, the agency is still years away from providing the Congress and the public with a clear understanding of what is being accomplished with taxpayer dollars.

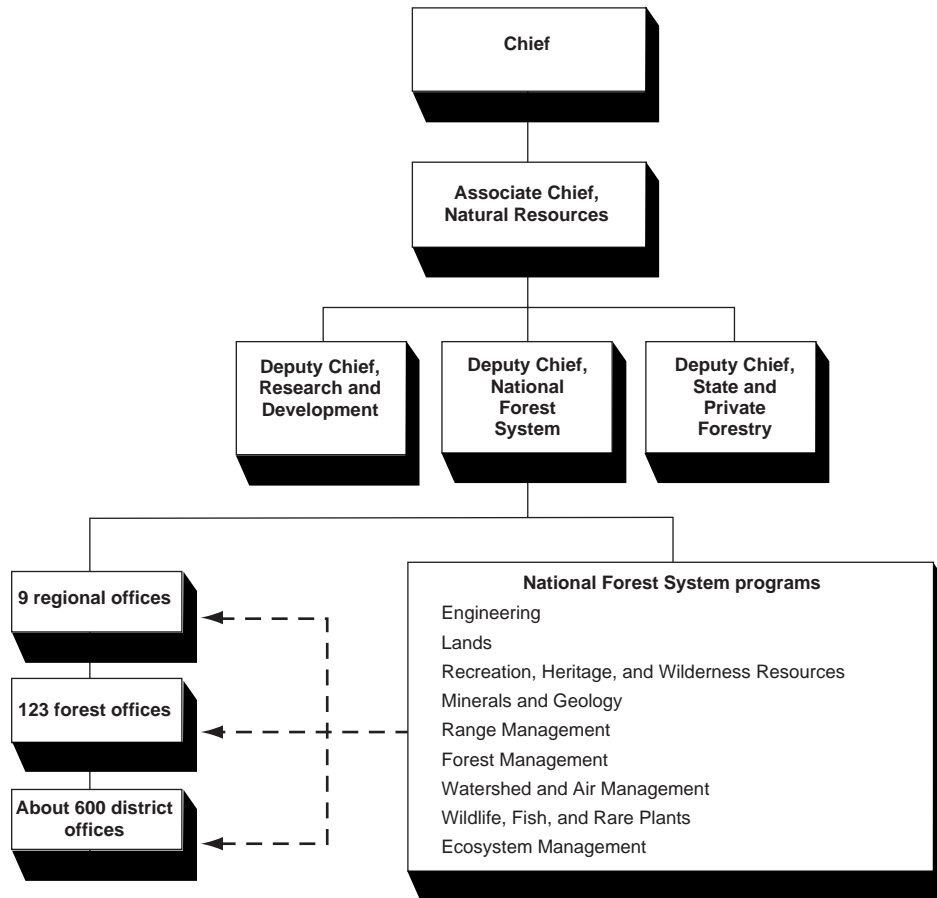
Budget and Organizational Structures as well as Budget Allocation Criteria Are Not Linked to Strategic Goals, Objectives, and Strategies

Becoming more accountable for its performance will require the Forest Service to, among other things, link its budget and organizational structures as well as its budget allocation criteria to its strategic goals, objectives, and strategies. However, the Forest Service has not completed these linkages. For example, the agency's proposed budget structure was intended to provide better links to its strategic goals and the way field offices routinely carry out their work. However, the Forest Service continues to develop its annual budgets and to allocate most appropriated funds to its field offices primarily on the basis of its nine National Forest System programs. (See fig. 1.) These programs are not linked to the Forest Service's strategic goals, objectives, or strategies or to the way that work is routinely accomplished on the national forests.

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<sup>3</sup>*Managerial Accountability In the Forest Service: A Review of the NAPA and GAO Reports on Accountability*, Testimony of Mike Dombeck, Chief, Forest Service, U.S. Department of Agriculture.

**Figure 1: The Forest Service’s Organizational Structure for Natural Resources Programs**



Source: Forest Service

At the February 16, 2000, hearing, the Chief of the Forest Service stated that the agency’s 2000 strategic plan would drive the development of budget proposals beginning in fiscal year 2002. An April 2000 cover letter from the Forest Service’s Deputy Chief, Chief Financial Officer, conveying instructions to the agency’s field offices for developing the fiscal year 2002 budget states that the budget must be clearly linked to the goals and objectives in the 2000 strategic plan. However, the instructions themselves do not provide for such a link, emphasizing other priorities instead, including those for each of the agency’s nine separate programs.

In June 2000, Forest Service officials informed us that the agency's schedule to link its budget proposals to the 2000 strategic plan had slipped a year and that the strategic plan will not drive the development of budget proposals until fiscal year 2003. Thus, the earliest that the Congress will be able to see a clear link between the Forest Service's budget proposal and its strategic goals and objectives is when the agency submits its fiscal year 2003 budget justification in February 2002.

In the interim, the Forest Service will continue to develop its budget and allocate its appropriations primarily on the basis of historical program funding levels rather than on the levels needed to accomplish its strategic goals, objectives, and strategies. The national forests, in turn, will often need to combine projects and activities from multiple programs and funding from multiple sources to accomplish stewardship objectives and strategies--such as restoring the health of large watersheds, reducing the risk of catastrophic wildfires, suppressing damage from insects and diseases, and slowing the spread of noxious weeds.

#### How or If Forest Plans Will Be Linked to Strategic Goals and Objectives Has Not Been Determined

In his February 16, 2000, testimony, the Chief of the Forest Service said that the agency expects that "forest plan goals, objectives, and performance measures will be aligned with the agency's goals, objectives, and performance measures." Similarly, officials within the Forest Service's headquarters office responsible for the agency's strategic plan—Strategic Planning and Resource Assessment—believe that field units' goals and objectives must be linked to the agency's strategic goals and objectives and that strategic goals and objectives must drive those of all other plans.

In October 1999, the Forest Service proposed new planning regulations.<sup>4</sup> Since that time, the proposed rules have undergone numerous revisions. Today, as best we can determine, the Forest Service has not decided how or if the national forests will blend agencywide objectives and strategies with local priorities in revising their plans.

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<sup>4</sup>64 *Fed. Reg.* 54074 (Oct. 5, 1999).

## Annual Performance Measures Are Not Linked to Strategic Goals and Objectives

Becoming more accountable for its performance will also require the Forest Service to accurately assess the results of its activities. For fiscal year 2001, the agency justified its budget for the first time primarily on the basis of annual performance measures.

According to the Forest Service, these performance measures link land health and other outcomes to its strategic plan and budget and fully display the on-the-ground outcomes of its management and services to the public. However, instead of developing new performance measures and improving existing ones to better align them with the goals and objectives in its strategic plan and on-the-ground projects and work activities, the agency is relying on old performance measures developed by its programs. Many of these annual performance measures (1) are not clearly linked to the goals, objectives, and long-term measures in the agency's 2000 strategic plan and (2) do not always adequately assess the outputs, service levels, and outcomes that the agency intends to achieve.

For example, the Forest Service's annual measure of progress toward reducing the threat of catastrophic wildfires on the national forests and its basis for justifying each future fiscal year's funding is the number of acres treated. Thus, the agency's field offices have an incentive to focus on the easiest and least costly areas, rather than on those that present the highest risks but are often costlier to treat. Moreover, an annual performance measure focused on the total acreage treated rather than on reducing hazards to nearby communities, watersheds, and species at risk is not clearly linked to the long-term measure and 5-year milestone in the Forest Service's 2000 strategic plan to decrease the number of acres at extreme risk of catastrophic losses from wildfire.

The "disconnect" between the Forest Service's strategic goals and objectives and its annual performance measures and the inadequacy of those measures become even more critical because the system being developed by the agency to report costs and performance uses the old program-specific performance measures to display the relationship between expenditures and results.



## **Actions Needed for the Forest Service to Provide the Congress and the Public With a Better Understanding of Its Performance**

In April 1997, we reported that inefficiency and waste within the Forest Service resulted, in part, from the agency's culture of indifference toward accountability and its failure to hold managers accountable for their performance. Forest Service managers believed that the Congress should increase the agency's flexibility in fiscal decision-making but should not expect the agency to be accountable for its performance.

Almost 3 years later, the Chief of the Forest Service observed that the change in culture had not occurred. In his February 16, 2000, testimony he stated that, to restore the agency's credibility with the Congress and the American people, the Forest Service must change its culture, recognizing that it cannot be an effective resource manager if it is not first accountable for taxpayer money and for its own actions on the landscape.

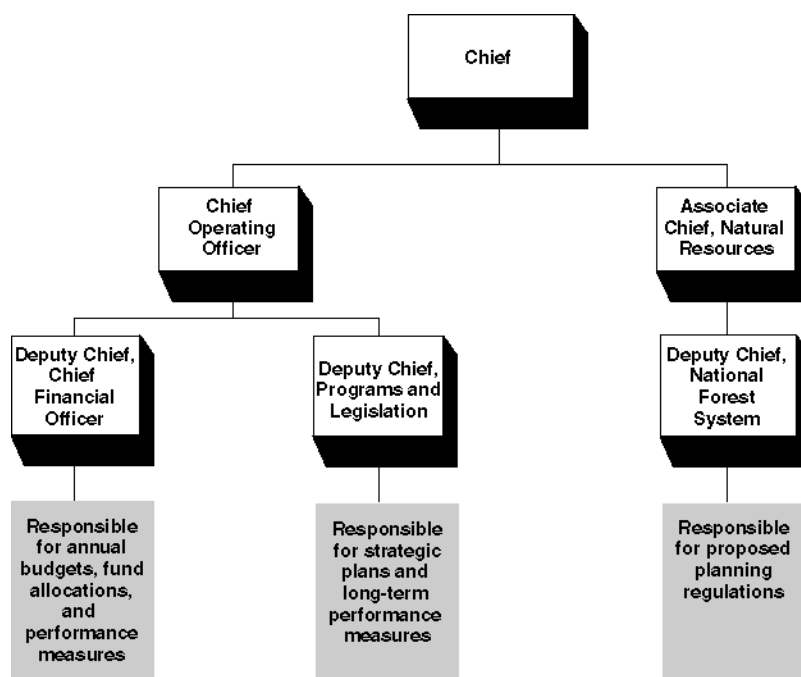
### What the Forest Service Could Do

To provide the Congress and the public with a better understanding of what it accomplishes with appropriated funds, the Forest Service will need to make performance accountability a high priority within the agency. However, historically, agency officials have not viewed performance accountability as a priority and have thus not provided the strong leadership, cohesive strategy, and firm deadlines necessary to correct known deficiencies.

Comparing the actions that the Forest Service has taken to improve its financial management and reporting with its lack of progress in becoming more accountable for its performance illustrates the low priority that the agency has assigned to providing the Congress and the public with a better understanding of its performance. On the one hand, the Forest Service has provided the needed financial accountability leadership by consolidating the responsibility for financial management under its Deputy Chief, Chief Financial Officer. By contrast, the responsibility for performance accountability is currently fragmented among three Deputy Chiefs: the Deputy Chief, Programs and

Legislation, is responsible for the agency’s strategic goals, objectives, strategies, and long-term performance measures; the Deputy Chief, Chief Financial Officer, is responsible for the Forest Service’s fiscal year budget development and annual goals, objectives, strategies, and performance measures; and the Deputy Chief, National Forest System, is responsible for the agency’s proposed new planning regulations. (See fig. 2.)

**Figure 2: Forest Service Offices Responsible for Performance Accountability**



Source: GAO’s analysis of documents from the Forest Service.

On the basis of our work to date, we believe that organizationally isolating decisions on strategic planning from decisions on budget development and allocation, annual performance goals, and forest planning has contributed substantially to the continuing lack of progress in establishing the close linkages among these activities that are essential for the agency to become more accountable for its performance. Overcoming this isolation will require that the Forest Service (1) make clear that strategic goals, objectives, and strategies must drive, rather than be isolated from, budget and planning

decisions and (2) design an organizational structure to ensure that the needed linkages are completed.

Besides consolidating the responsibility for financial management, the Forest Service has also devised a strategy with goals, objectives, time frames, and measures to strengthen its financial accountability. However, the agency has not developed a similar strategy to improve its performance accountability.

The Forest Service is also redesigning its organizational structure to correct long-standing financial management and reporting deficiencies and to provide a nucleus around which financial accountability can be built. However, the agency has no plan to replace its program structure with one that is better linked to its strategic goals and objectives, its proposed new budget structure, and the way that work is routinely accomplished on the national forests. Moreover, the agency has no plan to better link its research division and state and private programs (see fig. 1) to the national forests to identify and address stewardship issues--such as wildfires, insects and diseases, and noxious weeds--that do not recognize the forests' administrative boundaries.

### What the Congress Could Do

The Congress could provide an incentive for the Forest Service to become more accountable for its performance by requiring that any further simplification or other revision to the agency's budget coincide with, rather than precede, actions by the Forest Service to become more accountable for its performance. For instance, the Congress could require that any reduction in the number of budget line items coincide with, rather than precede, actions by the agency to link its budget and organizational structures, budget allocation criteria, forest plans, and performance measures to its strategic goals, objectives, and strategies. In addition, the Congress could help to expedite the Forest Service becoming more accountable for its performance by requiring the agency to replace 13 years of promises and false starts with a strategy that includes clear goals and objectives, firm deadlines, and measurable indicators of progress.

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Madam Chairman, this concludes my formal statement. We will be pleased to respond to any questions that you or other Members of the Subcommittee may have.

**Contact and Acknowledgment**

For future contacts regarding this testimony, please contact Jim Wells on (202) 512-3841. Individuals making key contributions to this testimony include Charles S. Cotton and Chester M. Joy.

## Appendix I

### **Relevant GAO Reports and Testimonies on Performance Accountability Within the Forest Service**

*Forest Service Decision-Making: A Framework for Improving Performance* (GAO/RCED-97-71, Apr. 29, 1997).

*The Results Act: Observations on the Forest Service's May 1997 Draft Plan* (GAO/T-RCED-97-223, July 31, 1997).

*Forest Service: Lack of Financial and Performance Accountability Has Resulted in Inefficiency and Waste* (GAO/T-RCED/AIMD-98-135, Mar. 26, 1998).

*Forest Service Management: Little Has Changed as a Result of the Fiscal Year 1995 Budget Reforms* (GAO/RCED-99-2, Dec. 2, 1998).

*Western National Forests: A Cohesive Strategy Is Needed to Address Catastrophic Wildfire Threats* (GAO/RCED-99-65, Apr. 2, 1999).

*Forest Service: A Framework for Improving Accountability* (GAO/RCED/AIMD-00-2, Oct. 13, 1999).

*Forest Service: Status of Efforts to Improve Accountability* (GAO/T-RCED/AIMD-00-93, Feb. 16, 2000).

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