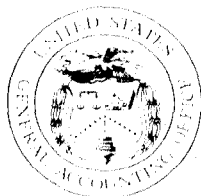


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INDIAN PROGRAMS

Use of Forest Development Funds Should Be Based on Current Priorities



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United States
General Accounting Office
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Resources, Community, and
Economic Development Division

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The Honorable Daniel K. Inouye, Chairman
The Honorable John McCain, Vice-Chairman
Select Committee on Indian Affairs
United States Senate

This report, prepared in response to your April 26, 1989, request and subsequent meetings with your office, is a follow-on to our April 24, 1990, Statement for the Record, GAO Observations on Timber Harvesting and Forest Development Needs on Indian Reservations (GAO/T-RCED-90-71).

The report recommends that the Congress discontinue basing funding for forest development on the 1977 backlog and instead base funding on annual determinations by the Bureau of Indian Affairs of the most important and highest priority forest development needs.

We are sending copies of this report to the Secretary of the Interior; the Director, Office of Management and Budget; other congressional offices; and other interested parties. This report was prepared under the direction of James Duffus III, Director, Natural Resources Management Issues, who may be reached on (202) 275-7756 if you have any questions. Other major contributors are listed in appendix II.



J. Dexter Peach
Assistant Comptroller General

Executive Summary

Purpose

The Secretary of the Interior, through the Bureau of Indian Affairs, is responsible for managing over 5.7 million acres of commercial Indian timberland primarily located on 107 reservations. The sale of timber from these lands is a significant source of income to the tribes—averaging about \$77.1 million annually for fiscal years 1988 and 1989.

The Senate Select Committee on Indian Affairs asked GAO to determine, among other things, (1) the extent to which timber harvest goals on commercial Indian timberland are being achieved and (2) the progress being made in accomplishing needed forest development, including reforestation and timber stand improvement.

Background

The objectives of the Bureau's forestry program include developing, maintaining, and enhancing commercial timberland to support a desired level of annual timber harvesting that can be sustained indefinitely; carrying out a timber sales program that is supported by written tribal objectives and a long-range forest management plan; and preserving a forest in its natural state whenever the Indian owners decide that preservation is the best use of the land.

In a 1975 report on Indian natural resources,¹ GAO identified opportunities for increasing timber harvests and made a number of recommendations to increase forest productivity. In 1977 and 1978, respectively, the Congress began providing special funding to (1) significantly increase forestry program staffing to support increased timber production and (2) complete a large backlog of forest development needs. Both were intended to help the Bureau attain an annual allowable cut, that is, the average annual harvest volume that can be sustained over time at a given intensity of management on commercial Indian timberland.

Results in Brief

When GAO's 1975 report was issued, the Bureau's goal for commercial timberland on reservations was to maximize the economic benefits to the tribes by harvesting timber at the highest possible volume consistent with sustained yield. That same year the Indian Self-Determination and Education Assistance Act called for an orderly transition from federal domination of programs for, and services to, Indians to effective and meaningful participation by the Indian people in planning, conducting, and administering these programs and services. Consistent with this

¹Indian Natural Resources—Opportunities for Improved Management and Increased Productivity - Part I: Forest Land, Rangeland, and Cropland, GAO (RED-76-8, Aug. 18, 1975).

policy of Indian self-determination through greater self-government, the Bureau has shifted its emphasis within the forestry program from maximizing timber production to accommodating tribal preferences for forest use. The Bureau encourages tribal participation in developing forest management plans, setting annual harvest goals and practices, and planning and approving timber sales. As a result, timber harvests on Indian reservations are to a large degree contingent on tribal choices about the use of their forest resources and the harvest goals and practices to be used. Other factors, such as market conditions and competing priorities for staff and resources, also have affected and will continue to affect annual timber harvests.

In 1977 the Bureau identified a backlog of needed forest development of about 1 million acres and the Congress began a program of dedicated funding to eliminate the backlog. Through the end of fiscal year 1989, about \$81 million had been appropriated and spent, reducing the backlog by about half, according to the Bureau. GAO found, however, that the 1977 backlog of forest development needs was incomplete and imprecise and that data on accomplishments were not reliable. Further, the remaining backlog includes acres no longer needing treatment and does not include acreage identified since 1977. Therefore, GAO believes it is no longer appropriate to continue using the 1977 backlog as the basis for providing dedicated funding for forest development.

Principal Findings

Tribal Preferences Have a Strong Influence on Timber Harvests

A major factor affecting the level of timber harvesting since 1975 is the shift in the Bureau's forestry policy emphasis from maximizing timber production to accommodating tribal preferences and multiple uses for Indian forest land. This policy shift has allowed the tribes to exercise greater influence over the operation of the forestry program through participation in forest management planning. In addition, some have chosen to pursue harvest goals for their reservations that are below the annual allowable cut. For example, two of the reservations GAO visited are, with Bureau concurrence, pursuing harvest goals that are about two-thirds of their official annual allowable cut.

Also, tribes exercise considerable control over timber sale planning and approval and, in so doing, can significantly affect the volume of timber harvested in a given year and the achievement of harvest goals. As a

result, timber harvests on Indian reservations are to a large degree contingent on tribal choices about the use of their forest resources and the harvest goals and practices to be used.

Other factors that can affect the achievement of timber harvest goals include market conditions and the need to comply with federal laws relating to the environment, fish and wildlife, and historically significant sites that add to the complexity of timber harvesting. Compliance with these laws can affect the ability of reservation forestry program staff to prepare and complete the number of timber sales required to accomplish harvest goals.

1977 Backlog Does Not Represent Current Needs

GAO found that the 1977 backlog of forest development needs was incomplete and imprecise, excluding, for example, over 300,000 acres of timber stand improvement needed at one reservation. Moreover, while Bureau data indicate that needed forest development had been completed for about one-half of the backlog acreage, differences in how accomplishments are measured and reported at individual reservations create uncertainties as to the progress that actually has been achieved.

Because tribal preferences are being accommodated in forest management, some forest lands are being removed from commercial timber production; however, some acres that are no longer part of the commercial forests are still included in the remaining backlog. Conversely, hundreds of thousands of additional acres of forest development needs identified since 1977 cannot compete for funding with acreage included in the backlog.

Forest and forest development needs are continually changing, and forest development needs identified at any time may soon be out of date and may not represent the best opportunities to enhance future forest productivity. Because funds have been targeted to reduce the 1977 backlog, they are not necessarily being spent to address the most important forest development needs.

Recommendations

GAO recommends that the Secretary of the Interior direct the Assistant Secretary for Indian Affairs to (1) determine the most important and most cost-effective forest development needs consistent with current reservations' forest management plans and annual harvesting activity and (2) annually rank these needs to support the Bureau's budget requests for forest development funding.

GAO recommends that the Congress discontinue funding to eliminate the 1977 forest development backlog. Instead, GAO recommends that the Congress base funding on the Bureau's annual determinations of the most important and highest priority forest development needs.

Agency Comments

The Department of the Interior concurred with GAO's recommendation regarding forest development. The Bureau of Indian Affairs will develop a current inventory of forest development needs, update this inventory annually, and base funding of individual projects on benefit/cost analyses. In fiscal year 1992 the Bureau plans to begin funding forest development projects on the basis of an updated inventory of forest development needs.

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Abbreviations

GAO General Accounting Office

Introduction

As of September 30, 1989, about 53 million acres of land in the United States were being held in trust by the federal government for Indians. Included in this total are almost 16 million forested acres managed by the Department of the Interior's Bureau of Indian Affairs. These 16 million forested acres include 10.6 million acres of commercial forest land made up of 5.7 million acres of commercial timberland and 4.8 million acres of commercial woodlands. The 5.7 million acres classified by the Bureau's Forestry Division as commercial timberland—land capable of "producing crops of industrial wood and administratively available for intensive management and sustained timber production without irreparable damage to site productivity," are primarily located on 107 reservations. The sale of timber from these lands is a significant source of income to the tribes, averaging about 77.1 million annually for fiscal years 1988 and 1989.

The Indian Reorganization Act of 1934 (25 U.S.C. 466) directed the Secretary of the Interior to issue rules and regulations for managing Indian forest land on the principle of sustained-yield management.¹ In accordance with this directive, the Bureau's Forestry Division has established a broad set of objectives for managing Indian forest land, including (1) developing, maintaining, and enhancing commercial forest land in a perpetually productive state; (2) establishing and developing a timber sales program supported by written tribal objectives and a long-range forest management plan; and (3) preserving a forest in its natural state whenever the authorized tribal representatives decide that for recreational, cultural, aesthetic, or traditional reasons, preservation represents the highest and best use of the land to the Indian owners.

The Bureau's forestry program is administered by agency offices generally located on the reservations, nine area offices located throughout the United States, and a Division of Forestry in Washington, D.C. Agency office forestry staff, under the direction of agency superintendents, are responsible for managing all forestry and related activities cooperatively with the Indians. Area office forestry staff, under area office directors, provide technical supervision and assistance to agencies and tribes in conducting their forestry programs. The Division of Forestry assists the Assistant Secretary for Indian Affairs and his Deputy for Trust and Economic Development in all matters relating to forestry. The

¹The principle of sustained-yield management is directed at accomplishing forest management and forest development activities that will enable the yield of forest products that a forest can produce continuously at a given intensity of management.

Division is also responsible for formulating policy, preparing recommendations for forestry legislation and regulations, and coordinating matters relating to forestry with other Bureau programs and programs of other federal departments and agencies. In addition, the Division's Branch of Forest Resources Planning, located in Portland, Oregon, provides technical assistance and guidance to area and agency offices and collects and compiles statistics on the status of the forestry program.

1975 Evaluation of the Bureau's Management of Indian Forest Land

In 1975 we reported on the Bureau's management of Indian Natural Resources, including an evaluation of its forestry program.² At that time the Bureau, in order to produce economic benefits to the tribes, put considerable emphasis on maximizing the amount of timber harvested on commercial timberland consistent with sound forest management practices. This maximum harvest level, referred to as the annual allowable cut, is established by Bureau foresters for each timbered reservation and represents the average amount of timber that could be harvested annually from the land on a sustained-yield basis. The emphasis on maximizing timber harvests reflected the Bureau's perception of its responsibility to maximize income to the tribe from the forest land consistent with sound forest management practices.

Our report identified opportunities for increasing timber harvests and made a number of recommendations directed at increasing forest productivity through improved forest development. (Forest development includes timber stand improvement and reforestation practices used to establish and raise a stand of trees to commercial size and value. Timber stand improvement activities include thinning and weeding to enhance growth and yield of existing stands. Reforestation activities include tree planting and replanting to establish or reestablish tree stands.) We also made recommendations concerning program staffing levels and the use of certain forestry program funds.

By 1977 the Bureau identified forest acreage in need of development and additional staffing and funding needed to support harvesting on commercial Indian forest land at the annual allowable cut. In response the Congress dedicated special funding to address the Bureau's identified backlog of forest development needs and also authorized and appropriated funds for a substantial increase in forestry staff.

²Indian Natural Resources—Opportunities for Improved Management and Increased Productivity - Part I: Forest Land, Rangeland, and Cropland (RED-76-8, Aug. 18, 1975).

Forestry Program Changes

Since our report the forestry program has undergone some very substantive changes associated with the shift in federal policy to promote Indian self-determination. This policy shift was recommended by the President in 1970 and enacted by the Congress in 1975 with the passage of the Indian Self-Determination and Education Assistance Act (P.L. 93-638). In this act the Congress declared

its commitment to the maintenance of the Federal Government's unique and continuing relationship with, and responsibility to, individual Indian tribes and to the Indian people as a whole through the establishment of a meaningful self-determination policy which will permit an orderly transition from Federal domination of programs for, and services to, Indians to effective and meaningful participation by the Indian people in the planning, conduct, and administration of those programs and services.

In 1978 the Bureau's forestry program began implementing the principles of the Indian Self-Determination Act, which allows tribes to contract with the Bureau to manage all or part of the forestry programs for their reservations. Additionally, when management of a reservation's forestry programs is not contracted to the tribe, it is Bureau policy to generally

- require consultation with and involvement of Indian representatives in all aspects of forest management planning,
- encourage tribal participation in timber sale planning, and
- obtain tribal concurrence for all timber sales.

The Bureau requires a forest management plan for all commercial Indian forest land. The plan establishes the goals and objectives for the reservation's forestry program and use of the forest and provides the basis for managing the forest over a period of time, usually 10 years. In line with federal Indian self-determination policy, all aspects of the forest management planning process are to be conducted with involvement from tribal representatives, and the plans are to reflect the preferences of the Indian owners for the use of the forest.

The Bureau's policy is that the use of Indian forest land should comply with the requirements of various federal laws. Therefore, during the forest management planning process, consideration must be given to the impact that planned uses of the forest, such as timber harvesting, might have on the environment, fish and wildlife, and historically significant sites. Accordingly, the use of the land needs to be planned and carried out so as to avoid or at least minimize any adverse impacts.

Objectives, Scope, and Methodology

In an April 26, 1989, letter, the Chairman and Vice-Chairman of the Senate Select Committee on Indian Affairs asked us to review the Bureau's forestry program, particularly in light of our 1975 report. During subsequent discussions with the Vice-Chairman's office, we also were asked to examine certain additional aspects of the forestry program that were not addressed in our prior report.

As agreed with the requesters, this report discusses the extent to which the Bureau is (1) achieving its timber harvest goals on commercial Indian timberland and (2) accomplishing needed forest development. In addition, we examined (1) the Bureau's controls over the disbursement of funds collected by the Bureau from a tribe's timber sales revenues, (2) forestry program staffing since 1977, and (3) Bureau efforts to attract Indian foresters. On April 24, 1990, at the request of the Senate Select Committee on Indian Affairs, we provided the preliminary results of our work in a Statement for the Record to the Committee for an April 24, 1990, hearing.³

Our work was conducted at the Bureau's Division of Forestry in Washington, D.C.; the Branch of Forest Resources Planning in Portland, Oregon; three area offices—Portland, Oregon; Phoenix, Arizona; and Minneapolis, Minnesota; and five agency offices and the reservations they serve—Yakima and Colville in Washington, San Carlos and Fort Apache in Arizona, and Menominee in Wisconsin. Three of these agency offices—Yakima, Colville, and Fort Apache—were selected because they were covered by our prior review. The two other agency offices—San Carlos and Menominee—were added to provide expanded coverage.

We obtained information and documentation on the Bureau's forestry program management goals and objectives from the Division of Forestry and background data and current statistics on each forested reservation from the Branch of Forest Resources Planning. At the three area offices we visited, we held discussions with the area office director and forestry staff and obtained relevant documents and records. At each agency office and reservation we visited, we held discussions with Bureau and tribal forestry officials and obtained relevant documents regarding each reservation's forest management practices and the chronology of its forestry program subsequent to our 1975 report. In addition, we reviewed legislation relating to the Bureau's forestry program and the Bureau's implementing regulations.

³GAO Observations on Timber Harvesting and Forest Development Needs on Indian Reservations (GAO/T-RCED-90-71, Apr. 24, 1990).

Our field work was conducted between June 1989 and June 1990 in accordance with generally accepted government auditing standards.

Tribal Preferences Have a Strong Influence on Timber Harvests

The federal policy shift toward promoting Indian self-determination was followed by a shift within the forestry program from maximizing timber production to accommodating tribal preferences for forest use. As a result of this shift, timber harvests are to a large degree the result of tribal preferences.

The tribes influence annual timber harvests primarily in two ways. First, the tribes actively participate in developing the required multi-year forest management plan that provides the basis for managing the forest, including the determination of the annual allowable cut and tribal goals for annual timber harvests. Second, the tribes participate in the timber sale planning process and generally have the opportunity to approve or disapprove individual timber sales.

Annual timber harvests are also affected to some degree by such things as market conditions and the ability of a reservation's forestry program staff to prepare and complete the required number of timber sales.

Tribal Participation in Developing Forest Management Plans

Tribes participate in the Bureau's forest management planning process by establishing their preferences for forest use and the goals and objectives for the reservation's forestry program. These preferences are reflected in the reservation's forest management plan.

Tribal preferences for forest use are also reflected in calculating the annual allowable cut level for the reservation. The Bureau seeks the tribe's agreement on using the annual allowable cut level as the timber harvesting goal for the reservation. This annual allowable cut is incorporated into the forest management plan for the reservation and becomes the reservation's official annual allowable cut until the plan is modified with the approval of the tribe and the Bureau or a new plan is developed and approved.

At three of the five reservations we visited—Yakima, Menominee, and San Carlos—the official annual allowable cut level in each reservation's forest management plan was considered by the tribe to be the reservation's harvest goal. However, at the remaining two reservations, the tribes were using timber harvest goals that differed significantly from the official annual allowable cut:

- The Colville reservation does not have a current forest management plan. Its most recent plan was approved in 1961 for the period from 1961 to 1970. The annual allowable cut in this plan is 120 million board

feet, which remains the official Bureau estimate for Colville.¹ However, with agency office agreement, the Colville reservation has for several years harvested against a goal of 80 million board feet. For fiscal years 1988 and 1989, Colville harvested 111 and 89 percent of this revised goal, respectively.

- Fort Apache's forest management plan for fiscal years 1981-90 contains an official annual allowable cut of 92.7 million board feet. However, according to agency office and tribal officials, for fiscal years 1988 and 1989, the reservation lowered its goal to 67.6 million board feet to more closely reflect tribal preferences. During these 2 years the reservation harvested 90 and 110 percent of this lower goal, respectively.

Problems in Keeping Forest Management Plans Current

The Bureau requires that all reservations with significant commercial Indian forest land have complete and current forest management plans. These plans are intended to define the goals of the Indian owners for the forestry program and the use of the forest, as well as the options for achieving the goals.

In fiscal year 1985 the Congress began a 12-year special funding program of \$1.2 million annually to aid the Bureau in overcoming problems in maintaining current, complete forest management plans for all commercial Indian forest lands. These funds are not intended to be the sole source of funding for forest management planning, but are provided to supplement other Bureau and tribal funds.

A complete reservation forest management plan is generally comprised of the following components:

- A forest inventory that contains data on forest volume, growth, and conditions to provide estimates of forest resources to guide land-use planning objectives.
- An inventory analysis report that presents the information gathered during the forest inventory and provides the basis for determining the annual allowable cut level.
- A management plan that contains the long-range goals for the use of the forest and for the reservation's forestry program, including the annual allowable cut level, timber harvesting and other use objectives, and action plans for achieving these objectives.
- An environmental assessment that discusses proposed forest management alternatives and their impact on the forest.

¹ A board foot is a unit of quantity for lumber equal to the volume of a board 12 by 12 by 1 inches.

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- A forest history that includes a chronology of events since forestry activities began and specifics on each timber sale area.

Normally, all components of a reservation's forest management plan are to be updated every 10 years and approved by Bureau and tribal officials.

As of September 30, 1989, 107 reservations with 5.65 million acres of commercial Indian timberland were required to have current and complete forest management plans. Table 2.1 shows the number and percentage of reservations with current forest management plan components as of the end of fiscal year 1989.

Table 2.1: Reservations With Current Forest Management Plan Components as of September 30, 1989

Plan component	Reservations	
	Number	Percent
Forest Inventory	85	79
Inventory Analysis Report	73	68
Management Plan	50	47
Environmental Assessment	30	28
Forest History	30	28

Nearly 90 percent of commercial Indian timberland acreage is located on the 41 reservations that are classified as class one.² The remaining 66 reservations, classified as class two, account for the remaining 10 percent of the acreage. Table 2.2 shows the percentage of acreage on class one and class two reservations that had current forest management plan components as of the end of fiscal year 1989.

Table 2.2: Current Forest Management Plan Components on Class One and Class Two Reservations

Plan component	Percentage of acreage covered by a current component		
	Class 1	Class 2	Total
Forest Inventory	98	54	93
Inventory Analysis Report	90	44	85
Forest Management Plan	70	34	66
Environmental Assessment	44	20	41
Forest History	49	26	46

²A class one reservation, considered to be a major forest resource, has an annual allowable cut of more than 1 million board feet. A class two reservation has an annual allowable cut of less than 1 million board feet but is still determined to be a commercially viable forest resource.

Bureau officials believe that problems will continue in achieving and maintaining complete and current forest management plans for all reservations with commercially viable forest land. As reasons for delays in completing the plans, these officials pointed to (1) funding and staffing shortfalls caused by competing priorities, such as the need to comply with various federal laws such as those relating to the environment, fish and wildlife, and historically significant sites, and (2) the inability to obtain timely tribal involvement and concurrence in developing and completing the various plan components.

Bureau officials told us that the special funding program has helped, but they also expressed concern about their ability to address future forest management planning needs when the special funding ends in fiscal year 1997.

Tribal Participation in Planning and Approving Timber Sales

Tribes also influence annual timber harvests by participating in the timber sale planning and approval process. This process involves

- selecting and defining areas of the forest where harvesting activity is appropriate;
- identifying issues such as environmental, wildlife, and historical preservation that need to be resolved before trees can be harvested;
- determining the type, size, and quantity of trees to be harvested and the manner in which the harvesting will be carried out to address potential environmental, wild life, or historical preservation problems; and
- obtaining tribal consent for the proposed sales.

Tribes can reduce annual harvests by (1) imposing conditions or restrictions on timber sales in general; (2) changing the terms and conditions of individual planned sales, such as prohibiting harvesting in a portion of a sale area; and (3) disapproving a sale presented for approval or rescinding a previously approved sale.³ For example, at the five reservations we visited, we found a number of instances in which tribal decisions contributed to reduced timber harvests:

- The Yakima tribal council adopted the policy of not approving timber sales unless all timber to be removed will be scaled by Bureau or tribal

³Although the Secretary of the Interior has the authority to approve sales of Indian timber, it is Bureau policy to generally act in accordance with the tribal government's decision on individual sales.

employees.⁴ Previously, third-party scalers had been regularly used. Agency office officials said this policy has limited the amount of timber that can be harvested annually because there are not enough Bureau and tribal scalers.

- The Yakima tribe also has set policies to protect food and medicinal plants within timber sale areas.
- The Fort Apache tribal council has, for cultural and religious reasons, prohibited timber harvesting on selected portions of land within designated timber sales areas.
- The Fort Apache tribal council issued timber harvesting guidelines for the reservation that specify the types of trees that can be harvested from approved sales areas. For instance, the tribal council was allowing trees of sawmill size to be harvested only if they were dead or dying. The agency office forest manager generally accommodated the tribal preference not to harvest healthy trees but believed this practice resulted in (1) smaller harvests and greater environmental impacts and sale costs because the sale areas have to be entered for harvesting activity much more frequently and (2) overstocked timber stands that contribute to slower growth and lower future forest productivity.

In addition to imposing conditions or restrictions on timber sales in general, tribal councils also may disapprove or rescind previously approved sales. For example, at Fort Apache the tribal council rescinded a previously approved timber sale because it believed the logging method to be used would damage grazing land and streams.

Finally, tribes may change the terms and conditions of previously approved planned sales on the basis of changing tribal priorities. For example, tribal priorities may change with changes in the tribal council. While forest management plans usually cover 10 years and individual timber sales can take as long as 4 or 5 years to prepare, tribal council membership can change yearly.

⁴Scaling is the process of estimating the number of board feet of lumber contained in a log. This information is used to determine the amount of timber removed from a timber sale area and the amount paid for that timber.

Other Factors Affect Annual Timber Harvests

In addition to tribal preferences, other factors have contributed to reduced timber harvests. These factors include poor timber market conditions and the ability of the reservation's forestry program staff to prepare and complete sales adequate to meet harvest goals.

Poor market conditions can cause reductions in the amount of timber that reservations can, or elect to, sell. This was especially true in the early 1980s due to drops in timber prices. Under such conditions, tribes often elected to harvest and market less timber than they had planned until demand and prices increased.

Additionally, the Bureau requires reservation forestry programs to comply with the requirements of various federal laws. As a result, reservations increasingly use interdisciplinary teams of tribal and Bureau personnel to evaluate the impact of forest management activities and proposed timber sales on natural resources such as the environment, fish and wildlife, and hydrology and on archeology. Because these evaluations take time, resolving concerns can delay timber sales preparation and ultimately reduce timber harvests. For example, at the Colville reservation the interdisciplinary team process has slowed timber sale preparations to the point that agency office officials estimate they will run out of prepared timber sales sometime in 1991.

Conclusions

When our 1975 report was issued, the Bureau's goal for commercial timberland on reservations was to maximize the economic benefits to the tribes by harvesting at the highest possible volume consistent with sustained yield. That same year the Indian Self-Determination and Education Assistance Act called for an orderly transition from federal domination of programs for, and services to, Indians to effective and meaningful participation by the Indian people in planning, conducting, and administering these programs and services. Consistent with this policy of Indian self-determination through greater self-government, the Bureau has shifted its emphasis within the forestry program from maximizing timber production to accommodating tribal preferences for forest use through tribal participation in developing forest management plans, setting annual harvest goals and practices, and planning and approving timber sales.

As a result, timber harvests on Indian reservations are to a large degree contingent on tribal choices regarding the use of their forest resources and the harvest goals and practices to be used. Other factors, such as

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market conditions and competing priorities for staff and resources, have affected and will continue to affect annual timber harvests.

Dedicated Funding Should Be Directed to the Highest Priority Forest Development Needs

In our 1975 report we concluded that the Bureau was not accomplishing needed forest development. Subsequently, in 1977 the Bureau identified a forest development backlog of reforestation and timber stand improvement needs on about 1 million acres. In fiscal years 1977-89, the Congress appropriated and the Bureau spent about \$81 million dedicated to eliminating the 1977 backlog. As of fiscal year 1989, the Bureau reported that it had reduced the backlog by about half. It estimated that at current funding levels (\$8.15 million annually), it will take another 13 to 15 years to eliminate the remainder.

Our review found that the 1977 backlog was incomplete and imprecise and that data on accomplishments to date are not reliable. Furthermore, the remaining backlog includes acreage no longer needing improvements but does not include acreage needing improvement that has been identified since 1977.

The 1977 Backlog Did Not Include All Forest Development Needs

According to agency office foresters at the five reservations we visited, the 1977 backlog did not include all acres needing timber stand improvement and reforestation at that time. For example, the Phoenix area office performed a special reevaluation of the 1977 backlog in 1985. The reevaluation found that the 1977 backlog should have included but did not include over 300,000 additional acres of timber stand improvement that the area office believed was needed at the Fort Apache reservation. Also, in 1985 the San Carlos agency office reevaluated the reservation's reported 1977 backlog and determined that some of the acreage reported as backlog should not have been. The agency office identified other acreage that it believed should have been, but was not, included in the 1977 backlog.

In addition, according to Bureau and tribal officials at Colville, the reservation's reported 1977 backlog was based on a 15-year-old estimate of forest development needs that had been made "purely on observation and experience." Also, Colville officials estimated that from 1963 to 1976 an additional 70,000 acres of forest development backlog had accrued that were not included in Colville's 1977 backlog.

Officials at several of the agency offices we visited attributed the inaccurate 1977 backlogs to basing their estimates on out-of-date or incomplete information. Further, Bureau officials at reservations we visited were not able to identify the specific location of all the reported acreage included in the 1977 backlog.

Progress in Reducing the Backlog Is Uncertain

While Bureau data indicate that needed forest development on about one-half of the backlog acreage has been completed, differences in how accomplishments are measured and reported at individual reservations raise uncertainty as to the progress that actually has been achieved. Of the reservations we visited, two—Menominee and Colville—report backlog accomplishments only if they are paid for with dedicated backlog funds. They do not count or report accomplishments included on acreage that is part of the backlog if the work is paid for with other funds. Until 1985 Fort Apache was reporting all forest development on backlog acreage as accomplishments regardless of how the work was funded. In 1985 it changed to reporting as backlog accomplishments only forest development paid for with dedicated funding. Conversely, Yakima counted all forest development on its reported backlog acreage as accomplishments even though much of it was paid for with other funds. As a result, Yakima reported that its 1977 backlog was eliminated in fiscal year 1988 and has received no dedicated backlog funding since then.

The dedicated funds are intended to supplement rather than supplant the use of other funds for forest development. Reservations continue to receive dedicated funding only as long as they report a 1977 backlog. Therefore, a reservation benefits by never reporting its backlog as complete.

Dedicated Funding Does Not Address Changing Development Needs

As the emphasis of the Bureau's forestry program has shifted from maximizing timber revenues to accommodating tribal preferences, there has been some question as to whether some forest development acres should continue to be included in the 1977 backlog. Accommodating tribal preferences in forest management has resulted in removing some forest lands from commercial timber production. Since forest development is performed to increase the growth of commercial timber that will eventually be harvested, 1977 backlog acres that are no longer part of the commercial forests should not require further forest development. On the other hand, as timber stands have grown or been harvested since 1977, hundreds of thousands of additional acres with forest development needs have been identified. However, since these needs were not identified in 1977, they cannot compete with acreage included in the backlog for the dedicated funds appropriated each year by the Congress.

The Bureau reported that at the end of fiscal year 1989, forest development needs not identified in 1977, referred to by the Bureau as "regular" forest development needs, had grown to 333,100 acres. Some

Bureau foresters indicated that actual forest development needs may be considerably greater. Because of limited staff and funds, area and agency office forestry staff are often reluctant to report additional forest development needs. For example, while the Bureau reported at the end of fiscal year 1989 that Fort Apache had 178,700 acres of regular forest development needs, area office forestry staff had identified over 300,000 acres needing development that were not reported in 1977. Moreover, agency office staff estimate that 1,000 to 3,000 acres of unmet new forest development needs accrue annually.

Funding for regular forest development needs is uncertain because there is no dedicated funding source. Regular forest development must compete with other Bureau programs for other appropriated and tribal funds and with other forest management activities, such as planning and timber sales preparation, for available funds.

Available funds and staff are often inadequate to meet identified regular forest development needs. For example, Menominee uses all of its revenues from selling pulpwood cuttings for timber stand improvements. However, according to Menominee's forestry staff, these revenues are not adequate to meet the reservation's regular forest development needs, some of which are more commercially important than those included in the 1977 backlog. Similarly, Yakima uses funds reimbursed by the Bureau from gross timber sales revenues to pay for about one-half of the regular forest development work it does annually. The other half is paid for with funds from its regular forestry budget. However, Yakima is still not able to accomplish all of the regular forest development work that it believes needs to be done.

Some Bureau and tribal officials we spoke with believe that the yearly appropriations dedicated to eliminating the 1977 backlog should instead be made available to accomplish the most important forest development needs. They said the funding could be more effective if they were given discretion to use the funds where the benefits would be the greatest.

Conclusions

Forests and forest development needs are continually changing, and the identification of forest development needs at any one point in time may soon be out of date and will not represent the best opportunities to enhance future forest productivity. Targeting funding to reducing the 1977 backlog has created a situation in which funds are not necessarily being spent to address the most important forest development needs. We

believe that it is no longer appropriate to use the 1977 backlog as the basis for providing forest development funding.

Recommendations

We recommend that the Secretary of the Interior direct the Assistant Secretary for Indian Affairs to (1) determine the most important and most cost-effective forest development needs consistent with current reservations' forest management plans and annual harvesting activity and (2) annually rank these needs to support the Bureau's budget requests for forest development funding.

We recommend that the Congress discontinue funding to eliminate the 1977 forest development backlog. Instead, we recommend that the Congress base funding on the Bureau's annual determinations of the most important and highest priority forest development needs.

Agency Comments

The Department of the Interior concurred with our recommendation regarding forest development. The Bureau of Indian Affairs will develop a current inventory of forest development needs, update the inventory annually, and base funding of individual projects on benefit/cost analyses. In fiscal year 1992 the Bureau plans to begin funding forest development projects on the basis of an updated inventory of forest development needs. (Interior's comments are contained in app. I.)

Controls Over Forest Management Deductions, and Forestry Program Staffing

Our review included other aspects of the Bureau's forestry program, including actions taken to strengthen the Bureau's control over the reimbursement of tribal funds spent on authorized forest management activities, Bureau forestry program staffing levels, and Bureau efforts to attract Indians to the forestry profession. We found that the Bureau has improved its control over the reimbursement of tribal forest management expenditures, the level of forestry program staffing has increased significantly since our 1975 report, and headquarters and field level programs exist to encourage Indians to study and train for the forestry profession.

Control Over Forest Management Deduction Funds Has Improved

Most of the gross proceeds from tribal timber sales go to the tribe, but a small portion, referred to as forest management deduction funds, is retained by the Bureau to cover part of its cost to administer the forestry program. According to Bureau regulations, these funds can, in turn, be used to reimburse tribes for tribal fund expenditures for forest management activities made in accordance with an approved budget and expenditure plan.

Our prior report noted instances in which reimbursements with forest management deduction funds were being made for tribal expenditures that were not effective forest management expenditures and recommended corrective action to provide for more effective use of these funds. Our current review found that the Bureau now has appropriate guidance on the types of tribal expenditures eligible for reimbursement and on planning for and monitoring reimbursable tribal expenditures. Also, a review of selected reimbursed tribal expenditures at the reservations we visited did not disclose any that were inappropriate.

However, at the Colville reservation we found that the agency office had advanced forest management deduction funds to the tribe in fiscal year 1989. Bureau policy prohibits advances and requires that tribes spend their funds first and then submit documentation of the expenditures to the agency office for reimbursement. Agency office officials are to review the supporting documentation to determine the appropriateness of the expenditures before authorizing reimbursement. In fiscal year 1989 Bureau officials at the Colville agency office approved fund transfers to the tribe without obtaining the required supporting documentation. As a result the tribe received funds in excess of the amount of their total documented expenditures for that fiscal year. When we

brought this situation to the attention of the agency office, it took corrective action in fiscal year 1990 to prevent future reimbursements for undocumented expenditures.

Bureau Forestry Staff Has Increased

In fiscal year 1978 the Congress authorized and funded a substantial increase in the Bureau's forestry program staffing. While Bureau data were not available to determine the use made of the specific positions that were authorized, we found that, overall, Bureau forestry program staffing levels have increased substantially. We also found that tribes have increased the size of their staffs devoted to forestry programs.

In our 1975 report we stated that the Bureau had not made the effort to acquire the personnel and funding needed to fully manage Indian forests. As we recommended, the Bureau determined the extent of its staffing and funding needs and, in 1976, reported those needs to the Congress. Subsequently, the Congress in fiscal year 1978 authorized the Bureau additional funds for 262 forestry program staff positions and other forestry program funding needs.¹

According to Bureau records, as of December 30, 1978, 194 new forestry positions had been filled and the total number of occupied forestry positions had increased to 481. Officials of the Bureau's Division of Forestry said that no records or information were maintained after 1978 on the status of the individual positions that were created as a result of the 1978 authorization.

While we were unable to determine the current status of the forestry program staff positions authorized in 1978, we were able to compare the Bureau's total number of authorized and filled forestry positions for fiscal years 1977 and 1989, as reported to the Bureau's Branch of Forest Resources Planning. Table 4.3 shows this comparison as well as the number of tribal employees dedicated to reservation forestry programs in 1977 and 1989.

¹The Bureau continued to receive this special forestry program funding of between \$5.0 million and \$7.1 million annually until fiscal year 1987 when the funding was incorporated into the discretionary portion of the Bureau's budget.

Table 4.1: Filled and Authorized Bureau Forestry Program Positions and Tribal Forestry Employees

	Authorized positions			Filled positions		
	FY 1977	FY 1989	Percent increase	FY 1977	FY 1989	Percent increase
Bureau staff ^a	476	774	63	413	621	50
Tribal Staff ^b	^c	^c		125	306	145
Total	476	774	63	538	927	72

^aIncludes full-time permanent, temporary, and furloughable positions; excludes all seasonal positions.

^bExcludes all seasonal tribal employees.

^cTribal staff are funded with tribal rather than Bureau funds.

Efforts to Recruit Indian Foresters

The Bureau's forestry program has several education programs to increase the number of qualified Indians foresters available for Bureau forester positions. The Bureau forestry program annually commits \$200,000 of its total budget to fund an internship program for 10 Indian forestry technicians. The goal of this program is to enable Indian candidates to obtain sufficient training to qualify for forester status.

In addition to this Bureau-wide program, two of the agencies and one of the area offices we visited have established their own education and/or employment programs targeted at helping tribal members become trained foresters. For example, Colville uses one of its forestry technician positions to provide internships for high school and college students, and Fort Apache uses part of its forest management deduction funds to provide college scholarships for tribal members to study forestry.

Regarding Indian foresters employed by the Bureau, the Bureau reported that in 1989 it had 58 Indian foresters (21 percent) out of a total of 278 full-time, permanent foresters. In comparison, in 1984 the Bureau reported 49 Indian foresters (16 percent) out of a total of 315 foresters. In commenting on a draft of this report, the Bureau noted that although overall forestry program staffing and the number of Indian foresters had increased significantly, there has been a decrease in the number of full-time, permanent foresters employed by the Bureau.

Comments From the Department of the Interior

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JAN 18 1991

Mr. James Duffus III
Director, Natural Resources
Management Issues
U. S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Duffus:

Thank you for the opportunity to comment on the subject report. Copies of the report were distributed to the Area Forestry programs as well as to the Forestry Program Directors for official review and comment in order that a good representation of all offices effected could be provided. Overall we found the report to be well constructed and, with a few exceptions noted in our response, accurate. Following is an accumulation of the Area and Central Office comments along with our response to the one recommendation made in the draft report which appears on pages 6 and 28 regarding the Forest Development Program.

GENERAL COMMENTS

Although GAO correctly states that it is the policy of the Bureau of Indian Affairs to secure approval or authorization for the sale of forest products from the tribe, or the allottee, it must be understood that the actual "approval" of the sale rests with the Secretary of the Interior. In fact, 25 CFR 163.7(b) provides the Secretary the authority to sell timber without the consent of the owners under certain circumstances. The statements made referring to the "approval" of timber sales by the tribe should be changed to read "authorization" and in light of 25 CFR 163.7(b), the statement made on page 15, paragraph 2, that the tribe "must approve all individual timber sales" should be deleted.

The figure of 5.7 million acres given on page 2, paragraph 1 for commercial forest land is incorrect. The Bureau of Indian Affairs forestry program currently manages 15.99 million acres of forest land of which 10.60 million acres are considered to be "commercial forest".

RECOMMENDATIONS

On pages 6 and 28 of the draft report, GAO recommends that the Secretary of the Interior direct the Assistant Secretary for Indian Affairs to determine the most important and most cost effective forest development needs consistent with current

See comment 1.

Now on p. 16.

See comment 2.

Now on pp. 6 and 30.

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reservations' forest management plans and annual harvesting activity and annually prioritize these needs to support the Bureau's budget requests for forest development funding.

GAO recommends further that Congress discontinue funding specifically to eliminate the 1977 forest development backlog and base funding instead, on annual determinations by the Bureau of the most important and highest priority forest development needs.

BUREAU RESPONSE TO RECOMMENDATIONS

Congress has advised, through the House of Representatives Report on the Department of the Interior and Related Agencies Appropriations Bill, 1991, that the Bureau should update its inventory of the backlog of forest development work, including an update of the status reports and accomplishments. Congress further advised because so much new acreage has been added since the time the original backlog was developed, the Bureau should include in the update all the newly acquired lands since 1977 requiring forest development work and should begin to make the forest development funds available to these lands.

The Bureau concurs with GAO's recommendations and plans to comply with Congress' directive. We agree that forest development needs are continually changing, and forest development inventories identified at any point in time may soon be out of date and may not represent the best opportunities to enhance future forest productivity.

We further agree with GAO that an updated inventory of forest development projects is necessary that will identify both the residual backlog as well as new needs. However, this new inventory will not diminish the critical need for continued forest development treatments to produce the optimum level of benefits for the Indian owners.

All Bureau Area Offices that administer forest development programs have been advised to develop new inventories of forest development needs and accomplishments, including the needs on new lands, and report these inventories to this office by September 1, 1991. Special Forest Development needs identified in this new inventory will be funded beginning in FY 1992, depending on the availability of funds.

In addition, the Bureau plans a conference of Central Office and Area Office Forest Development personnel to develop administrative procedures for the new inventory of forest development needs. Included with these new procedures will be provisions to update the inventory annually and to justify, at the field level, the funding of the identified projects based on benefit/cost analyses.


Appendix I
Comments From the Department of
the Interior

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See comment 3.

In addition to this response, we are including copies of those comments received from the Albuquerque, Sacramento, Phoenix, and Navajo Area Offices for your information. Any questions on this report or the enclosed comments should be directed to the Chief, Division of Forestry at FTS 268-6067 or commercial (202)208-6067.

Sincerely,


Assistant Secretary - Indian Affairs

Enclosures

GAO Comments

The following are GAO's comments on the Department of the Interior's letter dated January 18, 1991.

1. Bureau policy is to secure tribal approval or authorization for timber sales even though actual approval of the sales rests with the Secretary of the Interior. The authority provided the Secretary in 25 CFR 163.7 (b) to sell timber without the consent of the owner is directed at very specific situations and does not represent the normal timber sales process. We revised our report, where appropriate, to address this comment.
2. The 10.6 million acres of commercial forests consists of 5.7 million acres of commercial timberland and 4.8 million acres of commercial woodlands. The focus of our work was the management of the 5.7 million acres of commercial timberland. The report was revised to clearly distinguish between commercial timberland and commercial woodlands.
3. The comments referred to contained more detailed comments of an editorial nature which we considered in finalizing our report.

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