103

S. Hrg. 103-230

BELOW-COST TIMBER SALES

Y 4. AG 8/3: S. HRG. 103-230

Below-Cost Timber Sales, S. Hrg. 10...

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BEFORE THE

SUBCOMMITTEE ON
AGRICULTURAL RESEARCH, CONSERVATION,
FORESTRY, AND GENERAL LEGISLATION

OF THE

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

THE CLINTON ADMINISTRATION'S BELOW-COST TIMBER SALE POLICY

JUNE 24, 1993

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry

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BELOW-COST TIMBER SALES

THURSDAY, JUNE 24, 1993

U.S. SENATE, SUBCOMMITTEE ON AGRICULTURAL RESEARCH, CONSERVATION, FORESTRY, AND GENERAL LEGISLATION, OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,

Washington, DC.

The subcommittee met, pursuant to notice, at 2:30 p.m., in room SR-332, Russell Senate Office Building, Hon. Thomas A. Daschle (chairman of the subcommittee) presiding.

Present or submitting a statement: Senators Leahy, Daschle, Cochran, Baucus, Feingold, McConnell and Craig.

STATEMENT OF HON. THOMAS A. DASCHLE, A U.S. SENATOR FROM SOUTH DAKOTA

Senator DASCHLE. The hearing will come to order.

I want to thank all of those who have expressed a desire to be heard on this issue, and I especially thank my ranking member Senator Craig, for all of his cooperation and effort in the planning of this important hearing.

On April 30, 1993, the New York Times printed a story describing a Forest Service policy to phase out timber programs on 62 of the 156 national forests. That story caused considerable reaction among the timber industry and Congress. As far as I can tell, the proposal was made without any serious analysis of the economic, social, or environmental consequences that would result from such a severe action or whether this policy could be implemented in a manner consistent with other policy initiatives developed by the Forest Service, particularly the trend toward ecosystem management.

For many years, environmentalists have criticized the Forest Service for the continuing practice of subsidization in the timber industry, by offering below-cost timber sales. They argue that the problem is compounded by the fact that the excessive level of cutting has contributed to broad ecological damage, such as the loss of fish and wildlife habitat.

There is some basis for these concerns. Currently, there are 242 species listed under the Endangered Species Act that occur in national forests. There are over 2,000 sensitive plant and animal species that may become endangered if not given adequate protection. In the Pacific Northwest, endangered species concerns are now the primary force shaping national forest management.

We must not forget that there is a human side to this issue as well. People have invested in logging and milling operations, and

towns have grown up supported by timber. In some cases, timber represents the primary source of economic support for a region. Are we prepared to accept the economic and social dislocation that will probably occur if we phase out all forests that cannot make money for the Federal Government?

We in Congress must bear some responsibility for creating expectations among rural communities for a never-ending supply of timber from national forests. During the 1980's, Congress established high timber sale targets each year in the appropriations process. These timber targets drove the timber harvests on national forests to record levels. By the mid-1980's, the harvest was over 10 million board feet. We realize now that this level was unsustainable.

Harvesting levels have been reduced dramatically on national forests. The consequences of historically high harvest levels and questionable forest management have led to higher costs for the Forest Service. Now, because of the large number of endangered and sensitive species, the Forest Service has had to hire many new wildlife biologists to ensure that timber sales do not further harm those species. When a sensitive or endangered species could be affected by a timber sale, the Forest Service must perform a biological evaluation and modify plans to ensure that the timber sale will not harm the species.

There are a number of issues related to below-cost timber sales that need to be addressed so that Congress and the administration can begin to develop long-term solutions to this problem. These issues include the establishment of annual timber sale target amounts by Congress, the adequacy of the existing Forest Service cost accounting system, efforts by the Forest Service to control costs and effects on employment in the timber industry.

Hopefully, we will begin to explore some of these issues this afternoon. Certainly no one has taken a greater interest in this issue and has spoken in ways, personally and publicly, about this issue to me and others than my ranking member, and at this time, I would ask Senator Craig for any comments that he would have.

STATEMENT OF HON. LARRY E. CRAIG, A U.S. SENATOR FROM IDAHO

Senator CRAIG. Mr. Chairman, thank you, and a very sincere thanks for your willingness to convene this hearing and deal with this issue, because it is very important for all of the reasons that you have just spoken of.

When the administration came forth with the assumption of the discontinuation of below-cost sales in 62 national forests, those assumptions were made by money lost in fiscal 1992, based on the agency's TSPIRS accounting system. That is one side of the story.

Let me give you the other side of the story. First of all, it is not unique to argue at some point that this Government has had subsidization policies, whether it be in agriculture or in other areas. The questions to answer are: is it worth doing, what will the results be, and what are the long-term implications.

As it relates to the issue at hand, these below-cost forests that were argued and discussed produced 1.6 billion board feet of timber during 1992. Now, that was in direct jobs about 20,300 jobs.

If you want to look at it in Federal tax dollars of revenue lost if you were to eliminate those below-cost sales, Mr. Chairman, that would be about $119 million in Federal income tax revenue.

The timber programs for the five forests in my State of Idaho proposed for elimination produced 155 million board feet of timber in 1992. That is 2,000 jobs, or $3 million of stumpage fees going to the State and to the counties for schools and road construction under the law. And if you will, that 155 million board feet represented the material to build 10,000 new homes in the United States.

So when you consider the cost of eliminating these forests from production, then you really are talking about jobs and social welfare factors, loss of tax revenue and a variety of other issues, besides all of the other arguments that might be placed on the other side.

Let me also say that there is no mandate in public law to require the Forest Service to make a profit. There are a good many programs that they are involved in. In fact, I don't believe there are any national forest programs that return a profit outside of the timber program. That is one side of the story.

Now, if we look at it from a national scope, below-cost forests produce enough timber to build approximately 145,000 homes in this Nation. Total timber harvest in 1992 on all national forests—you mentioned the 10 billion board feet high—was down to about 7.3 billion board feet. The total timber sold was about 4.803 billion board feet. What that means is that we are currently selling a lot less on an annualized basis than is being logged. In other words, our total sales are dropping. Those 7.3 billion board feet were cumulative sales that could have been 3 or 4 years hence.

So my point is we are now headed toward an even greater fiber or material supply issue in this country as it relates to the availability of it in sheer numbers. And of course, we have all heard the stories about the phenomenal ramp-up in prices of both stumpage and building studs and all of those kinds of dimensional timbers that are produced.

Total revenues for the national forest and timber programs in Idaho was about $82 million. Of those total revenues, $10 million happened to come from those five below-cost forests in my State. Total timber harvest in Idaho's national forests was 723 million board feet, and 155 million was below-cost. So it represents a substantial portion.

Mr. Chairman, here is a very important figure. The United States now imports 45 percent of its wood fiber—a very significant figure. If we don't produce it, we will import it from somewhere. My guess is we will import it from the forests of Brazil, and certainly we are concerned about those rain forests and the lack of reforestation and the lack of management there, or we will import it from Chile, or we will import it from the slopes of Siberia. In none of those countries is there a comparable environmental sensitivity, or the kinds of reforestation programs that we have here.

Now, on the other side of all of this, let's talk about another issue, and that is ecosystem management, a concept that the Forest Service has been moving toward for some time, Mr. Chairman. If we arrive at ecosystem management in the future, we have to deal with ecosystems, and that means we have to manage those systems in a way that is environmentally sound, which might include vegetation manipulation, it might include change of species composition—I am talking about trees in this instance—it might include the promotion of growth by a wider spacing of trees. All of that is part of it. In those instances, as a tool of management, below-cost timber sales becomes increasingly valuable.

Well, Mr. Chairman, the story goes on and on. The point I want to make—and I think it is a very clear point—is that if we decide to eliminate below-cost timber sales as a part of the overall basket of management tools that the U.S. Forest Service has on our public lands, there is another side of the story, and I have just talked about it—thousands of jobs, tremendous social costs, and a lot of other types of things including environmental consequences.

Last year in my State of Idaho, we saw a wildfire wipe out over 250,000 acres of treed and partially treed forest lands, literally in hours and days—trees that had been devastated by drought, where management required salvage sales, all of them below cost in nature, but all of them necessary as a tool. In other words, Mother Nature did her job of management because we were denied the tools of management in part. Well, the cost of suppressing that fire was $28 million, and rehabilitation was $8 million, and the story goes on and on.

The Forest Service, in my opinion, needs the tools of below-cost sales along with all of the other things that are necessary in the equal and even management of the forests. That is why these hearings are important. That is why I am extremely concerned about a policy to wipe out the tool of below-cost timber sales. I ask of this administration: If you are going to do that, where are you going to get the fiber to build the 145,000 homes that you will not be able to build, and where are you going to get the necessary money to do the kind of retraining of the thousands and thousands of jobs, some 20,300 jobs, of people who will be unemployed? That doesn't take into consideration the people unemployed out in the West as a result of the spotted owl and other decisions.

Mr. Chairman, I have rambled, and that is a broad overview of the issue at hand. Let us get on with the hearing and those who have come to testify.

Let me also ask unanimous consent to enter in the record the statements of Senators Mitch McConnell and Thad Cochran.

Senator DASCHLE. Without objection, and also without objection a statement from Senator Burns of Montana will be made a part of the record as well. Thank you, Senator Craig, for your comments.

[The prepared statements of Senators Craig, McConnell, Cochran, and Burns follow:]

PREPARED STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM THE STATE OF IDAHO

Mr. Chairman, I'm pleased to be here this afternoon to discuss the effects of eliminating timber programs from our national forests that are "below cost."

While some timber sale programs on 60 national forests have been below cost, I would argue that that fact alone doesn't even begin to tell the full story. The benefits from these sales far outweigh any perceived problems as I, and others, will make clear. And let's not lose sight of the fact that Forest Service timber sales in fiscal year 1992 generated a profit of more than $254 million on total revenues of slightly more than $1 billion. That's a darned good return by any standard.

I would take to task those who claim the "below-cost forests" generate little benefit. During 1992, the below-cost forests produced 1.6 billion board feet of timber. That created about 20,300 logging, milling and other direct jobs nationally. That's 20,300 people who had a stable job, food on their families' tables and could afford to buy a home. That's 20,300 people not receiving unemployment compensation, job retraining, etc. that the taxpayers would have provided. In light of our current economic situation, that's good news. It should also be noted that those jobs generate approximately $119 million in Federal income tax revenues. These tax revenues alone are greater than the projected savings from eliminating all below-cost sales.

In my home State of Idaho, timber programs on five national forests would be eliminated under the administration's proposal. In 1993, those forests produced 155 million board feet of timber which created nearly 2,000 direct jobs. In a rural State such as mine, 2,000 jobs is a big deal. Further, from those five national forests, $3 million was made as payment to Idaho. That's $3 million spent on school programs and improved or new roads. This is real money and real benefits for Americans.

Look beyond the immediate jobs for those people. Indirectly, logging companies create jobs for other Americans. For example, below-cost forests produced enough timber to build 145,000 new homes. In Idaho, the 5 forests produced enough timber to build 10,000 new homes. Not only do construction workers have jobs, suppliers and distributors have jobs, the local grocery store can continue to operate, and on it goes. Even so, our timber supply has been dwindling—not because there are less trees to harvest, but because of a series of outside influences. We all have heard about the effects the spotted owl and timber sale appeals and litigation have had on the Pacific Northwest's timber supply. What we may not realize is that the total timber harvested in fiscal year 1992 was 7.3 billion board feet. The total timber sold or awarded through contracts for the same period was 4.8 billion board feet. These figures illustrate that, whatever we accomplish here today, there will be a continuing downward slide in timber harvest and revenues resulting from the forces already at play. Eliminating below-cost timber sales only makes a bad situation worse.

The elimination of below-cost sales in the face of increasing domestic demand for wood products only intensifies our dependence on foreign sources of timber. It is estimated that the United States imports from other countries 45 percent of the wood products Americans use each year. Our demand for timber and paper products is simply not going to go away. Thus, by eradicating timber sales in below-cost national forests the administration is forcing Americans to look elsewhere for timber products and to become more dependent on other countries to meet our needs. This makes no sense.

We are all interested in adopting ecosystem management principles in the management of our Federal forests. I'll make a flat statement here—ecosystem management *cannot* be carried out without using below-cost timber sales. Timber sales will be needed to manipulate vegetation, improve biodiversity, change tree species composition, and ensure good growing conditions. Generally, they will be below cost because they will harvesting timber which is sparse, small, or deteriorating from insects and disease.

Timber sales are an absolutely necessary tool in the fight to restore forest health. Throughout the West we are suffering an epidemic of insects and disease which, combined with drought conditions, has left us with millions of acres of standing, dead and dying trees of low value. Timber sales are the only cost-effective tool we have to remove the dead biomass, which would otherwise become fuel for wildfire, provide the conditions needed to regenerate new forests, and guarantee growing conditions which will discourage future insect attacks. If we don't employ below-cost sales, we will witness future events such as the catastrophic fire which roared through the Boise foothills last year. The foothills fire, burning dead and dying timber, cost $28 million to suppress. An additional $8 million will be spent to rehabilitate the forests and the watersheds. Does it make sense to eliminate below-cost timber sales which might greatly reduce the intensity, the spread and the cost of such fires in the future? Not to me it doesn't.

Similarly, near Bend, Oregon, lodgepole pine, killed by the mountain pine beetle, burned in a catastrophic fire. Thousands of acres and dozens of homes were destroyed. These examples are painful reminders that we must take proactive steps to protect and promote forest health or we will pay a very dear price. Timber manage-

ment, including sales, are already providing positive results in many areas of the Nation. In the Ottawa Nation Forest timber harvesting is used as a tool to maintain specified amounts of aspen ecosystems, wildlife thermal cover and habitat suitable for the gray wolf. In Montana, timber sales are being designed to produce berries and desirable conditions for grizzly bears within their critical habitat. Timber management can and does work.

Certainly, the Government and all Americans are seeking new ways to control costs. The Forest Service is no exception. This agency has been working to reduce administrative costs and overhead by consolidating offices, transfering its employees to other resource jobs, etc. Further, it is my understanding the Forest Service will consider additional measures once the Timber Conference report is published. More can be done in terms of streamlined organizations and procedures, and I encourage them to get on with it.

In summary, *all* of our national forests provide innumerable benefits to this Nation. While it may not appear that way on paper to an economist, there are far larger issues to consider than the profitability of individual timber sales. This issue doesn't hold water. It is merely a banner being flown by those who don't want any timber cut on the public forests. Timber sale programs on all the national forests are necessary, beneficial, and must be retained. I am confident today's hearing will establish the positive record on below-cost sales so that we will not have to debate this issue again.

PREPARED STATEMENT OF HON. MITCH MCCONNELL, U.S. SENATOR FROM THE STATE OF KENTUCKY

The issue of below-cost timber sales is not a simple or easy topic to explain. Too often the facts are skewed and misrepresented by special interest groups. In the name of working for the "good" of the people, certain groups have called for the end of below-cost timber sales. Arguing that these timber sales only add to our burdensome budget deficit and do damage to our environment, ignores the facts behind these transactions.

The fact is that below-cost timber sales provide for the proper management of our country's forest lands. Many of the items counted as expenses under the Timber Sale Program Information Reporting System (TSPIRS) are things which improve the forest and are not typically considered in the case of private timber sales. Additionally, less than 1 percent of national forest lands are cut every year, and the Forest Service oversees the reintroduction of many native species that otherwise would not occur.

My State of Kentucky is home to the Daniel Boone National Forest, 1 of the 62 forests on the list targeted to end timber sales. By looking at the Daniel Boone National Forest, one can see first hand how important the Forest Service and the proper use of timber sales are to the Daniel Boone Forest and to the Kentuckians who live in that area.

The Daniel Boone National Forest encompasses 675,000 acres of diverse natural resources in east central Kentucky. It includes some of the Nation's most productive hardwood forests, is home to the largest trail system in Kentucky, and has the highest concentration of rock shelters in the United States. Within the forest's boundaries are over 500 potentially significant historical and archeological sites, including the oldest archeological site in the Southeastern United States and a site which confirms the beginning of agriculture in the United States. Proper management of these natural wonders is essential and timber sales on the forest has allowed these resources to be discovered, maintained and protected.

Timber sales are not approached randomly and the Forest Service must comply with at least 30 laws before a timber sale can be approved. Environmental assessment studies must be completed and a team of biologists, zoologists, archaeologists, agronomists, hydrologists, and sociologists must agree to the sale, or it is denied. Less than 1 percent of the Daniel Boone Forest is harvested in any single year, so a century will pass before the same area is harvested again.

The receipts from timber sales are spent on several worthwhile purposes. Over one-fourth of the receipts are reinvested in planting and nurturing new trees for future generations—an expense not always incurred by private landowners. A large amount of money is spent to rebuild roads in the forest system. Nine times out of ten these roads, which are moved from environmentally sensitive areas like creek beds or on steep slopes to better locations, actually improve the health of the forest. And in the case of the Daniel Boone Forest, money is spent to maintain nearly 200 buildings within the forest boundaries.

Timber harvesting has allowed for the reintroduction of native species which had disappeared because a lack of management allowed faster growing trees to prevent the growth and development of the slower growing hardwoods. Because of improved management on our forest lands there are 70 percent more hardwoods in Kentucky than there were in 1960. Today, there are more white oak, chestnut, and hickory trees in Kentucky due to the efforts of the Forest Service to reintroduce these varieties to the national forest. Timber sales are the avenue by which this proper management is provided, and I believe they are crucial to the continuation of sound environmental practices in our national forests.

Improperly managing a forest is no different than buying an acre of land and hoping a garden will grow from the land. The person will be sorely disappointed to find out there will be no tomatoes in the garden unless tomatoes are planted. Even if tomatoes were planted without the proper care and nurturing, the weeds will outgrow the tomatoes and the thick undergrowth will eliminate the hope of ever benefiting from the fruits of labor.

Eastern Kentucky is home to one of the most economically distressed areas in the Nation. This area has an urgent need for jobs to make it possible for adults to provide for themselves and their families. More than one out of every four families in this region live in poverty. Jobs and opportunities are scarce and unemployment rates in many of these counties are three to four times the national average. Each and every job is important, and the loss of timber sales from Forest Service land would mean fewer jobs for these citizens.

For every 1 million board feet of timber harvested, 10 jobs are created. The loss of the 41 million board feet of timber sold from the Daniel Boone Forest would put 400 people out of work, and result in a loss of $14 million in employment-related income and $2 million in income tax generated by those jobs.

Besides those economic losses, 21 Kentucky counties will lose a steady source of revenue from the Forest Service funds which are returned to local communities. Twenty-five percent of the gross receipts taken in from the sale of timber on the Daniel Boone Forest are returned to the counties for projects such as road building and schools. In 1993, an estimated $610,000 will be returned to Kentucky counties. The following chart shows that the forest is an integral part of 21 Kentucky counties and how $610,000 will be cut from local budgets if below-cost timber sales are prohibited in the Daniel Boone Forest.

COUNTY	DBNF ACRES	TOT. ACRES	%	'93 PAYMENT
McCREARY	139,100	273,920	51	$126,002
CLAY	75,441	301,440	25	68,337
ROWAN	62,020	179,840	34	56,180
LAUREL	60,059	279,040	22	54,403
JACKSON	57,094	221,440	26	51,718
LESLIE	52,549	258,560	20	47,601
MENIFEE	45,020	130,560	35	40,780
WHITLEY	42,613	281,600	15	38,600
PULASKI	32,178	423,680	8	29,148
BATH	18,468	178,560	10	16,729
OWSLEY	16,153	126,720	13	14,632
WOLFE	15,896	142,720	11	14,399
POWELL	14,135	115,200	12	12,804
MORGAN	12,948	243,840	5	11,729
ROCKCASTLE	12,404	203,520	6	11,236
LEE	8,115	34,400	6	7,350
ESTILL	4,458	162,560	3	4,038
PERRY	2,191	218,880	1	1,985
HARLAN	803	298,880	<1	727
WAYNE	642	293,760	<1	582
KNOX	74	248,320	<1	67
STATE TOTAL	673,332			609,297

The people who benefit are the men, women, and children of Appalachia. It is not "timber barons" or big corporate giants who benefit the most from timber sales, it is the eastern Kentucky residents who need and want jobs. I have heard from some of

them and I ask unanimous consent to include these letters and a statement from real Kentuckians who rely on the timber industry in eastern Kentucky. They do *not* necessarily appreciate Government interference in their lives, nor do they care for outsiders who claim to know what is best for communities.

Some preservationist groups claim that it is only the "big timber" interests which benefit from our current timber sales policy on national Forest Service land. I can't tell you about other parts of the country, but I know there are hundreds of Kentucky families who have been in the timber business for generations. These families own the land adjoining the national forest, and they live in the communities within the boundaries of the forest. These families cut the timber, work in the sawmills, and have jobs in the secondary businesses which produce the final products from Daniel Boone Forest timber.

It's not the big corporations, the rich boards of directors, or the wealthy stockholders who will be hurt by ending timber sales on the national forests. It is the families in eastern Kentucky who have an urgent need for jobs to make it possible for adults to provide for themselves and their families.

Constraints on timber harvesting are widespread and growing. While it is much worse in the Pacific Northwest, we are experiencing some of the same problems in Kentucky. By the year 2000, timber harvesting in the Pacific Northwest could fall by one-third to one-half because of protected animal habitats, primarily the spotted owl. According to the National Forest Products Association, the future availability of forest products is clouded by signs that additional constraints on timber harvesting will increase not only in the Pacific Northwest but nationwide.

So many of the benefits gained from the sale of timber are impossible to quantify. Saying "don't cut trees if there is no profit" is far too simplistic for such a complex issue. Without proper management of our national forests we will have less diversity in the ecosystem and an overall lower quality forest. The economies in our forest-dependent counties will suffer and jobs will be lost, and in the case of Kentucky these counties have the highest need for jobs and economic development.

There is no doubt that Kentucky's forest industry has tremendous potential. The people of the Commonwealth of Kentucky hold a renewable natural resource worth billions of dollars which will last for centuries. With proper management the forests can be maintained and even improved and jobs can be created. Limits can be placed on the amount of timber harvested, but the elimination of timber sales from the forest means a loss of opportunity that will be felt for years to come by the people of eastern Kentucky.

Prepared Statement of Hon. Thad Cochran, U.S. Senator from the State of Mississippi

Mr. Chairman, I join you today in welcoming our witnesses and I want to thank you for calling this hearing to discuss the timber sale programs of the U.S. Forest Service.

In Mississippi last year, the timber sale program generated gross revenues of $20.7 million with a gain of $14.9 million and payments to the counties of $5.6 million. In all, the program yielded a net gain of $9.3 million, all of which was returned to the U.S. Treasury.

I look forward to the testimony of these witnesses and the ideas they may offer with respect to possible changes in the accounting system for the timber sale program.

Prepared Statement of Hon. Conrad Burns, U.S. Senator from the State of Montana

Mr. President, I rise to address an issue of national importance, the so-called "below-cost timber sale" program. This is an issue of grave importance to the timber industry, not only in Montana, but the Pacific Northwest, New England and the South. I've got 105 statements just from Libby, Montana right here, that sum up the problem very nicely.

The problem with the term "below-cost timber sales" is not necessarily profit. What makes timber sales "below cost" are the expensive appeals and litigation costs, the extensive environmental studies that should be routine, maintenance of multiple use charged back to the timber program, inefficiency in the Federal Government and an accountability problem.

I believe that in order for these agencies to be rewarded with an operating budget, they need to be accountable for their performance on the ground. Why does it cost the Federal Government so much more to conduct a timber sale? Only about one quarter of the total revenues annually spent by the U.S. Forest Service are for timber sales. Other costs are attributed to "public investments" and developing an "environmental infrastructure."

What happens if this program doesn't go forth? How about roughly five times more timber being lost to disease, insects, decay, fire and maturity than is being harvested in the name of ecosystem management? This waste could build a lot of affordable houses and provide a lot of jobs. How about 9,000 timber jobs and another 11,000 indirect jobs—just in Montana?

What else is being lost? For every 10 million board feet of timber tied up in frivolous appeal or in a status quo indecision within the Federal agencies, about $1 million is lost from local county treasuries. In Montana, a conservative estimate is that counties could lose as much as $42 million in the the next 10 years, just from the loss of gross timber sale receipts.

You don't have to travel very far to see the ramifications of poor forest health—latent with insects, diseases and deterioration from overmaturity. The results of poor forest health were clearly dramatized during the fires in the Greater Yellowstone area in 1988.

I'm sure most of you have heard the statistics on "below-cost timber sales" but let me briefly summarize the administration's proposal. The Office of Management and Budget says that by eliminating below-cost timber sales from the national forests that cost about $274 million and foregoing the incoming revenue of $202 million in timber receipts, the net savings over a 4-year period would be about $72 million. The U.S. Forest Service is working on a program to phase out below-cost timber sales on approximately 60 national forest while the cost of a new home rises by as much as $5,000. Believe me, I am concerned about their strategy because nine of these national forests are in Montana. My concern is for what is being lost for the sake of "concern."

We have seen figures for indirect revenues generated from the timber industry as high as $400 million annually. Believe me, we want to keep this renewable resource industry healthy and its employees working.

The concern is for both the environment and the agencies' administration. Ironically, abuse of environmental regulations is the main cause of money-losing forestry. Emotional hand wringing, a little data, some egos and a lot of "concern" for the health of our forests has cost taxpayers millions of dollars. Yet, putting an end to timber harvesting would stop responsible and successful forest management.

A clear message has been sent from the people of this Nation. The public lands must be managed for the benefit of the people who own them. Now, this concept is admirable, but the key word is manage. Social benefits may be high on our list of uses of public land. Yet, the cost of managing people, providing recreational opportunities, and other nontimber liabilities are allocated against the money maker—timber assets.

Using 1992 as a basis, 1.6 billion board feet of timber was harvested from public lands. Timber management and manufacturing created about 20,300 taxpaying jobs nationwide. Without those jobs, about $119 million in Federal income taxes would be lost from the Treasury and $795 million would be lost in wages.

We can talk about data, marketing, stumpage prices, forest health, natural conditions, ecological soundness, biodiversity, salvage and this ecosystem management concept. The bottom line is that the cost/benefit problems driving the "below-cost timber sale" issue just don't add up. And, they won't add up until every dollar spent for every multiple use of the forest is categorically allocated to each use which is not only tough to do but also unnecessary in practical terms.

At today's market prices, no timber sale should be losing money. If it is, it's an operator problem or there's too much Government oversight and reinvention of the "concern and analysis" in the administrative process without accountability or performance.

Since the U.S. Forest Service and Bureau of Land Management have been serious about down-scaling or getting out of the timber business and into wilderness and recreational management for the past few years, the consequences of the budget impacts should be analyzed before we allow a complete shutdown. In all likelihood, the losses from a reduction of the program would cost more in unemployment and retraining, let alone lost personal revenues and corporate income taxes.

Environmental laws do not have to be compromised to ensure forest health or to justify higher agency budgets. More often the long-term management goals are big time winners for jobs, the economy, wildlife or forest health.

In closing, this Nation's suitable timber base and national forests can be managed for a profit and forest health without compromising jobs in America. "Below-cost timber sales" are a Government overhead and accountability problem, not a subsidy. Whether or not a Federal agency loses money on a sale has no reflection on the timber sale itself because the timber sale is carrying all of the management functions of the forest and is sold based on fair market value to the highest bidder.

Thank you, Mr. President. I yield the floor.

Senator DASCHLE. Our colleague from New Hampshire is here in person, and we are delighted that he is. We invite him to proceed with his testimony at this time.

STATEMENT OF HON. JUDD GREGG, A U.S. SENATOR FROM NEW HAMPSHIRE

Senator GREGG. Mr. Chairman, thank you, and thank you, Larry, also, for your courtesy in allowing me to testify today. Those of you from the West probably don't realize that the East has a timber business, but as a practical matter, the second most highly timbered or forested State in the country is New Hampshire; the first is Maine. We are States which have a very aggressive and active timber and forestry products industry, and large part of our forestry products industry is tied to the purchase of timber from public lands. Although we don't have the heavy amount of public lands that many States have in the West, we do have a considerable amount of public lands.

The largest parcel of public land in New Hampshire is the White Mountain National Forest, a unique national forest that takes up about 17 percent of the State's land mass, and it is the most visited national forest in the country, having a very high tourist attraction because of its close proximity to urban areas, and also because of the spectacular beauty of the White Mountains, which make up the core of this national forest.

However, over the years since the Weaks Act was enacted—and actually, the Weaks Act was initiated as a result of concern about protecting the White Mountain National Forest—it has become a symbol of how to manage a national forest in a multiple-use way. The concept of ecosystem management really applies to the White Mountain National Forest and has been carried out there in an extraordinarily successful way. Even though it is the most visited national forest in the Nation, it produces a large amount of timber activity for the purposes of supporting the forestry industries, both the pulp and paper industries, and the timber industries and the lumber industries, and it also has a large amount of land which is dedicated to wilderness and a balanced approach toward recreational use, commercial use, and the protection of wildlife and the ecosystem.

This has been accomplished with a lot of hard work by all the different interest groups that are concerned about the protection of this area. And there is absolute agreement among these interest groups in New Hampshire, including probably the leading spokesman for the environmental groups in New Hampshire, a group called the Society for the Protection of New Hampshire Forests, which is a group that has for years been committed to protecting the quality of the environment in our State. It is a total agreement between environmental groups such as the Society, and the logging

industry, and the recreational industries, including the local Appalachian Mountain clubs, that the below-cost timber sale activity on the White Mountain National Forest has been an extremely critical and constructive part of maintaining a balanced approach to maintaining the White Mountains as an excellent national forest. And that is for a lot of reasons which I think this committee is certainly sensitive to. The need to harvest timber in the East is a little different than the harvesting in the West in that our timber grows like weeds, grows quickly, and regular harvesting is very important and very critical especially to wildlife. It is also critical, of course, to the local economic support, which is important to the national forest.

I think that in addressing the issue of below-cost timber sales, we have really gotten tied up in a title or in the name that has been given to it—"below-cost timber sales." Well, in New Hampshire, it is "fair market timber sales." The sales that occur on the national forest are not subsidized sales in the sense that people are paying less than they would pay in the fair market for the commodity. These are timber sales which are generated by a public bid process. There is stiff competition to obtain the bids, and in many instances I suspect the timber prices paid for national forest timber may even exceed the timber prices paid on the private lands which surround the national forest, but in all instances, they at least equal the fair market value of what the timber is going for on the private land.

New Hampshire and Maine and Vermont have a large amount of private holdings where the competition is also fairly significant for the purposes of purchasing timber, and therefore the White Mountain National Forest cannot sell this timber at a subsidized level and does not sell it at a subsidized level in relationship to sales on the private land. So it is a fair market price that is being paid for this timber.

The inability to come onto the national land and purchase this timber would have a dramatic impact on the economy of the region. It is estimated that there are approximately 500 jobs—that doesn't sound like a whole lot down here in Washington, but it is a great deal for a region that is not overly populated and which is especially dependent on the wood products industry. Approximately 15 to 20 percent of the pulp that is used at the major manufacturing facility in this part of our State, which facility employs, either directly or indirectly, 70 percent of the people in the northern county of New Hampshire, comes off the national forest land.

It is estimated that the Federal tax revenues last year from the sales which are not subsidized, from the below-cost sales or from the fair market sales, the people doing the business on the national forest, represented about $3.1 million. It is estimated that the payments to local communities as a result of the timber tax was about $500,000, which is a very significant amount. And it is estimated that the below-cost timber sale cost the Government about $700,000. So you can see that if you compare what was generated in Federal taxes to what the cost was, the Federal Government is a winner almost 4 to 1, and if you compare it, and you start throwing in the number of jobs that are involved and the local taxes that are involved, it becomes an even more significant number.

So if you look at it in those terms, it is now below-cost, but it is actually a significant economic benefit to have these sales go forward.

I do think we need to address the issue of what the cost is, however, because I think the allocation of cost to the timber sales is what is driving this problem from a perception standpoint. As I mentioned, these timber sales are done at fair market value. They are done through competition. Why, then, is national forest land timber costing so much more to produce than the private sector timber is costing to produce?

I think the answer is obvious. There are a tremendous number of costs which are allocated to these timber sales which are not traditional costs which would be allocated if you were accounting for them as being purely for the purposes of growing timber.

This is especially true in the White Mountain National Forest, where we have such a huge usage in the area of citizens just coming to visit, and a significant amount of the cost, I believe, that drives the valuation of this timber in the process of accounting for this is a function of items which would be undertaken anyway in order to protect the White Mountain National Forest whether or not timber sales occur. And if you start to back out those costs, then you will get the fair market value price to be more in line with a profitable undertaking than it is today.

There are, for example, the costs of the number of reviews which must be gone through before the sale can be made. In many instances, there are appeals of the sale procedure by environmental groups that are concerned about the idea of selling timber at all in the national forest. Well, that creates a situation much like the person who kills both his parents and then throws himself on the mercy of the court as an orphan, because the price is being driven up on one hand by the appeal process, and then on the other hand the claim is made that the sale should not occur because losses are occurring as a result of the high prices. That doesn't seem right and doesn't seem fair.

So it seems to me that if we wanted to correct this situation, we should look at the process of accounting for timber sales and maybe reform the process by which we assign value to the timber sales and establish the basis of the cost of the timber sales. And in doing that, I think there should be two elements basically eliminated from being allocated to the price of the timber.

The first element is the price and the costs which drive the price up in the area of what I would call the "Earth First" appeal process—at least in New Hampshire, we could call it the "Earth First" appeal process.

The second is that we should eliminate expenses which are associated with activities which would be undertaken anyway. In the White Mountain National Forest, huge amounts of dollars are being allocated to the timber sales which are for expenses that we think would be undertaken anyway simply to manage the national forest. And if you backed out those two numbers, then I think you would end up with a basis which would show that the fair market value price, which is what is being paid for the timber, is a price at which the Federal Government is making money.

In any circumstance, if you stay with this present costing process, and you look at the spinoffs from the sale of the timber, not only in the way that it benefits ecosystem management, which is absolutely critical in an area like the White Mountain National Forest, but in the pure dollar numbers where you have a significant amount of taxes generated to the community, taxes generated to the Federal Government, and jobs created, the Federal Government and the country remain a winner.

So it seems to me that we should take a look at the process as it is on the land and the way that it impacts the communities that surround the area, rather than in the theoretical process of just looking at numbers which probably aren't applicable to the way the situation has really evolved.

Thank you, Mr. Chairman.

Senator DASCHLE. Thank you, Judd, for an excellent assessment of the situation.

Senator Craig, do you have any comments you'd like to address to Senator Gregg?

Senator CRAIG. Certainly, with the time consideration and other Senators here who I know want to testify, let me thank Judd for those comments. I think they were very appropriate.

My frustration, Senator, has been the fact that we drive certain costs up because of public policy, and that has skewed the TSPIRS accounting results. That has always been one of my frustrations, and I am pleased to have you make that comment.

Senator GREGG. Thank you. I appreciate your time.

Senator DASCHLE. Thank you again, Senator Gregg.

Our chairman has taken a real active interest in this issue, and is here to present his testimony, and I am delighted he is and invite Chairman Leahy to make his presentation at this time.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

The CHAIRMAN. Thank you, Senator Daschle.

As chairman of the subcommittee, I want to applaud you for holding these hearings. The fact that the 1990 farm bill was the first to contain a forestry title indicates how important I believe forestry is.

I saw the article about the below-cost timber sale in the New York Times on April 30th, and when you read the article and the preliminary memo that went out, it seemed like the Forest Service was preparing to shut down 62 forests in a hasty and heavy-handed fashion, something I would totally oppose. It certainly did not make sense in my own State of Vermont, where we had carefully negotiated a consensus forest plan that met both timber objectives and environmental objectives, and I know that other Senators have done the same thing in their States.

So I am glad the administration has rejected the shutdown proposal and indicated a willingness to work with the Senators on this committee to develop a sensible policy. In fact, to make sure that it works in my own State of Vermont, I am working with the Vermont Forestry Communications Council, which is a nonpolitical or-

ganization that represents the entire spectrum of views in Vermont.

Now, obviously, we need to scrutinize every Federal program to make sure it does not waste money. However, if you apply only fiscal analysis to the forestry programs, it ignores some very important issues.

There are below-cost timber sales on Federal lands that should not go forward, and I think we know the type of terrain where they should not go forward. But if every land management strategy had to produce a profit, then you couldn't manage wildlife refuges, you could not protect wildernesses, you could not maintain recreation areas, you could not conduct forest research because these are all below cost. But the advantages to the whole country in each instance are great. So what you do is pick out those areas which make no sense and get rid of them, because they not only waste money, but they abuse our natural resources, and it is bad public policy.

But there are some below-cost sales which are appropriate. Some of the forest management issues make a great deal of sense, from maintaining a wild game population to an ecosystem. Let's eliminate below-cost timber sales that degrade the environment, but then make sure at the same time that the overall environmental stewardship in our national forests is maintained.

There will be some below-cost sales because there is a greater good that is gained by it. So I would hope that when we consider our fiscal responsibility, we consider our environmental stewardship as well. Often the balancing act is to continue with the sales, and educate the American public that all timber sales are not inherently bad. But in the long run we must maintain high-quality, environmentally oriented forest management. We can do that and maintain timber sales.

So Mr. Chairman, I think that not only do you help the Senate with these hearings, but you also educate those who are not involved in it.

I would ask that my full statement be included in the record and, if I am unable to stay for all the witnesses, that I be allowed to submit some questions for the record.

Senator DASCHLE. Without objection. Thank you, Senator.

[The prepared statement of Senator Leahy follows:]

PREPARED STATEMENT OF HON. PATRICK J. LEAHY, U.S. SENATOR FROM THE STATE OF VERMONT

INTRODUCTION

Thank you Senator Daschle for chairing this important hearing this afternoon. The management of our Nation's forests is a critical responsibility of this committee. The fact that the 1990 farm bill was the first to contain a forestry title indicates how important I believe forestry is. I hope that today we are able to identify some goals for timber sale programs specifically, and for national forest management as a whole.

When the below-cost timber sale initiative was described in the New York Times on April 30, it seemed like the Forest Service was preparing to shut down 62 forests in a heavy-handed and hasty fashion. This did not make sense in Vermont where we had carefully negotiated a consensus forest plan that met both environmental and timber objectives.

I am glad that the administration has rejected this shutdown proposal, has indicated its willingness to work with us to develop a sensible policy. We have the opportunity to make some substantive changes, but we must make the changes carefully and deliberately.

While we are developing this new policy in Washington, we must make sure it works on the ground. To make sure it makes sense in Vermont, I am working with the Vermont Forestry Communications Council. The Vermont Forestry Communications Council is a nonpolitical organization that represents the entire spectrum of views in Vermont.

HISTORY OF BELOW-COST TIMBER SALES

Curbing below-cost timber sales is not a new issue. Almost 10 years ago, I supported initial attempts to create an accounting system for timber sales. I review the timber program in the Green Mountain National Forest of Vermont regularly to be sure that it is fiscally and environmentally sound.

DEFINING THE ISSUE OF BELOW-COST TIMBER SALES

Today, the growing deficit commands our attention. We must scrutinize every program to make sure it does not waste money. However, applying only fiscal analysis to forest programs ignores important issues. If every land management strategy had to produce a profit, then managing wildlife refuges, protecting wildernesses, maintaining recreation areas, and conducting forest research would all be below cost.

Should we eliminate these programs too? There is another dimension to the below-cost timber sale issue—the environmental stewardship issue. I believe that is the reason we are here today.

WHY SOME BELOW-COST TIMBER SALES SHOULD BE ELIMINATED

There are below-cost timber sales on Federal lands that should not go forward. These are the timber sales on steep, erodible slopes, through roadless areas, and in environmentally sensitive areas such as wetlands and high elevations. These sales are costly, in fact, often below cost. This is the type of below-cost timber sale that we must eliminate. It not only wastes money, it abuses our natural resources. It is bad public policy.

WHY SOME BELOW-COST SALES ARE APPROPRIATE

However, as I mentioned, there are several dimensions to the issue. In the Green Mountain National Forest in Vermont, the Forest Service uses the timber program money to do the majority of their forest management.

By forest management I mean everything from creating raspberry and blackberry patches for berrypicking, to contributing to a statewide network of snowmobile trails, to expanding the oak component of the forest to sustain an increased deer population, to selective cutting around a Robert Frost interpretive trail to maintain the land as it was when Robert Frost lived there.

The point I want to make is that the Green Mountain National Forest is efficient, conscientious in its stewardship and environmental compliance, and dependent on the timber money to meet nontimber needs. We are years behind schedule in meeting recreation and wildlife needs. We need the timber program funds to enhance the forest and meet the demands of nontimber priorities.

We must eliminate below-cost timber sales that degrade the environment. However, we must make sure that overall environmental stewardship in our national forests does not suffer because of timber program accounting issues.

Eliminating the timber program money from the Green Mountain National Forest allocation will not necessarily provide an environmental benefit. In fact, it is a loss that would hurt both the environmental integrity of the forest and millions of people. We must avoid this mistake.

CONCLUSION

Below-cost timber sales must be considered in the right contexts, and these include fiscal responsibility as well as environmental stewardship. I want to make sure that we set our goals accurately. All timber sales are not inherently bad. In the long run we must make sure that we can maintain high-quality, environmentally oriented forest management.

Senator DASCHLE. Senator Feingold has indicated he does not have an opening statement, but I will call on him at this time.

STATEMENT OF HON. RUSSELL FEINGOLD, A U.S. SENATOR FROM WISCONSIN

Senator FEINGOLD. I don't have a formal statement, and I am not a member of this subcommittee although I am a member of the full committee. This subject, however, is of substantial concern to me and my State.

I proposed looking at these so-called below-cost timber sales as an item I thought might help us reduce the Federal deficit, and then, of course, I found out after the analysis that a couple of those forests were in Wisconsin. Being very candid about it, now, what we have to do is to look at this policy from a very realistic point of view, as the chairman just indicated. We must be sure to address below-cost timber sales in situations where we can. However, we must also identify those situations where, from an environmental point of view, from a management point of view, and from an economic point of view, the allure of near-term savings might conceal the risk of long-term losses.

So I am still committed to the general notion of changing this policy, and I am very pleased that there is a tremendous amount of effort going into timber sales reform while still achieving deficit reduction. So that is my interest in this issue.

Senator DASCHLE. Thank you, Senator Feingold.

Senator Baucus, we'd be happy to hear from you.

STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM MONTANA

Senator BAUCUS. Thank you, Mr. Chairman.

At the outset, I'd like to make it clear that this below-cost issue is not only an environmental issue, but it is also a jobs issue. In my home State of Montana, there are nearly 2,000 direct, not indirect, but direct, timber jobs and thousands of other timber-related jobs associated with the so-called below-cost issue.

Below-cost timber sales have become a perennial issue, as we all know, and I agree that now is the time—Senator Feingold made that statement, and you did, Mr. Chairman, Senator Craig, and Senator Leahy have all made that statement—that we deal with it. We must tighten our belts. We must make sacrifices. But if we are going to address it directly and forthrightly, I think there are three matters the Forest Service needs to recognize up-front.

It is going to shift to ecosystem management; it has to do that. Second, it is going to tighten its belt and cut fat. It recognizes that there is fat in the Forest Service. And it is going to rethink its road-building policy.

The guiding philosophy for the Forest Service during this century was set out in its most famous form in the 1905 Pinchot letter, ostensibly written by the Secretary of Agriculture, the first chief forester, Gifford Pinchot. It is called the Pinchot letter because Pinchot personally wrote it for the Secretary's signature. Pinchot's many ideas for how the National Forest System should be managed are all set out in that 1905 letter—namely, his insistence on sustained yield management; the mandate that conservative practice be employed now to ensure that resources be available in the long

run; criticism of waste, and the goal of using the forest to benefit the general public, not the little man, not the big man.

I believe this same philosophy should apply today. Our forests must be managed so they remain ecologically viable while providing recreational and economic opportunities for the Nation.

And so we arrive at the matter of below-cost timber sales. The administration's fiscal 1994 budget includes a $46 million cut directed against timber programs that fail to make money. This is the first year of a 4-year plan to eliminate all so-called below-cost timber programs on national forests by cutting the Forest Service timber budget $274 million.

The Forest Service is certainly vulnerable to criticism over their timber program. There are no doubt countless examples of the Forest Service offering timber sales that make absolutely no sense economically or ecologically. Still, I have grave concerns over where this proposed policy will take us.

I believe the focus on below-cost timber sales and the consequent reduction in Federal funding will only serve to frustrate the ability of the Forest Service to move toward ecosystem management.

For many years now, land managers, scientists and the environmental community have implored the Forest Service to shift toward ecosystem management. I support this direction and plan to actively promote its implementation. Still, this shift in policy will not come without a price. Ecosystem management will in the short term be extensive. Management costs will undoubtedly rise above their present levels. It is completely contradictory to slash $274 million from the Forest Service budget and then expect the Forest Service to successfully implement a comprehensive new management philosophy. It can't be done.

In focusing on the below-cost issue the administration has chosen to treat a symptom rather than the underlying problem currently facing the Forest Service. If we want to get to the heart of the problem, the focus must be on the long-term transformation to ecosystem management, and we must be willing to bear the costs associated with this new direction.

In the meantime, there are several initial steps that should be taken toward the goal of ecosystem management. I believe these suggested measures are fiscally prudent, ecologically responsible, and sensitive to the thousands of families that rely on the National Forest System for their livelihood.

First, the Forest Service must become cost efficient. Even the Forest Service admits that there is fat to be cut. Programs need to be streamlined for practicality; administrative overhead needs to be reduced; and the agency needs to be downsized. The climate of the 1990's has taught private industry that survival depends on efficiency, and Government should not be the exception.

Second, we must begin in earnest to examine exactly how to best move toward ecosystem management. I would hope the Forest Service would convene a multidisciplinary team of respected hydrologists, biologists, foresters, and land managers to examine a wide array of forest issues, including the timber program, to determine how to best implement ecosystem management.

And finally, the Forest Service must re-examine the way in which it builds timber roads. The manner in which the Forest

Service has historically conducted its road building policy needs to be changed, given the shift to ecosystem management. One initial change would be requiring the Forest Service to shift from building permanent roads to temporary roads that are recontoured when no longer in use. Temporary roads lay lighter on the land, are less expensive than permanent roads, are more effective in protecting wildlife, prevent against weed infestation, and are more aesthetically pleasing.

In closing, I refer back to the 1905 Pinchot letter and its call to manage the National Forest System for the benefit of the entire Nation. That mandate continues in force today, but it presents a new set of challenges unimaginable 90 years ago. If we want to continue to harvest timber, have healthy wildlife populations, clean streams and lakes and a wide variety of recreational opportunities, we must look carefully at the problems that currently confront the Forest Service and search for innovative and responsible solutions.

I believe ecosystem management is the solution. We must be careful not to create roadblocks to implementing this policy.

Thank you.

Senator DASCHLE. Thank you very much, Senator Baucus. There is a vote on, and it is complicated somewhat by the fact that Mr. Lyons, our first witness this afternoon, will have to excuse himself at 3:30, which doesn't give us a lot of time to discuss this issue. So I am going to ask Mr. Lyons, the Assistant Secretary for Natural Resources in the Department of Agriculture, to come to the table at this time. Ordinarily, anybody who is familiar with this subcommittee knows we prefer to take panels and have a good give and take with all the witnesses within a panel, but given the circumstances today, I think this may be the best way to deal with it.

So let me ask Mr. Lyons for his statement at this time, and we will then proceed with questions. Senator Craig will return and begin the questioning if I am not here, but we are pleased you could be with us and invite you to proceed with your testimony at this time.

STATEMENT OF JAMES LYONS, ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, DC, ACCOMPANIED BY GEORGE LEONARD, ASSOCIATE CHIEF, AND DAVID HESSEL, DIRECTOR OF TIMBER MANAGEMENT

Mr. LYONS. Thank you very much, Mr. Chairman, Senator Baucus. I apologize for having to depart before the end of the hearing, but a few other forestry issues are breaking around town, and we have to be in other places.

Senator BAUCUS. Yes; we're reading about them.

Mr. LYONS. Yes, and I'm sorry you've been reading about them.

I want to thank you for this opportunity to come up before you today and discuss the current status of the administration's efforts to address below-cost timber sales on the National Forest System, and although I have to depart at 3:30, I have brought with me Associate Chief George Leonard and Dave Hessel, Director of the Timber Management Program, and they will gladly answer any questions.

Senator DASCHLE. So they can stay; good.

Mr. LYONS. The President's fiscal year 1994 budget proposal includes, as you know, a reduction of $46 million which is directed at initiating the phase-out of below-cost timber sales, and it also calls for the phasing out of below-cost timber sales over a 4-year period, fiscal years 1994–1997.

Let me start by saying that the April 30th New York Times article stating that the Forest Service will end logging on more than a third of the national forests by 1998 is blatantly false and inaccurate. This article caused a great deal of concern, based in large part on a request for preliminary data from the national forests that was initiated by Forest Service Chief Dale Robertson. It is unfortunate that the Chief's request for information was misconstrued as the first step toward shutting down units of the National Forest System. That is not the case, and it does not reflect the policy of the administration on this issue.

The Department of Agriculture is committed to meeting the President's goal of phasing out below-cost timber sales. However, we are presently handicapped by a lack of information necessary to assess alternative approaches to meeting the President's goals. For this reason, we will need to move more slowly in the first year of this program while we develop the necessary database and information.

Some of the information we seek to obtain is clarification of the following. First of all, the nature and extent of below-cost timber sales on the national forests and the adequacy of the Timber Sale Program Information Reporting System, or TSPIRS, to provide that information. Second, the cause for below-cost timber sales and their justification. Third, opportunities to make those sales positive from a cash flow or investment standpoint. Fourth, criteria to determine whether a timber sale is the appropriate tool to achieve the intended management objectives. And fifth, opportunities to improve the cost-efficiency and effectiveness of the timber sale program, including impacts of eliminating sales that do not meet any of these management objectives.

We intend to proceed in the following manner. We will first develop a short-term strategy for initiating the phase-out of below-cost timber sales in fiscal year 1994, and I'll offer a few details about that. Second, we will initiate a review of TSPIRS to address criticisms and concerns that have been raised regarding the adequacy and the accuracy of the TSPIRS accounting system. And third, we'll assess the impacts of changing the way timber sales are prepared and offered to reduce timber program costs and to resolve some of the controversies that have surrounded the program.

Some examples of areas to be assessed include the timber sale appraisal system, the issue of minimum bids, sealed bids versus oral bids, and the road construction program that Senator Baucus has alluded to.

To conduct this review, I intend to establish a multidisciplinary task force of individuals with expertise in the timber sale program. I hope to be able to select from a group of experts within the Forest Service, from academia, industry, and the environmental community to construct this task force and to conduct this review.

My hope in conducting this analysis, Mr. Chairman, is both to identify opportunities for improving how we prepare and offer timber for sale, but also to understand the proper role for timber sales in meeting our management goals and objectives on the national forests. I strongly believe that timbering and the timber sale program should be viewed as a tool of management rather than management's sole objective.

Timber sales are and will remain an important element of national forest management, generating revenues for the Treasury, counties, and local communities, and providing employment for thousands of people. By the same token, too much of the Forest Service's management activities are currently tied to and dependent upon timber sale revenues and the timber sale program. We must clearly understand those linkages and their impact on management practices and policies before we proceed with a policy on below-cost sales.

As the Forest Service moves toward an ecosystem-based strategy as has been discussed here, the nature and role of the timber sale program will in fact change. We must be cognizant of this evolution in management as we evaluate options for dealing with issues like below-cost timber sales.

With regard to our strategy for this year, to meet the President's fiscal year 1994 budget proposal for eliminating $46 million in below-cost timber sale program costs, we will attempt to do the following.

First, we will implement the Forest Service's Timber Sale Cost Efficiency Study which was recently completed. The study's action plan contains measures to improve financial accountability, control unit costs, and streamline the organizational structure within the timber sale program, as well as other related costs. The intent is to provide each Forest Service region with the direction and flexibility to promote more imaginative approaches to reducing program costs in the timber sale area overall as a means of achieving our budget goal.

In addition, we will reduce other program costs, such as timber road construction and reconstruction program costs and, where we can, administrative program costs. Also under consideration is the possibility of developing a minimum bid policy. We are presently evaluating several alternatives for achieving these additional savings.

In summary, we plan to meet the administration's objective of phasing out below-cost timber sales by fiscal year 1997 and to improve overall cost efficiencies in the timber sale program.

We will initiate the phase-out of below-cost timber sales, improving the cost-efficiency of the timber sale program, and reduce other program costs and administrative overhead.

Our long-term strategy will be, as I said, to have a multidisciplinary task force review the Forest Service's timber sale program as a basis for making overall changes in its structure, function and direction. We look forward to sharing this information with you, Mr. Chairman, and the members of Congress as we proceed with this effort.

This concludes my prepared testimony, and I'll be glad to answer any questions I can, or to have George and Dave help out.

Thank you.

Senator DASCHLE. Why don't you have both of your colleagues come to the table, and they can stay during the presentations to be provided next.

Mr. Lyons, let me ask you, although the congressional and public debate over financial losses from the Forest Service timber sale program have focused on below-cost timber sales, the Forest Service has persistently approached the debate by discussing below-cost forests. Do you believe that focusing on the entire sale program for a national forest properly addresses the public's concerns?

Mr. LYONS. Well, Mr. Chairman, I think the proper approach is to look at timber sales as opposed to below-cost forests, and I think we are handicapped in part by the analysis that is provided by the TSPIRS system in that it identifies below-cost forests and has to do so by looking at average operating costs and program benefits over a 3-year period. As Senator Craig alluded to, we have seen recent dramatic increases in stumpage prices, which could change the nature of the operating costs and the cost-efficiency of individual forest timber sale programs.

I think analyzing the program costs on a sale-by-sale basis is the proper way to go, and we need to assess our ability to do that. And it should be done in two ways. It should be done up front in preparing a timber sale program to have a better understanding of where great cost efficiencies could be achieved, and also a greater likelihood of understanding what investments are being made, where conscious decisions are made to make investments that may in fact not return money to the Treasury.

In addition, I think we have to come up with a much more efficient and effective monitoring system, so that at the tail end of the timber sale program, we can see if we have accomplished what we actually intended or what our goals were in implementing a program on each national forest.

Senator DASCHLE. Let me do this. I am looking at the clock, and I've got less than 5 minutes remaining on the vote. I will put the committee in recess subject to the return of Senator Craig, and he will continue with questions of his own until I return.

So with that, the committee will stand in recess.

[Short recess.]

Senator CRAIG [presiding.] I met the chairman in the hall—we passed at high rates of speed—and he said, "Get back there and convene the committee," so that, Jim, we can finish the questions we have for you. I understand that the chairman had just asked a question about the examination of sales and a concern about a sale-by-sale approach. In understanding some of your comment, my concern would be the cost and the time it would take to do that kind of an analysis. We are already in a phenomenal fiber bind in the West, with the spotted owl. Is that a reasonable approach toward resolving some of these below-cost issues?

Mr. LYONS. Well, as you pointed out, Senator Craig, cost and time constraints are going to be important considerations in how we deal with this. I do think, however, we need to have a better understanding of how the costs of preparing timber sales and the benefits are arrayed.

I would argue that the current system, as you know, which is forest-based, has a number of failings and does not provide the refinement that is necessary on a district basis or a program basis. These are the things we need to evaluate—how costly would it be to evaluate sales; how difficult would it be to gather data to assess, say, a timber sale program as opposed to individual sales? I think these are the kinds of things that the Forest Service has looked at and we hope to look at in much greater detail as we conduct this review of the timber sale program.

Certainly we don't want to generate an accounting system that in itself becomes a cost, that becomes an additional burden on the program.

Senator CRAIG. Senator Baucus in his comments a few moments ago before the committee mentioned three items, one of those being cost of road construction, type of roads, permanent versus temporary roads. And of course, any of us who are familiar with our forested lands and concerned about runoff and water quality recognize the phenomenal cost that goes into road construction. The public is frustrated that, after you have built this marvelous road into a watershed for timber sale purposes, it is shut down for wildlife management purposes.

Probably my greatest interfacing with the public in the timbered areas of Idaho is not over the quality of the water or the tree that was knocked down, but is about the road that was closed and access denied. I believe that the Forest Service ought to change that policy considerably and do a good deal less road building. They should be very up-front in communications with the public as to the type of roads and the purpose for which those roads are being built.

I started arguing that point with the Forest Service a decade ago, and the roads are still the same.

Can you make some comment on that, Jim, because I do believe that it is part of the cost that we could scale down substantially. Now, does that mean that you shut down timber sales which might otherwise go forward based on the ability of the road to handle the weight and the traffic? It is a two-edged issue.

Mr. LYONS. Well, it is a very difficult issue, as you know, Senator, and I don't think I disagree with the way you have characterized the issue.

I think the key is to develop a road system that is appropriate to the need. In those instances and those situations where a road will serve multiple purposes or will be used time and again, say, within a sale unit, it is probably appropriate to build a larger road, a heavy-duty road, a road that typically would be built with appropriated dollars.

In other instances, it may be more appropriate to build a temporary road and then to put that road to bed. The Forest Service program, as I have come to understand it from my experience in dealing with this issue, has evolved over time. Decades ago, there was less emphasis on building roads with appropriated dollars and more emphasis on the kinds of roads that might be built by timber purchasers and might be characterized as temporary roads or roads suited to, say, a particular timber sale.

However, concerns about the impacts of those roads on environmental quality, on water quality, for example, led to a transition to greater emphasis on the Forest Service building roads themselves and engineering those roads themselves and building them up to standards that they felt would meet environmental quality needs. Now questions have been raised about whether or not that policy is appropriate.

Clearly, we are going through a shift again. I think there are a couple of things that will impact on the kinds of roads we build in the future. One will clearly be money. We will not have the kind of resources we had in the past to construct roads. Another element will be where we are accessing timber, and as you know from your State of Idaho, Senator Baucus' and other areas, the roadless area debate is to some degree coming to a close, and the extent to which we are entering large units for purposes of continuing sales is going to change over time. So we will probably see ourselves trying to make more judicious use of roads, to enter watersheds for a period of time and then back out, or to go into areas we have cut previously where we can—a more difficult problem in your State—and take out timber in those areas and then back out.

I think another element that is going to come into play, though, is the environmental quality concerns, and we need to have a better understanding of how we can build lower-cost roads, for example, temporary roads, roads we are going to put to bed, in a way that does not impact on, for example, water quality, and get away from the kinds of hard money roads, the heavy-duty roads, that we have built in the past to try to address that concern. We are analyzing that right now—the shift from the hard money roads, the appropriated dollar roads, to the purchaser credit roads.

Senator CRAIG. Jim, in a former life, you and I worked a year ago on an issue that found its way toward final passage and into law, and that involved changes in the appeal regulations. It passed in the 1993 Interior appropriation bill, streamlining the process and hopefully reducing some of the costs involved there. Well, it has been nearly a year since its passage. I guess my question is when will the new regulations be finalized and implemented.

Mr. LYONS. Senator, the comment period was extended, as you know, on the original proposal, and that comment period closed June 1. We are currently analyzing the comments. I will commit to you that we will move as quickly as possible to prepare a final rule that is consistent with the legislative compromise that originated here and that you had such an important role in constructing. We will be working with your staff in trying to ensure that that final rule is consistent with that compromise. We want to have that in place as soon as possible.

Senator CRAIG. I appreciate that comment. We'll look forward to that. I think you and I both agree that that is a cost factor that might find its way into some savings and at the same time, give fairer access to public input, which I think we are all desirous of.

I have one last question that relates to costs of timber sale preparation. Why not eliminate the costly timber appraisal process? Is it possible to do that? Is it realistic to do that?

Almost all of our sales are bid well above the appraisal value. We've got a market that moves up and down; it is market-driven.

We all know what the market is. In the bid process, the marketplace wins out in the end. Is that a relevant idea, or might we look at some of those preparational costs as a factor of below-cost analysis?

Mr. LYONS. Well, now you're making me nervous, Senator Craig, because when I worked for the Forest Service, I was timber cruiser in Idaho, and you'd probably put me out of business.

Senator CRAIG. Well, that would save us money.

Mr. LYONS. Well, thanks a lot. [Laughter.]

Mr. LYONS. Our policies are shifting, as you know, and I was just discussing that with Associate Chief Leonard. The difficulty is that in a large number of areas, unfortunately, our timber sales are not competitively priced; the prices are not bid up. We need to have a clear understanding of what it is we are selling so we have a better handle on what it is we ought to expect in return, and that makes it a little bit more difficult to implement that kind of policy.

I might yield to Dave, who has taken a look at this recently.

Senator CRAIG. Dave, for the record, will you state your full name?

Mr. HESSEL. David L. Hessel, Director of Timber Management.

In the last few years, we have been moving to change our appraisal system from one of what we term residual value to one of transaction evidence. It is transactions that will set the base for our appraisal system. It is a much more streamlined appraisal system. It is, I think, much less complicated, and much less costly than the collection of cost that goes into the residual value.

So I think the system that we are putting in place, the transaction evidence, will be the system that will set that base level to start the competitive bidding. It also will set a fair market value in those areas where we do not have competition. It is based on past transactions, so I think we are moving in that way to a more streamlined process and a much less costly process.

Senator CRAIG. Thank you very much.

Jim and gentlemen, thank you very much for your testimony and the response to questions. We appreciate your coming before the committee—and I think we've still got you on time, Mr. Lyons.

Mr. LYONS. Yes. Thank you very much, Senator.

Senator CRAIG. Great. Thank you.

Senator CRAIG. Let me now call before the committee Michael Francis, Director of the National Forests Program for The Wilderness Society, based here in Washington. Michael, your entire statement will become a part of the record. You may deliver directly from that, or from your briefs.

STATEMENT OF MICHAEL A. FRANCIS, DIRECTOR, NATIONAL FORESTS PROGRAM OF THE WILDERNESS SOCIETY, WASHINGTON, DC

Mr. FRANCIS. Thank you, Senator Craig. I appreciate it very much.

Senator Craig, I am Michael Francis. I am Director of the National Forests Program for The Wilderness Society. I am pleased to have this opportunity to appear before you today on behalf of the Society's 300,000 members to discuss the issue of below-cost timber

sales on our national forests. We appreciate the attention of the subcommittee to this important issue, which has considerable environmental consequences as well as economic ramifications for taxpayers throughout the country.

The national forests were established at the turn of the century, a time when private loggers had ravaged forests in the East. Calls for reform were led by the first chief of the Forest Service, Gifford Pinchot who was instrumental in establishing the profession of forestry in America. He also was a leading proponent of the philosophy of utilitarian conservation. The purpose of conservation, according to Pinchot, was to ensure the sustained use of natural resources through active management of the land. This philosophy had a profound influence on the outlook and development of the Forest Service.

The 1897 Organic Administration Act authorized the sale of Federal timber "at not less than the appraised price." The expectation was that the public forests would be financially self-sustaining through timber sales. Unfortunately, it has been 96 years since the passage of the Organic Act, and the national forests have not yet covered the costs of selling timber.

The prevalence of below-cost sales has been documented in numerous studies by the General Accounting Office (GAO), Congressional Research Service (CRS), and others. As early as 1985, the Office of Management and Budget estimated that expenditures for national forest timber and mineral programs exceeded receipts by $621 million; virtually all of the losses were attributable to logging activities. The General Accounting Office found that below-cost sales are particularly common in the Rocky Mountains on lands that are low in productivity, support trees that have little market value, have steep terrain, and require extensive, and expensive road construction (GAO/RCED–84–96).

In 1984, Congress directed the Forest Service to develop a new accounting system for the timber program. This directive was in response to mounting concerns of money-losing timber sales on the national forests and the agency's lack of capacity to account properly for timber costs and revenues.

When the Timber Sale Program Information Reporting System (TSPIRS) was finally tested on all national forests in 1987 and 1988, it came as no surprise that nearly two-thirds of the national forests lost money from logging. These results are consistent with the earlier findings by the GAO, CRS, the Natural Resources Defense Council, The Wilderness Society, and the Forest Service (Barlow 1980, USDA-Forest Service 1983, GAO 1984, Sample 1984, Wolf 1984, Bueter 1985). More significant, however, is the fact that those two-thirds of the national forests have been below cost for the past 5 years.

Mr. Chairman, the Forest Service's financial reports provide clear evidence that the agency has ignored the intent of Congress. The National Forest Management Act of 1976 reaffirmed Congress' intention that timber programs be economically justifiable, and yet the agency continues to ignore this mandate.

Under the law, the Forest Service was directed to identify lands that are unsuitable for timber production based on economic and other factors. As advanced by its sponsors in 1976, the intent of the

provision was "to ensure that the public funds are not invested in growing timber for commercial purposes on areas where the anticipated economic return is less than the cost of production." That is from the Senate Committee Report.

Under NFMA the Forest Service is required to develop long-range management plans for each forest. However, despite the widespread belief that Section 6(k) of the law requires forest plans to base their timberland suitability determinations on the results of site-specific economic analysis, the Forest Service regulations that implement the law do not require this to be done. Rather, the forest plans allocate as much land to the suitable timber base as is needed to meet the plans' timber goals, even if land admittedly will be uneconomic for timber production. As a result, millions of acres of economically unsuitable timberlands are classified as suitable in the first generation of forest plans.

There is a popular misconception that the major factor in below-cost timber sales is the inefficiency of the Forest Service in preparing timber for sale. However, in most cases, the major reason for below-cost timber sales is that much of the timber on national forests has a very low commercial value relative to private timber lands. When the National Forest System was created, much of the best timber land in this country was already in private ownership. Today, a considerable volume of national forest timber is located on steep slopes and in remote areas, making access costly and difficult. There are significant cost factors that cannot be done away with through agency cost-cutting measures.

The fact is that most national forests enjoy a large competitive economic advantage in the value of recreation, wildlife, and scenic beauty they provide over private lands, but little comparative economic advantage in timber production.

For years the Forest Service denied that subsidized timber sales occurred. Now, because of the congressionally mandated accounting system—TSPIRS—the myth is destroyed. Yet the agency persists in portraying money-losing sales as profitable by systematically understating the costs of logging and overstating the benefits to wildlife, recreation, and forest protection as a means to justify continued subsidized logging. In reality, subsidized logging does more harm than good to many nontimber forest resources, some of which are irreplaceable.

The Wilderness Society has studied the Treasury receipts and Treasury expenditures for the Forest Service's timber sale program for fiscal years 1988 through 1992. Using unpublished and published TSPIRS data and other information available from the Forest Service, we see that 76 national forests across the country have been below cost for the entire 5 years of TSPIRS.

In Forest Service Region 1, the Northern Rocky Mountain region, 13 of 13 national forests have been below cost in all 5 years. Forest Service Regions 1 and 10 share the distinction for being continuously below cost.

When all costs are counted in the TSPIRS system, the number of below-cost national forests range from 82 forests in 1988 to a record high of 101 national forests in 1992. In fiscal year 1992, sales on 19 national forests made a positive contribution to the Federal Forest Service timber program. If logging in fiscal year 92 had been limit-

ed to the 19 above-cost forests, not only would the taxpayers have saved $351 million spent to prepare and administer money-losing timber sales, but we the taxpayers would have made a health profit of $107 million. Instead, the Forest Service timber program had a net loss of $244 million when all costs were counted.

Mr. Chairman, I ask that a copy of The Wilderness Society's report, "Losses from National Forest Timber Sales, fiscal year 1992," be made a part of the record.

Senator DASCHLE. Without objection.

[The document is retained in the committee file.]

Mr. FRANCIS. While TSPIRS clearly shows the widespread nature of below-cost timber sales, it contains numerous flaws. One of the most serious is the treatment of Forest Service road costs for the timber sales program.

From fiscal years 1988 to 1990, TSPIRS amortized road costs over extraordinarily long time periods. In 1989, for example, road costs were amortized over periods of time from 1,743 to 2,818 years. In total, this technique has allowed the agency to hide more than $250 million in expenses in any given year.

As public awareness and criticism of amortization practices grew, the Forest Service changed tactics. Starting in fiscal year 1991, road expenditures were divided into four categories: bridges, culverts, road surface, and road base, or prism. Bridges, culverts, and road surface expenses are amortized over 50, 30 and 10 years, respectively, following normal accounting principles. Expenditures for road base, or prism, which account for the majority of road-related expenses, are completely excluded. The portion of total road costs attributable to the road base is different for each national forest, and in fiscal year 1991, ranged from 24 to 100 percent. Three-fourths of the national forests excluded at least half of the total fiscal year 1991 road costs, and the nationwide average was 69 percent of road costs excluded from TSPIRS.

It is clear that the Forest Service has not abandoned its practice of disguising costs. It has avoided the problem by closing one loophole and opening another. The Forest Service should handle road-based expenditures in a manner similar to other long-term capital expenditures included in TSPIRS. That is, they should be added to past years' costs and amortized over the 20- to 25-year design life standard of logging roads on the national forests.

For decades, the Forest Service has justified its timber program to Congress largely on the basis of revenue that the timber sales bring to the Treasury. Yet, in 1990, only $470 million, just over a third of the $1.4 billion claimed as timber revenues by the Forest Service, were actually returned to the Treasury. The remainder was retained by the Forest Service for reforestation and other activities, paid to counties in lieu of taxes, or was not cash to begin with, but rather, payments-in-kind for roads built by timber purchasers, a category that on some forests accounts for up to 75 percent of total revenues.

Below-cost sales is a policy based on vested bureaucratic and political interests and an expensive and archaic notion of what constitutes good forest management. Proponents of subsidized logging would have us believe that as long as a tree can be made into boards it somehow contributes to social well-being even if it costs

more to access and harvest the tree than the wood is worth. There are many indications that the American public, when given the facts, would argue otherwise.

Forest-based economies include communities and regions that are dependent on forests for a large share of their economic base. Such communities and regions are often timber dependent, but are finding that economic diversification is necessary for their future. In large part, diversification depends on the economic resources represented by the forest itself.

In emerging global economies, the real source of economic wealth is the skill and insight of a Nation's work force. Writing in Atlantic Monthly, Secretary of Labor Robert Reich noted that the education levels and infrastructure are among the keys to global competitiveness. This is the same for communities.

In this context, the quality of the environment takes on a new meaning. Communities must compete to attract innovative, educated people, the capital on which the new economy is based. In this competition, environmental quality becomes a distinctive asset. To the extent that community stability implies sustainable community economies, a prerequisite to success is that the linkage between the environment and the economy be explicitly recognized. Reich's findings are significant in this context, and they suggest that priorities must be reordered in many rural communities. The economic base must be measured in broader terms than the traditional focus on manufacturing industry and export-derived income.

Nowhere in the United States is the need to diversify the forest-based economy more apparent than in the Greater Yellowstone ecosystem, where Montana, Idaho and Wyoming meet. Federal land is the heart of the ecosystem. An examination of the area's economy suggests that the current Federal land management is out of step with economic realities. Just 5 percent of the region's jobs are derived either directly or indirectly from timber, mining, or energy industries. Yet the Forest Service spends 67 percent of its budget on timber management and just 16 percent on recreation and conservation programs.

The driving forces in the Greater Yellowstone area's economy are retirement income and self-employment in the service sector, according to Dr. Tom Power, chairman of the economics department at the University of Montana. It is worth pointing out that the service sector is not just chambermaids and short-order cooks. Doctors, lawyers, financial consultants, and a host of other professionals comprise this industrial sector. In fact, they have done so much more reliably and with far greater growth than have the extractive industries during the past 20 years.

The attraction for new business and residents is the region's high quality of life, in large part due to its scenic beauty and recreational opportunities. Clearcuts and oil fields do not fit the image.

Timber interests that benefit from the below-cost subsidy will cry that county payments are essential to rural communities and that, without the Federal timber-based payments, schools will close and needed community roads will not be built. But what these same subsidized interests fail to mention is that the vast majority of the counties containing Federal timber lands are guaranteed a con-

stant payment in lieu of taxes (PILT), whether or not any timber is cut on the national forests.

I would like to take a moment to discuss PILT payments to these communities in more detail. Few communities that adjoin below-cost national forests will see any change in Federal payments if subsidized timber sales on the forests are eliminated because PILT payments will continue. Research has shown that on a per acre basis the 25-percent payments from below-cost forest timber programs do not approach the $0.75 per acre level of PILT.

By way of explanation, PILT payments are based on the number of acres of "entitlement lands" within a local jurisdiction. In the case of the Forest Service, entitlement lands are the number of acres of national forest land in each local jurisdiction. The amount paid to the local government is the higher of: (*a*) $0.75 per acre reduced by Forest Service 25-percent payments in the preceding year, or (*b*) $0.10 per acre.

In addition, all PILT payments are subject to a ceiling based on population. This ceiling ranges from a high of $50 per person if the local population is 5,000 or less to $20 per person where the population is 50,000 or more. The absolute ceiling is $1 million.

Thus, as long as the population ceiling is not a constraint, eliminating below-cost timber sales will not lower a county's total income from the Federal Government.

The Forest Service defends losses on the national forests on the grounds that logging is needed to control insect epidemics. Protecting forests from insects, fire, and disease has long been used to justify investments in the national forests where the costs of logging exceeds the value of the timber. In fact, each year, vast sums are spent to protect commercially worthless timber from fire and pests. Logging is said to provide a healthy forest of young, vigorous trees, to limit the damage from fire and pests, and to add to the protection of recreation and other forest resources. These arguments are coming into question.

While the removal of dead and dying trees may appear to promote the health of the forests, it is seldom of benefit to nature. In fact, the "damage" caused by insects, fires, and disease is in many ways essential to the health of forest ecosystems.

As an example, lodgepole pine on the Targhee National Forest has evolved in association with insect outbreaks for thousands of years. The mountain pine beetle plays a major role in the stand dynamics and successional trends of lodgepole pine communities throughout the Rocky Mountains. At normal, or endemic, population levels, this bark beetle inhabits trees that are weakened, injured, or of poor vigor as a result of environmental conditions—such as localized drought or lightning strikes—or biological agents—such as fungal or dwarf mistletoe infections. Outbreaks of mountain pine beetle typically run for 5 to 10 years, after which the population crashes and remains at endemic levels for 20 to 40 years. With each cycle, large lodgepole pine trees are killed, and younger lodgepole pine as well as shade-tolerant species such as subalpine fir and Engelmann spruce are released to occupy the canopy. Increased growth in the understory adds to habitat diversity in dense, even-aged stands of pine. Moreover, by selectively removing only the larger, less-productive canopy trees, the pine

beetle acts as a natural thinning agent that may help to maintain a near maximum level of primary productivity in the lodgepole pine community. Scientists have shown that accelerated growth of the surviving trees is rapid and dramatic and often compensates for the lost productivity of trees killed by the pine beetle in as little as 6 to 10 years.

In addition to the timber values, pine beetles and other insects are an important source of food for birds, mammals, and other insects, which in turn help to control their numbers and limit their damage. The trees they kill, as well as those destroyed by fire and disease, provide habitat important to many different plants and animals. Dozens of species of North American birds use standing dead trees, or snags, as nesting sites. Cavities that are excavated first by woodpeckers are later occupied by other birds—screech, saw-whet, and pygmy owls; house wrens; tree and violet-green swallows; kestrels; bluebirds; chickadees; wood ducks; and many others.

Small mammals, such as flying squirrels, gray squirrels, red and fox squirrels, bats, martens and raccoons, also live in snags. Dead trees and fallen logs are used by bears and other animals for hibernation. They are home to reptiles, amphibians, and a myriad of insects, worms, and spiders—all of which serve as food for other birds and mammals.

Live or dead, lodgepole pine on the national forests in the Intermountain West cost more to harvest than they are worth. Insect epidemics, fires and other natural disasters are essential components of a healthy forest ecosystem. For more than 80 years, the Forest Service has been trying to eradicate pests from the national forests, yet millions upon millions of acres of national forests remain "infested."

The time for Forest Service promises to end timber subsidies is past. It is time for Congress to act on behalf of all American taxpayers to stop the drain on the Federal Treasury, and stop facilitating the needless destruction of the ecosystems at a financial and ecological loss.

Thank you, Mr. Chairman.

Senator DASCHLE. Thank you very much, Mr. Francis.

Before we ask questions of you, let me bring Mr. Jim Riley, Executive Vice President of the Intermountain Forest Industries Association, from Coeur d'Alene, Idaho to the table, and let me call upon my ranking member for any welcoming remarks he would like to make.

Senator CRAIG. Thank you very much, Mr. Chairman.

It is a privilege to have Mr. Riley with the committee this afternoon. He represents the forest products industry of our State, or a very large segment of it, and I must say that over the last several years, that industry has really worked extremely hard at instituting, in cooperation with the Forest Service, sound and responsible management techniques that have grown to enhance water quality and wildlife habitat. I think they better than anyone else recognize and appreciate the environment which our State is blessed with and the importance of maintaining it. Jim and his interests represent literally thousands and thousands of jobs in small and medium-sized communities in our State, and so therefore, the balance of economy and environment are extremely valuable.

I am pleased to have Jim with us.

Senator DASCHLE. The entire statement will be made part of the record, and we invite you to proceed with your testimony at this time.

STATEMENT OF JAMES RILEY, EXECUTIVE VICE PRESIDENT, INTERMOUNTAIN FOREST INDUSTRIES ASSOCIATION, COEUR D'ALENE, IDAHO

Mr. RILEY. Thank you, Mr. Chairman, and thank you, Senator Craig.

I am Jim Riley, with the Intermountain Forest Industry Association, and today I am testifying on behalf of the American Forest and Paper Association as well in my statement.

I am going to summarize a couple of the highlights of my statement. The written statement does cover all of these issues in detail, and I won't take the committee's time in a detailed review.

I do want to say that I have been part of hearings on this issue now for the better part of 10 years, I think, and it has been interesting to me on both the Senate side and the House side as Congress has investigated the so-called below-cost problem, that they all arrive at the same conclusion, and that is that this issue strikes at the heart of many interlocking and fundamental policies which regulate the forest management of our national forest lands. And when you look at that, you find that we have had three decades of congressional policy which have established a multiple-use framework for the Forest Service and which has specifically directed the Forest Service not to look at profit-maximizing, revenue-generating alternatives as being the preferred course of action for forest management.

We have actually taken exception to that in some cases over the years, but I think over the last 5 years in particular, we have spent a great deal of time trying to work with State fish and game agencies, local sportsmen's groups, local environmental organizations, trying to find more ways to bring more harmony in the woods of Idaho, Montana, and quite frankly in your State of South Dakota, as you know.

Those have been expensive propositions in some cases, and experimental. We have reduced the cash revenue from timber sales different harvest methods that remove less timber. We have increased the cost to the Forest Service in doing their evaluations and studies, and in many cases have probably turned what would otherwise be cash-profitable, highly cash-profitable, timber sale propositions into ones which have minimal cash benefits but are more harmonious from a multiple standpoint.

When you look at the Multiple Use Sustained Yield Act of 1960 and the National Forest Management Act of 1976, the message has been clear to the Forest Service in all of those, and that is to manage for a broader array of policy objectives and do what Jim Lyons said earlier today, which is to make timber management a tool of forest management, not a sole objective.

So it becomes a bit of an irony, and quite frankly, in my opinion, in direct conflict for Congress or the administration to come along afterward and penalize areas of forest management where we have

reached those agreements and made those investments because they have not been cash-profitable enough. That is in part what is happening here.

You don't see commercial timber sales on the national forests in the part of the world I am familiar with. Today you see land stewardship projects, you see vegetative management projects, you see a whole host of things that do not resemble at all what a timber management, profit-maximizing type of sale would be. And I think in many cases that is appropriate.

The premise that was offered here by Mr. Francis was that somehow, because the TSPIRS data shows on some national forests that the cash returns may not exceed in all cases the cost, that those are economically unjustifiable lands to manage for timber. I always find it over the years to be interesting that when you get 6 economists in a room and ask them how to evaluate that question, you get 12 different methods of analysis and 12 different answers.

Our test, quite frankly, would be quite simple. That would be that if those lands were maintained in private ownership for a timber company like those which I represent, would they be managed actively for timber, or would they be disposed of as an unproductive asset and sold to a different use?

I can assure you that all the national forest lands in the West which I am familiar, which the Forest Service has actively planned for some form of timber management, would by no means be disposed of if they were in private ownership; they would be actively managed for the timber resource they provide. And there is no evidence more compelling than when you look at a map of the State of Idaho, and you see checkerboard ownership where, adjacent to what are the allegedly below-cost lands owned by the Federal Government is a section of private timber land which is managed by companies like DAW Forest Product or by the State of Idaho, which have been and continue to be managed in a very productive and financially prudent fashion for timber management.

And then you look at these times of really desperate log shortages in the West, where millyards across the country are seeking and doing abnormal things for logs. I have heard of a case now of logs being moved from the State of Colorado to Idaho for processing, and those kinds of astronomical things are happening today. Lumber prices are spiraling through the roof. Stumpage prices are at record highs and continue to climb almost daily. It is just inconceivable to me that the Forest Service, if their sole objective was to maximize cash return to the Federal Government, could not manage their timber base in a way to make a great deal of money, hand over fist, on every timber sale they chose to put together, if that's what this Congress wants them to do. I am confident it could happen; I am not sure it would be wise.

I will try to speak to some of the specifics of the administration's policy. It has been a little frustrating to us that we don't know what this policy is, so we read about it in the New York Times, and then that is sort of it and not it.

What we do know, I guess, is one thing—there is a proposed $46 million reduction in financing for the Forest Service timber programs this year. That is not a trivial matter. The President's entire budget that was recommended to Congress for timber sale prepara-

tion was a little over $200 million, and the $46 million is about 25 percent of that. So this is not something that is just a casual amount of money that one could make up through efficiency improvement.

So, when we looked out there and tried to say, well, if you applied that $46 million cut to timber sale programs that were in place somehow, and tried to allocate that, there are at least somewhere in the neighborhood of 60 candidate national forests where those cuts would likely come from, and they would be substantial and would essentially do away with the entire timber sale program as we know it on those forests. That represents 23,000 jobs, $850 million in wages those jobs produce, $119 million in annual Federal timber income taxes that are paid from those wages, all for a 4-year purported savings that the President would like to gain of $72 million. Well, that's not wise economics, in my opinion. It is a sacrifice of $120 million a year in Federal income tax in order to save a net of $72 million somehow from doing away with this program.

It also doesn't make sense to me when you look at recent prices. We did a quick analysis of what would happen in Idaho and Montana if you applied the recent stumpage prices to the full allowable sale quantities in the forest plans, and just the change of the almost doubling of stumpage prices which has occurred over the last 6 months alone obliterates much of this alleged deficit.

Part of the problem comes about in the whole debate about what to do about returns to the counties. As you know, the 25-percent funds are allocated back to counties, like the one I live in in Idaho, where it is a vital part of what I believe is a very fair way for the Federal Government to discharge its obligation as a land owner in the county to help support the tax base. Those 25-percent funds are in fact an obligation that is separate, in my opinion, from the timber program. PILT payments, or other forms of transfer, would remain the obligation of the Federal Government. And I would just note in passing that while the timber sale program has declined in Oregon and Washington, this Congress for the last 4 years has repeatedly authorized special appropriations to keep the counties funded at levels that they were funded at before, in recognition of those obligations. So to somehow attribute that as a cost to the program is just irrational, in my opinion.

And then there is no opportunity in this whole scenario for correction. As you know, the Black Hills National Forest in South Dakota, in the early 1980's was alleged to be one of the worst below-cost offenders in the country. And in the few short years from 1985 to 1990, that forest was able to make some adjustments in its program and went from being an alleged below-cost forest to now one which is substantially above cost. Had this policy been in place in 1980, there would be no timber sale program on the Black Hills; the town of Spearfish would cease to exist, and the hundreds of jobs of your constituents would not be there.

It seems that to make these kinds of precipitous changes without giving the Forest Service an opportunity, if the new standard is going to be profit maximization, to practice profit maximization is unwise.

I also have to talk about the incentive to obstruct, as I call it. We see repeatedly, when proposals like below-cost sales are on the

table, people act in a dilatory manner to interrupt the revenue flow from the national forests and to drive up the Forest Service costs simply to trip the Forest Service up on a financial criterion if they can't win the policy.

In thinking about that, I was reminded of an article earlier this month where we learned that members of "Earth First" have set up a camp in Dixie, Idaho. In moving into Dixie, they held a press conference as they normally do and were quite gleeful about the fact that last year, they were able to ascertain that they cost the Forest Service in the neighborhood of one-quarter of a million dollars in extra law enforcement and extra activities the Forest Service had to go through to manage their actions on the Nez Perce National Forest. This year, they articulated their objective as costing the Forest Service $1 million to do that. Now, I am not sure where those costs ought to be racked up in this accounting system and what they ought to be posted to, but when you encourage that kind of behavior, it is inappropriate.

I would also note in passing that our West Coast national forests, some of the most productive timber lands in the entire country—the Olympic National Forest on the Olympic Peninsula showed up in this year's TSPIRS report to be below cost. And the reason is they haven't sold any timber because of the sweeping injunctions from the spotted owl and that well-known problem. So that forest may very well be presumably trapped in a spiralled reduction because of the administration's policy.

In speaking to this issue, you can't help but make a few notes about the TSPIRS accounting system, which you asked our comments on. The record is replete with various economists offering various opinions about that. The fundamental issue that has always been at stake in that is this problem with what I am told is joint cost allocation. The Forest Service organization is in place to do many things—sell timber, manage nontimber programs—and the costs are posted oftentimes only to timber. The clear example that we have talked about is the road costs. The roads on the national forests, after they are used many times for timber purposes, are used thereafter for a whole host of forest management or recreation purposes, but repeatedly, the entire road cost, regardless of how it is amortized, is posted in these accounting systems solely against the timber revenues.

There are costs for many nontimber programs treated the same way. This proposal that we see seems to be insensitive to the fact that forestry is a long-term proposition. We make investments today, as wisely we should, which will pay off several years from now. And to look only at the cash flow from a single year has never made sense to private forest managers, and it certainly doesn't make sense as a wise financial policy for public forests, either.

Then, I have mentioned payments to the counties.

When we reviewed the TSPIRS data, we found that the principal reason for any apparent below-cost problem always shows up where there has been a serious disruption in the timber sale program—a sweeping injunction because of the spotted owl problem; a disruption due to some sort of organized appeal effort; something which has stopped the timber sale program for a year or two or

created some sort of new hiatus. That interrupts the revenue flows and cranks costs up consistently. So in forest after forest that appears to have this problem, you will find that to be the case.

As a general matter, we would offer some suggestions if the real interest here is in improving the cash return to the Forest Service. The first would be to restore the entire revenue stream by requiring the Forest Service to sell the allowable sale quantity each year. That alone will generate substantial new revenues which will swamp, at today's prices, any sort of cost deficit.

The second would be to streamline the planning and the analysis process that is required of the Forest Service now. It is difficult for any private manager to see the Forest Service as behaving in anything but "analysis paralysis." Forest Service costs used to be three to four times that of State agencies that are managing adjacent lands. They are certainly 5 to 10 times that of private companies that are managing timber lands. All of this is additional investments in additional analyses of additional things. In the forest management business, there is always going to be uncertainty, and there will always be other things that could be analyzed; but somewhere, somebody needs to evaluate the value of those investments.

Then, the third was mentioned earlier today, which is to bring about some sort of meaningful reform to the appeals and litigation process so we can break this continuous loop of proposing projects, fighting appeals, fighting litigation, and going back to the drawing board and doing it over again. There has to be finality in order to bring about financial efficiency.

That said, I will close my remarks by offering our pledge to work with this committee and with this administration if there is a serious interest here in trying to evaluate this issue in the context of how to make this fit with what is intended to be rational forest management for our public lands over the next 10 years.

We have little choice, with 20,000-plus jobs at stake of our people and our businesses, to actively oppose the financial reductions of the $46 million cuts that are proposed by the Clinton administration and will do so and continue to do so. It is difficult for me to understand how Mr. Lyons anticipates achieving those objectives without bringing about the types of program cutbacks that have been talked about here today, but we will work to try to find that.

We certainly would also pledge our support for working on ways to improve the efficiency of the Forest Service as they discharge their responsibility, and would be happy to engage in that discussion as well.

With that, I appreciate the opportunity to testify and would be happy to engage in any questions you might have.

[The prepared statement of Mr. Riley follows.]

PREPARED STATEMENT OF JAMES S. RILEY, EXECUTIVE VICE PRESIDENT, INTERMOUNTAIN FOREST INDUSTRY ASSOCIATION, COEUR D'ALENE, IDAHO

I'm James S. Riley, executive vice president of the Intermountain Forest Industry Association (IFIA) located in Coeur d'Alene, Idaho. IFIA is an association of forest products manufacturers in Colorado, Idaho, Montana, South Dakota, Utah, and Wyoming. All of our members are dependent, in whole or in part, on the national forest in these States for their raw material supply. Also, I am representing the American Forest and Paper Association (AFPA) which is the national trade association of the forest, pulp, paper, paperboard, and wood products industry. AFPA is

made up of approximately 550 member companies and related trade associations and represents about 7 percent of the entire manufacturing output of the United States.

I'm glad to be able to discuss the below-cost timber sale issue with you today because I think that the debate in its entirety will take us in a positive direction. Once we get beyond the sixties rhetoric—that below-cost timber sales are a subsidy that allow the timber industry to rape the forest—we can then work towards a productive dialogue, asking the questions that need to be asked, such as:

—How is it possible that at today's highly competitive timber prices the Forest Service loses money when everyone else selling timber is making a healthy profit?
—What is the cost of maintaining a cumbersome and abused appeals process? What are the costs of preparing mountains of environmental documents for every decision to cut a tree?
—By eliminating timber sale programs on half of America's national forests, what will happen to lumber prices and the cost of building a home, and what will happen to the hundreds of rural communities when the middle-income manufacturing jobs are eliminated?
—Is forest health served by *not* harvesting trees in some areas when insects, disease, and wildfire are the alternative?

We must answer these questions, and others, if we are going to allow the below-cost discussion to be more than just another surrogate issue to stop the cutting of trees on national forests.

The Administration's Proposal is Ill-Conceived at the Forest Level

On April 30, we read in the New York Times of the administration's direction to the Forest Service to phase out, over 4 years, the timber programs on 58 national forests. Although the agency is now proposing to delegate closure selection to the Regional Foresters, these forests are still on the chopping block because of action, during markup on June 15, by the House Interior Appropriations Subcommittee. During that session the subcommittee failed to restore the administration's $46-million reduction for the below-cost forests and even cut another $42 million in funding for timber sale and road program accounts. The net result will be to reduce the total national forest timber program to around 2 billion board feet; less than *one-fifth* of what it was just 3 years ago.

To better understand the impacts of these program closures the Timber Industry Labor Management Committee did an analysis of each of the 58 forests by examining Forest Service data and by interviewing local Forest Service employees. (I would like to ask that this forest-by-forest study be submitted into the record.) This analysis shows that the timber programs on each forest fit with local objectives and are well justified on ecological and economic grounds as long-term investments. The reasons why these forests were unprofitable vary from forest to forest. However, some general patterns emerged in the study:

Land stewardship. The Forest Service uses the timber program as a cost effective tool to achieve a wide variety of benefits. Maximizing timber profits has never been defined as a driving force for agency management. (The Multiple-Use Sustained-Yield Act of 1960 and the National Forest Management Act of 1976 specifically instructed the Forest Service to not manage for the greatest profit or the greatest unit output.) Sometimes high land management costs are the "price of inheritance." Many forests, particularly in the East and Midwest, weren't "forests" at all when they were brought into the National Forest System. They had been cut over, cleared for farms, or burned. Historic costs of rehabilitating these areas have been high, but the actions have produced vigorous forests. These forests are still too young to provide high economic yield, but in the meantime we must continue to manage them for the long term. Already they provide the benefits of improved ecosystem health.

Present costs of land stewardship include managing for amenity values, such as wildlife habitat, recreation, and forest health. Amenity costs may include accepting lower revenues from a sale by designing it for maximum wildlife benefits rather than maximum timber volume, or incurring higher expenditures for roads so that they can be built to recreational standards for post-harvest use. Management for forest health—insect and disease control, fuel reduction and salvage—is particularly important in the western forests. Decades of protection from fires has allowed a build-up of forest fuels (dead trees, branches, and leaves) that increase the risk of catastrophic, large-scale fires: the great Yellowstone fires of 1988 brought down mountains of mud into the rivers and within a year, through habitat destruction, caused the starvation of over half of the elk and bison populations. Recent drought conditions all over the West have increased the vulnerability of the stands to insects

and disease. In these situations, some timber management is necessary to restore and maintain forest health.

Environmental documentation and appeals. Most forests have faced escalating costs and delays in sales due to increasingly complex and uncertain environmental requirements. Good land stewardship, of course, requires consideration of other resources—wildlife, cultural, archeological, recreational in planning timber sales. However, almost all costs of surveys and analysis for these other resources are borne by the timber program. When sales are held up in a long process of appeals, their costs are increased and revenues delayed. New or changing environmental requirements often mean that staff must go back and review or rework completed analyses, thus incurring further costs and delays.

It is ironic that the same people that appeal and litigate the Forest Service, forcing up the cost of preparing timber sales, are also the ones wanting to shut down timber sale programs because they don't make a profit.

Economies of scale play an important role here. Preservationists have wielded lawsuits and appeals so successfully that the volume of timber sold has fallen to a fraction of what it was a few years ago. At the same time, Forest Service costs have increased as a result of the increased workload from appeals and litigation. No private company could continue to operate under those circumstances. Our analyses show that, in today's market, most of the targeted forests would be above cost if they were simply able to sell their annual congressional sales targets.

Noncommercial sales. On many national forests, particularly in the West, most of the timber sold is for personal use, primarily as firewood. These programs, conducted as a public service, produce little revenues to offset program costs.

The Administration's Proposal Is Bad Economics

Perhaps the greatest irony with the administration's proposal is the economic havoc that would result if the plan were implemented. As we understand, the Forest Service hopes to save $72 million over the next 4 years by shutting down these timber programs. By doing this over 23,000 direct jobs, $850 million in wages, and $119 million in annual Federal income tax revenues will be lost (Forest Service data). So the Government, by eliminating below-cost timber sales, will lose more income in 1 year than the predicted gains in 4. In addition, local counties will lose $18 million per year in 25-percent fund payments.

The issue, then, is obviously not one of economics or deficit reduction but rather one of environmental group politics. This becomes especially apparent when one notices the absence of discussions on below-cost recreation, below-cost wilderness, below-cost wildlife, and below-cost everything else the Forest Service manages.

Eliminating Below-Cost Sales is Contrary to the Forest Service's New Ecosystem Management Philosophy

In a June 4, 1992 letter to the field, Chief Robertson directed the agency toward ecosystem management. This will require an overhaul in the accounting system used by the Forest Service. Both historically and under the current TSPIRS accounting system, costs incurred in connection with timber management are fully or substantially charged against the timber program even though the particular activity may be planned to benefit other Forest Service programs, such as wildlife or recreation. The rationale for this is that the timber sale is the dominant activity; any other benefits are incidental, and would not be obtained separate from the timber sale. This rationale depends on the present planning system of allocating separate areas of the forest for separate activities.

Now, however, the Forest Service is turning to ecosystem management where timber and other resources won't be looked at individually but rather as a cohesive whole. Under this approach, a desired condition for the forest will be determined, and then the forest will be managed as an integrated whole to achieve that condition rather than as separate activity units to achieve specific outputs. Although the concept is still in its infancy, many forest scientists see it as the best way to ensure healthy forests for the future.

Ecosystem management techniques already are involving timber harvesting as a tool in such environmentally beneficial projects as:

- watershed restoration in the Pacific Northwest;
- forest health improvement in the Mountain States;
- promotion of vigorous young forests in the Lake States and southern Appalachia;
- development of habitat in the South for the endangered red-cockaded woodpecker; and
- pilot land stewardship contracts in the Southwest.

The present accounting system is inconsistent with the Forest Service's new emphasis on ecosystem management, forest health and forest reforestation. The present system also divides timber activities between commercial and noncommercial, a distinction that will be difficult and inappropriate to make under the new system.

The costs of achieving a desired forest condition through these new techniques can be accounted for in the integrated aggregate. But accurately allocating them among the integrated values of the desired forest condition would be something like trying to allocate the cost of a baseball game ticket among the hits, the great catches, and the crowd ambiance and other elements of attending the game. In either case, the parts aren't meaningful if they are separate from the integrated whole.

The Forest Service must update its accounting system to properly match its new management approach. The relevant question will be the cost of achieving the desired future condition. If the cost is too great, then the desired condition will have to be redefined as a whole.

Resolution on Below-Cost Must Include Cost Control

Although sales with higher costs than revenues are called below cost, they should more accurately be called high-cost sales. Without effective cost reduction, timber program profitability will remain elusive.

Under Appropriations Committee direction, the Forest Service recently completed a comprehensive study of timber sale program costs. The results are revealing; environmental documentation and nontimber support costs have risen. *According to the Forest Service study, total obligations for nontimber support costs have risen by 170 percent over the last 4 years. By comparison, other timber sale preparation accounts—program planning and sale preparation—increased by 35 percent and 23 percent respectively.*

The study notes that environmental documentation costs, project mitigation costs, resource monitoring costs, appeals and litigation costs, and threatened and endangered species protection are the primary external reasons for the increased costs.

The Black Hills National Forest is a good example of recovery from below cost through cost reduction efforts. Between 1981 and 1984, the Black Hills National Forest stood in the forefront of the below-cost debate, reporting some of the greatest financial losses in the System. Forest Supervisor, Jim Mathers, took charge by appointing a citizens advisory group and a Forest Service team to review the problem. He then took their recommendations and moved on them; changing utilization standards, repackaging timber sales, reducing road standards, and reorganizing to allow a reduction in force of 42 forest personnel. As a result, profitability was restored.

Unfortunately, increased use of appeals by environmentalists threaten to put the Black Hills back into a below-cost situation. Any well-managed, above-cost forest is jeopardized this way. As preservationists purposely target a forest through numerous appeals, forest outputs drop, costs go up, and below cost becomes inevitable.

A comparison with Montana State lands is beneficial to this discussion. During the years 1987 through 1992 the State of Montana sold from their lands 192 million board feet at an average cost of $74.35 per thousand board feet. The revenues from those sales averaged $146.62 per thousand board feet. In other words, *the State of Montana made $2 for every $1 they spent.* In 1992 they made over $3 for every $1 spent.

On adjacent Federal lands, with similar terrain and tree species, the Forest Service lost money, overall, selling timber. On the Flathead National Forest, for example, one of Montana's most productive forests, the average cost to sell timber was $147.84 per thousand and the average revenue was $130.25 per thousand—a net loss (during the same 5-year period).

With timber revenues for State and Federal about the same, this huge discrepancy in profitability falls on the cost side. The Forest Service's large size and accompanying bureaucratic inefficiencies are, for sure, a large part of this. But after further analysis we find that the major difference is in environmental procedure and documentation—and appeals. With a multitude of Federal laws that require the accumulation of paper, blanketed by layers of appeals and litigation, the process becomes a nightmare—and an expensive one.

The question then arises, does all this paperwork ensure a more environmentally sound timber harvest? The answer is no. A few years ago the Montana State Environmental Quality Council initiated a combined effort with the State Department of Fish, Wildlife and Parks, the Forest Service, the Department of State Lands, private landowners, and other groups to randomly assess and rank the environmental im-

pacts of timber harvest activities in on-site "timber audits." After a few years of inspections the results show that State of Montana timber harvests are more sound environmentally than the Federal Government's, and they make money to boot. If you spend much time in Forest Service offices it is easy to see why this is the case; while Forest Service technicians spend most of their time in the office doing paperwork, State employees spend most of theirs out on the ground where they can do some good.

One More Time: Below-Cost Timber Sales Are Not a Subsidy

The Forest Service sells timber to the highest bidder in a public auction which generates a fair, open market price—the same price that is generated when other entities, like States or private landowners, sell timber. The difference, as demonstrated above, is that these other landowners don't lose money. The reason is efficiency, not subsidy. If the Government artificially lowered prices to below fair market, which it does not, then this would constitute a subsidy.

Think Globally—Act Locally

Every time Earth Day comes around each year we are reminded of the global impacts of local decisions; this is a good way to look at below-cost sales. What happens on a broad scale when we quit cutting trees on the Routt National Forest in Colorado, the Wallowa-Whitman in Oregon, the Jefferson in Virginia, the Hiawatha in Michigan, the Superior in Minnesota, or the Gallatin in Montana?

—Wood substitutes will have to fill some of the void. Metals, such as aluminum, and petroleum-based products, such as plastic, are nonrenewable and require many times the amount of energy to produce than do wood products.
—More wood products will have to come from outside of the United States where environmental concerns are much less important; especially in some Third World countries where deforestation is a serious problem. We are the world's champion at growing trees. In every region of the United States we grow significantly more than we harvest. It doesn't make sense not to take advantage of this. In addition, we already import a third of our lumber needs in this country; reducing harvests here will greatly exacerbate our trade deficit problem.
—The reduction in timber sale volume would be 1.6 billion board feet; enough wood to provide for the construction of 145,000 single-family homes. Pulling this volume off the market would raise lumber prices significantly, adding another $4,000 to the cost of building a home. How many families will this keep from the American dream of owning their own home?

In Conclusion

Alston Chase, the national environmental columnist, recently wrote in an article concerning the administration's recent move on below-cost sales, "The purpose of national forests is not making money, but protecting land and sustaining people. And this policy would devastate both."

Below-cost is a surrogate of the larger issue and battle over land use allocations, manipulated by preservationists to stop the use of national forests that in any way conflicts with their agenda. It doesn't matter to them that tens of thousands of families will be displaced, or that it will cost taxpayers more money, or that forest health will deteriorate to the point where insects, disease, and fire will become the primary forest managers, or that it will make it more difficult for American families to buy a home, thus stalling economic recovery.

As prices that companies pay for Forest Service timber continue to increase, most national forests will move into the above-cost category. And although this will relieve the economic concerns espoused by the environmental community, you can be sure that they will continue to find other issues to manipulate and oversimplify in their attempts to stop the cutting of trees.

As a result of their efforts, the appropriate questions concerning below cost have been ignored and we have found ourselves in a familiar spot where the issues are hyperpolarized, dominated by either-or rhetoric. If reason and common sense are not brought back into the equation, tens of thousands of people will lose their jobs in the crossfire and ignorance will again take its toll.

Again, thank you for the opportunity to discuss this with you. Our industry is prepared to review with you the Labor Management Committee's study and survey on below-cost sales; and we are ready to work with you and the administration to promote options which will help restore profitability to timber programs on the national forests while retaining essential resource management tools. I would appreciate any questions you have.

Senator DASCHLE. Thank you, Mr. Riley. Thank you again, Mr. Francis.

Let me call George Leonard and David Hessel back to the table now, for the discussion period. I thank you both for staying and appreciate your schedules.

Let me begin by asking a question related to something Mr. Riley just said with regard to flexibility. That has been a concern of mine and I think others as we get into this issue.

You mentioned that South Dakota has experienced an opportunity over the last 7 years to take what has been a below-cost timber sale area and, with flexibility in management, turn it around to an area where we are now making a profit. His argument in his testimony was that we are precluding that more and more today. I would be interested in either of your response to that concern.

Mr. LEONARD. I believe there is a substantial opportunity to make at least half and maybe two-thirds of the sales of the forests that have been identified as below-cost forests positive, based both on potential economies that the Forest Service can achieve, but also rising stumpage prices that are coming about because of the shortage of stumpage that is available throughout the country.

We are seeing a general increase in stumpage values of a magnitude sufficient to make these programs positive in every section of the country, most predominantly in the West, where the major reductions in supply have occurred, but even in the eastern hardwood forests, we are seeing substantial increases in bid rates.

So I think there is substantial opportunity to increase the number of these forests that are operating above the board. There are a few of the very small forests with very large losses that it is difficult to see how you can get their programs above the board, but I think as much as 50 percent and perhaps as much as two-thirds certainly can be operated above the board based upon what we see happening in the market and some opportunities for efficiencies on behalf of the Forest Service.

Senator DASCHLE. Mr. Riley, how do you respond to that?

Mr. RILEY. I think George is looking primarily at the price increases and some efficiencies within the Forest Service. I concur with that assessment.

I think beyond that, Mr. Chairman, if that is the objective is making money off these forests, there are ways that I think all of the below-cost forests can design highly profitable timber sales. Now, those ways are not always consistent with, and have not been consistent in the past in some cases with, the instructions from this committee and others to look at ecosystem management, multiple use, and oftentimes they are not consistent with our discussions with the State fish and game agencies and what they want to do. But you can't have it both ways.

I am not here to advocate that we go back to, or that you put in place, profit-maximizing timber sales. But with these diametrically opposed criteria, Mr. Chairman, I am at a bit of a loss as to what to do next.

Senator DASCHLE. Mr. Francis.

Mr. FRANCIS. Mr. Chairman, the research that The Wilderness Society has done shows that on most forests, even though the forest may show up as below cost, there are sales there that do indeed

recover their costs on those forests. That is why we would advocate that we look at a sale-by-sale approach, because we think it would be very draconian and counterproductive to communities and to the Government as a whole to shut down a forest because the total balance sheet at this point shows a negative balance. Using the Black Hills National Forest as an example, you wouldn't have a timber sales program in place to take advantage when prices changed and you could have a majority of profitable sales in the forest. Therefore, the Forest Service should be looking at this issue on a sale-by-sale basis. From the Forest Service information available we have determined that at gate one in the timber planning process, the Forest Service has enough information to judge whether a particular sale is going to be above or below cost. The Forest Service ought to make those types of judgments and not just taking the amalgamated data on the forests to make a judgment as to whether the Black Hills or the Targhee are above or below cost.

Senator DASCHLE. The example I cited was sales, but the issue is flexibility. I hear Mr. Leonard saying that he feels there is flexibility, that there are adequate opportunities in the management plan to adapt to the varying demands and needs that we have in each forest, whether it be sales or the ecosystem or not.

What I thought I heard Mr. Riley say is that there is not adequate flexibility to do that, and I am trying to find out where the real facts lie here. Is there any clarification that somebody can provide? I am still somewhat confused as to the flexibility.

Mr. LEONARD. Mr. Chairman, if I could talk about the sale-by-sale approach, certainly, we can keep track of the status of the sales, and we can make some pretty good estimates up ahead of time as to what that program is.

When we develop our forest plan, we make an estimate of the viability of the sale program that is being proposed, and in most cases, our forest plans have identified the program levels that we have projected are positive.

The problem with the sale-by-sale approach is that in many of our forests, particularly in the northern Rocky Mountains, we have an industry that is closely tied to the production levels in that forest. If you go through and selectively eliminate a few sales, you may be eliminating a mill. In other words, you can't offer part of the program. For one thing, the costs of the remaining part of the program go up. But also, if your industry is tied to a particular timber sale program and then, because of where you are in the market cycle, or because you have included some less economic sales in that, you eliminate those sales, then the total volume that had been planned by that industry is not going to be there.

So we think there is some merit in looking out ahead at the individual sales, but there also is merit at looking at the total sale program that the industry is going to be dependent upon.

Senator DASCHLE. I want to give Senator Craig plenty of time to ask questions as well. Let me just ask one more for now, and that relates to a comment that Mr. Francis made, and I think Senator Baucus made as well, regarding the large proportion of road construction costs that are not considered currently in the accounting system. I think Mr. Francis used the figure 69 percent, and Senator Baucus made reference to 70 percent of total road costs excluded

from TSPIRS right now. As I understand it, the costs associated with the road base known as the "road prism" are currently excluded from TSPIRS depreciation accounts because they are not seen as permanent, nondeteriorating assets.

Is this accounting treatment consistent with other long-term capital expenditures included in TSPIRS or private sector accounting for such assets?

Mr. Leonard.

Mr. LEONARD. Mr. Chairman, the accounting system we have—and I might just observe that the criticism of this is coming from economists, and it is not an economic problem. It is an accounting problem. The accountants are responsible for keeping track of costs.

When Congress told us to develop an accounting system, we assigned that task to certified public accounts who followed standard accounting procedures in developing the system. That work was done under the direct supervision of the General Accounting Office, which has told the Congress that that system is inconsistent with generally accepted accounting standards. We have had——

Senator DASCHLE. Let me just stop you there. I would think that the cost of a road base would be considered a depreciable asset in all other accounting practices. You are telling me that the General Accounting Office is saying that it is not?

Mr. LEONARD. That is correct. Also, we went out and got an independent accounting firm to review the program, and in fact, the handling of the road prism was recommended by that outside accounting firm as opposed to amortized from the road against the total volume to be harvested over the road.

The system is consistent with that used in the timber industry. The fact is that the prism of the road does not wear out. It is a permanent attribute to the land. The things that wear out—the culverts, the road surface and the bridges—are depreciated over their expected life. But the things that do not wear out, once you have made that notch in the side of the mountain, barring landslides or something, that stays there and is a permanent facility. That is the theory of the treatment, and that is what the accountants are telling us we should be doing.

Senator DASCHLE. The impression that I have always had—and I would be interested if Mr. Francis or Mr. Riley could weigh in here—but I have always been told by the industry that the cost of a road base is a depreciable asset. So you are telling me that you have had private accounts and the General Accounting Office both telling you just the opposite?

Mr. LEONARD. Yes.

Mr. FRANCIS. Mr. Chairman, I am not an accountant, and I am not going to try to say that I understand accounting, because I have enough trouble balancing my own checkbook. But in fiscal year 1992, what Mr. Leonard just said is that we are not accounting for $193 million in costs that they have put into the National Forest System, primarily into the timber program. That is $193 million. Somewhere, somebody has got to account to the taxpayers of the United States about how they spent $200 million, and if they don't account for it there, where do they account for it? How are they held accountable to people in this country for their hard-

earned money that they have given the Forest Service to use to invest in their natural assets?

Senator DASCHLE. Mr. Riley, do you have any comment on that?

Mr. RILEY. Well, I'm not an accountant either, but I would say I expect that what you'll find in the private sector, if this were an investment on private land, is that as much of that is expensed as possible, is quite frankly what goes on, according to IRS rules. That is what motivates them as much as anything, and the rest of it be darned.

What does occur to me, though, which might help the understanding here is that if a private company were going to look to acquire a piece of forest land, that forest land with a road prism in place is valued higher than the same block of forest land without the road prism in place. And the valuation of that forest land is significantly increased by what we also view as a permanent asset that is on the land in the form of the road prism. And I think it is that reason why in the TSPIRS accounting, not being an accountant, that is viewed as an in-place asset which has not changed in value over time. Have I done that right?

Mr. FRANCIS. Well, Jim, I would assume that if you bought a piece of property that had a road prism in place that you would then be forced to amortize that property over for your tax purposes; that you have to write off those expenses.

Mr. RILEY. I'm not a tax accountant, but I don't think you have to amortize——

Senator DASCHLE. Mr. Leonard, can you respond to that?

Mr. LEONARD. I don't believe you amortize real property.

Mr. FRANCIS. I know you don't amortize, but you have to account for the cost.

Senator DASCHLE. So what the Forest Service, Mr. Francis, is saying is that they differentiate, they bifurcate the accounting process, to include real property, which is part of the prism, and depreciable property, which includes the culverts and the various elements that wear out over time; that a road base does not wear out, but the culverts and other elements within that road base might. Is that correct?

Mr. LEONARD. That's correct, and Mr. Chairman, we'd be pleased to provide you with a copy of the report of the independent accountants. They lay out the rationale.

Senator DASCHLE. I'd like to make it part of the record at this time.

Mr. LEONARD. We'll do that.

[The document is retained in the committee file.]

Senator DASCHLE. Senator Craig.

Senator CRAIG. Mr. Francis, I know that The Wilderness Society is not one of the "big eight" accounting firms.

Mr. FRANCIS. I don't even want to try.

Senator CRAIG. But I also noticed that in your figures of what sales are below cost versus the Forest Service's figures of what sales are below cost, I think you include some figures that they do not include; is that correct?

Mr. FRANCIS. Yes. When assigning costs to the Forest Service, we count these costs, payments to States, payments to counties; we put back in the road cost, and we also take the Washington and region-

al overhead and put that out by forest, based on the volume that each forest sells. We allocate those costs back to the individual forests.

The difference when you get to the bottom line is that the Forest Service does put back in the Washington regional office at the bottom line, yet we still include the payments to counties and the $193 million in road costs that they do not put back in.

Senator CRAIG. The reason why I ask that question is I think it is important for the record to show why we have done what we have done in public policy. Historically, we decided that prior to PILT payments, those forested lands were going to contribute to the local revenue base for the purposes of road building, one-time police protection, and certainly the schools. We wanted a consistent revenue source, and because it was relatively predictable over extended periods of time, a revenue source coming from timber sales. In other words, we did apply these payments to schools, roads, county payments, and we didn't apply it to campground revenue, because they did not exist in those days. We did not apply it to the general revenue of the Forest Service, because that didn't exist in general other than timber sales. We did not apply it to grazing fees. We did not apply it to hard rock mineral royalties because they don't exist.

Now, my point is this. Is it really realistic to apply that 25-percent factor to timber sales? Why don't you apply it to the general revenue of the Forest Service instead of to timber sales specifically? You don't factor in, nor can you suggest, I don't believe, that to prepare a timber sale, you have to factor in the cost of the local school room or the cost of the bridge that is built by the county. Can you realistically do that, or ought you not remember the historic reason why those were originally attached?

Mr. FRANCIS. Mr. Craig, we factored back in the payments to counties because it is a cost to the Forest Service; it is a lack of revenue coming back to the Treasury of the United States. Certainly, the Federal Government under the PILT system pays in lieu of taxes, contributes to county government and local government. And while the 25-percent payment is a means of doing that, it certainly reduces the revenues back to the Treasury of the United States, and therefore we have counted it in that sense.

We think there is an obligation on the part of the Federal Government to contribute for the lack of taxes. A 25-percent payment is one method of doing that. We think it is not a very good method for most counties because of the fluctuation in the timber markets year to year. And you have seen what has happened in the Pacific Northwest, where we have had to make those adjustments for those communities because of the declining timber volumes. And with the boom and bust cycle in the timber industry, counties don't have a stable form of income coming in from the Federal lands that are part of them.

We think that the 25-percent payments or payments to counties should be decoupled from the timber program, and the PILT program should be rewritten to reflect a real, honest analysis of the value of those lands to the counties, and that we ought to contribute to the counties based on the value of those lands and not hold the counties hostage to the rise and fall in timber revenues or timber program, because they are 25 percent of gross revenues. In

a bad year, the counties hardly get anything, and if they get a good year, they can get it. There is no stability for the counties and no ability for the counties to plan.

Senator CRAIG. You and I find little agreement on all of those statements, and if you wish that it be decoupled, why in the accounting processes to determine the value of the timber sale, or the cost of putting up a timber sale, do you choose not to decouple it?

Mr. FRANCIS. Because it is a cost to taxpayers that is reflected in the timber program. The 25-percent payment——

Senator CRAIG. Well, why don't we just say the general revenue of the Forest Service and not the timber program?

Mr. FRANCIS. Because this is the way the Congress coupled it. It coupled it to the timber sales program; it didn't say to the general revenues of the Forest Service. It said to the timber program.

Senator CRAIG. But the Forest Service in its accounting has decoupled it from timber sales.

Mr. FRANCIS. Yes, they have decoupled it from timber sales. But the 25-percent payment is based on the value of the timber sale, on the gross revenues of the timber sale, and that is why we leave it in there as a cost. It can come in or out. It is a wash as far as the Treasury goes in some sense.

Senator CRAIG. All right. Do you agree with the concept of ecosystem management?

Mr. FRANCIS. Yes.

Senator CRAIG. And does The Wilderness Society generally support and promote that concept and the direction the Forest Service is headed in that?

Mr. FRANCIS. We generally support the concept of ecosystem management, and we support the idea of the Forest Service moving toward ecosystem management. We would be very cautious—and that is why my very quiet "yes"—I have been thinking through the question, do I agree with the Forest Service policy statement that was issued last year, and I'd say I have sufficient doubts. Ecosystem management has yet to be clearly defined, and a substantial amount of scientific inquiry will be required to make that definition, and then determine how best to implement it.

Senator CRAIG. The reason I ask that question—and I don't have a hidden reason per se—is because I mentioned in my opening comments that I thought in an ecosystem management concept that you look at the whole, and the whole does include timber sales as part of a management approach, not a timber sales approach per se. I think Mr. Riley referred to that.

Therefore, my question is if the Forest Service is moving in that direction, and we can all arrive at a definition that you and the Society would agree on, is it possible to say that the concept of below-cost timber sales might ultimately become irrelevant under the concept of ecosystem management—if it becomes a holistic management tool?

Mr. FRANCIS. I think it is difficult for me to respond to that question.

Senator CRAIG. Well, think about it.

Mr. FRANCIS. I think if we are going to go to ecosystem management in this country, there should not be incentives in ecosystem management that put the Forest Service in a position of wanting to

sell timber sales that are below-cost. If we are going to do ecosystem management in this country, the Congress and the people ought to step up and decide we are going to do ecosystem management and fund ecosystem management, and we shouldn't make the funding of ecosystem management somehow dependent on a timber sales program. That is part of the perverse incentives that exist right now in the Forest Service. So many of the managers out on the land, to get the money for wildlife and other things they want to do, are forced to sell timber, and they sell timber at below cost. This is an incentive in the system that makes it difficult to achieve ecosystem management. When you have to sell a sale because you need to do rehabilitation in grizzly bear habitat, and you are going to sell the new sale in grizzly bear habitat, isn't that a self-fulfilling prophecy that we continue to do these kinds of things?

I would be reluctant to endorse ecosystem management or some form of below-cost timber sale if it provides an incentive to keep going with sales that should and might not be able to go forward so you are trying to fund a system.

So I am reluctant to make a statement.

Senator CRAIG. Okay. I think you have done a pretty good job of explaining why you would be concerned there.

I'll turn it back to you for questions, Mr. Chairman.

Senator DASCHLE. Thank you, Senator Craig.

Mr. Leonard, let me go back to this question of your current position with regard to timber sales. If you were directed to reduce the number of sales rather than terminate the program, what steps would you have to take in order for that to occur?

Mr. LEONARD. Basically, because we would have less money to allocate out to the field, we would allocate smaller amounts out to the field, and it would result in less sales. We have a couple choices. One is to take that reduction proportionately across all of the below-cost forests, which every forest would take roughly a 25-percent reduction in the first year, or you could target the worst of the forests and take them out first, with the hope that the better forests get well before you work up the list to them. That is a discussion we have not yet completed with the administration as to how we would make the allocations should the Congress sustain that $46 million reduction.

Now, as Assistant Secretary Lyons pointed out, there are some opportunities for the Forest Service to accept some of that $46 million cut in simply more efficient ways to do it. But we can't take all that $46 million cut through efficiencies, so someplace between saving for efficiencies and a reduction in the size of the program, either proportionately across the below-cost forests or on a segment of those below-cost forests, is the way we would have to do it.

Senator DASCHLE. I am interested in your reference to efficiencies. What kinds of things are you thinking about that could be done in the short term to maximize savings within your operational budget?

Mr. LEONARD. We are looking at such things as, on the smaller forests, instead of having a sale preparation crew on each district, we would share the sale preparation crews between districts. In some cases, for example, in Utah, we have one sale preparation crew for three small timber forests. Take an engineering crew and

have them serve two forests rather than a single forest. Frankly, there are some opportunities out there to actually close individual ranger districts and so on, and reduce that total overhead cost. Those savings cannot be attained in 1 year with that kind of a move. But some of the things, such as instead of hiring a sale preparation crew on every district in 1994, we could hire one for all the districts on a forest. Some changes in the types of sales that we offer in silvicultural treatments can also enhance the economic outlook.

We have not clearly defined yet how far we can go on savings. In the timber sale cost efficiency study that we made, we estimated we could save about $19 million through cost efficiencies, but I don't think we can achieve that all in 1 year.

Senator DASCHLE. Nineteen million over what period of time?

Mr. LEONARD. I think it is going to be several years before we achieve that level of savings, because some of the things, as you start reducing your organization—these are permanent personnel out there, and attrition takes you so far in a given year, and you have transfer station costs—so it may take several years to get an organization down to that more efficient level.

Senator DASCHLE. So to the degree you can't reach the $46 million objective through efficiencies, obviously, the bid prices go up; is that what you are saying?

Mr. LEONARD. And if we get bid prices going up, that, of course, takes the forest out of being a candidate for reductions.

Senator DASCHLE. Mr. Riley or Mr. Francis, do you have any comments?

Mr. RILEY. I am concerned about the magnitude of the financial cut involved here, and I am glad this discussion happened for the record. The simple truth is you can't make a $46 million cut without taking substantial cuts in programs that have historically supported these 23,000 jobs. And there is some opportunity for efficiency improvement, but it is small in comparison to the $46 million recommendation. That is the problem we have to deal with over the next month, and I hope we can come to grips with it.

I don't know if I am permitted to ask a question, but I have just got to do this because it just recently happened. I was in Idaho recently, and I was talking with some representatives of fish and game and a local environmental group, and the proposal was a timber sale that had burned last summer, and it was a salvage timber sale. The issue was whether we should build a road up to the timber sale or whether to log it by a helicopter. And the helicopter was substantially more expensive just because of the way the terrain lay, but that's what the fish and game folks wanted to have happen; because of hunting access, they didn't want it to be too easy to shoot the big elk. And that is what the environmental groups wanted.

Now, I suspect, quite frankly, that the decision to use the helicopter to log that timber rather than build the road made that sale below cost. And I am just curious if I could ask Mr. Francis: Would you rather we built the road or used the helicopter?

Mr. FRANCIS. Well, I guess I don't understand why using the helicopter cost the Government more. Did the Government pay for the helicopter?

Mr. RILEY. No, but helicopter logging in this case cost more than did the logging under the other proposal, so they received less revenue.

Mr. FRANCIS. Well, Jim, you have to look at all aspects of what you are going to do with a timber sale, and if you are going to achieve other goals that you need to achieve, you might want to sustain some additional costs. If you are saying that somebody wasn't going to pay as much for that timber sale, maybe another alternative was not to have the timber sale. If you listen to ecologists now, talking about the impacts of natural disturbances on forests, a logging operation sometimes isn't the answer to forest health. If you look at the problems that are developing in eastern Oregon and eastern Washington, management has caused a lot of the problems with the elimination of fire from the ecosystem. So maybe sale isn't the answer to the question.

Mr. RILEY. There was agreement among those involved, including your people, that this was one sale that ought to go forward in Idaho. The question was whether we should do it with a helicopter that would make it below cost, or without a helicopter that would have been above cost.

Mr. FRANCIS. Well, I'd want to see the figures, because building a road is not a cheap operation in the State of Idaho, particularly in the back country areas, and I think you'd have to compare the cost on that.

There are reasons for doing timber sales, for wildlife and for other reasons, and those timber sales should be done for those reasons, and we should not charge something like that off to the commercial timber program. If there is a real wildlife reason or there is a forest health reason to do a timber sale, then we ought to do it for those reasons. We ought not make it part of the commercial timber program. We ought to do it for that reason.

We think salvage sales in some cases are things that we need to do. Maybe they should not be charged to the commercial timber program, but we also should put constraints on them when we do them—that particularly in salvage sales, only dead trees are taken out and not live trees, as in the present case. A significant portion of salvage operations are now green trees, and it is done to promote the economics of commercial timber harvesters who will harvest those sales. That is another one of these peverse incentives that I think the system has to address and get rid of.

In the particular case of salvage, maybe salvage should not be counted as part of the commercial timber program, and the Congress should fund and address salvage as a separate issue of forest health and provide the funding, and we don't use it as a below-cost sale, and we don't use it as a commercial timber sale.

Senator DASCHLE. Mr. Hessel, did you have a comment?

Mr. HESSEL. I was going to comment about a couple things in this regard. First, the analysis that TSPIRS provides has a number of components that I think are important. One part of the timber sale program is really for personal use; it isn't really commercial at all, but the cost of that is going into the accounting system. So that component really is one that I look at as a public service. It is such things as Christmas trees, firewood, a whole host of things that are for the public benefit.

A second part of that is, as we have talked about here, sales that are made really for a whole host of other purposes, such as wildlife habitat or fuel reduction, for restoring a devastated forest because of tornadoes or fire or what-have-you; it may be that the most effective means of preparing that forest for regeneration is through a timber sale.

Those are other-purpose sales that are still looked at as a part of a below-cost forest.

And then a third component that we all talk about and relate to, generally, is the commercial timber sale, the wood fiber production for the Nation, the need for the mill. There are components here that we tend to want to put together and evaluate. I think that as we move to an ecosystem management approach, all of these factors are going to have to be looked at because they all play an important part in the whole policy of below-cost sales. We have to look at all those three components because they are separate. They are really separable items, I think, in doing that total job of ecosystem management and forest management.

So I think that is an important part as we consider the policy of where we are headed with this particular issue.

Senator DASCHLE. I have some more questions, but I want to ask Senator Craig if he has additional questions.

Senator CRAIG. Jim, the question you asked a moment ago about a sale and helicopter logging versus road construction—I think I have been on the other side of that issue looking at it because of some problems with concern for watershed and salmon. Is that the Scott salvage you are talking of?

Mr. RILEY. Actually, that was one that was in the package that we looked at.

Senator CRAIG. For the record, Mr. Chairman, it was interesting. I think one of them was a 24 million board foot sale, and because of those kinds of concerns, it got scaled back to about 14. And actually, there was a decision to leave about $2,000 worth of standing trees per acre that were dead, burned, in place for environmental reasons. So there was a very real trade-off and a balance in that sale because of the concern for watershed quality and salmon as an endangered species.

Jim, I did want to ask a question of you in relation to an opening comment that Mr. Francis made that frustrated me a little bit. He alluded to the fact that all the good commercial ground was owned by private interests, and the public ground had been leftover, and therefore, less productive.

I grew up around Clearwater and the Panhandle and the Nez Perce, and saw some phenomenally productive forests, public timber land. Generally speaking, at least in Idaho—and I would ask for your observation on this—is it not true that some of our most productive timber lands are publicly managed Forest Service lands?

Mr. RILEY. No question about that. There are high-site Forest Service lands that are as productive as anything that is owned by the private sector in Idaho.

Senator CRAIG. I know the Nez Perce has that kind of land. Because it is one of the forests that has been listed as below cost, what are the consequences as relates to community and industry

and jobs if it were to fall victim to the below-cost strategy of this administration?

Mr. RILEY. If I understand your question right, we see going on in Idaho today and through the West tremendous pressure being placed on the private industrial and nonindustrial forest sources that are intermixed because of the—if I can use this popular term—the gridlock that exists in the public forestry program. So as the west coast of Oregon and Washington has been unable to execute their timber sale programs, as the Nez Perce National Forest might sell a fraction of what it had intended to sell this year because of the problems they have, what that has done is placed tremendous harvest pressure on the remaining sources, which are the private industrial and nonindustrial sources, as people who own sawmills seek to just maintain continuity with the long-term hope that somehow this problem will be resolved.

Senator CRAIG. So that is part of the impact, and that concerns me as relates to maintenance of the general environment. We assume that if we treat the public lands right environmentally, all the environment will be sound. But that creates a reaction in the reverse that causes overlogging on the private lands that is happening in the West right now. To offset losses from the spotted owl and below-cost consideration—we get almost a reverse impact and one that we did not want or intend to have. It occurs as a result of these phenomenally high values for private timber. Is that not happening?

Mr. RILEY. That is happening, and I think you have to think globally when you think of this, too. The truth of the matter is the American public still has an interest in and a desire to consume wood and paper products at rates that have not abated, and have substantially increased and are projected to continue to increase. And somewhere, the wood fiber is going to come from to meet that demand—at least, it has—and if you shift from one source to another, it is a question of where that comes from. And maybe it is even offshore, but the more rational way to approach this is to look at the question of how to do forestry right, which we have been trying to do in Idaho now for the past 10 years, rather than always facing this witch hunt of reasons why not to do forestry at all.

Senator CRAIG. I have no more questions, Mr. Chairman.

Senator DASCHLE. I have just one set of questions relating to the congressional relationship to all of this that I think needs to be explored briefly for purposes of this hearing.

As everyone knows, Congress sets timber sale targets annually in the appropriations process, and those targets have often been specific for each Forest Service region. As I understand it, these targets have driven the high level of cutting that we have experienced in the national forests during the eighties. There is even evidence that the forest supervisors and district rangers in the Forest Service have been told that they must "get the cut out"—that is, they must ensure that the cut level established by Congress is offered for sale, regardless of whether that makes economic or environmental sense, or they will be moved.

Also, I have heard that the resistance of some of these professionals to meet unrealistically high and environmentally damaging harvest levels have caused transfers and resignations within the

Forest Service. I am concerned that the historically high cut levels established by Congress in consultation with the Forest Service has caused some timber to be offered for sale that could not be justified on the basis of cost or other objectives.

Mr. Leonard, could you address those concerns and for the record give me your reflections on the timber targets set by Congress and what if any abuses have occurred as a result of those targets?

Mr. LEONARD. First, I'd like to say that the Congress has never set a timber sale target higher than the allowable sale quantity that was calculated in our forest plans. There have been some cases when, in individual years, Congress set a program higher than the Forest Service had recommended at our initial time, but it was never beyond the scope of the plans that we had developed.

We have repeatedly, orally, in writing, and in our directions to our supervisors, made it very clear that the standards and guidelines that are established in those forest plans, which are designed to protect environmental quality, are the major element, the most important element, in their job descriptions, and that they are not to break any environmental law or violate any standard or guideline in those plans in order to achieve a timber target. If there is a problem between targets and standards and guidelines in the plan, the standards and guidelines in those plans will be followed, and they will not be penalized in any form.

I can say categorically that in my experience in the Forest Service in over 34 years, virtually all of it in timber sale activity, I have known of no Forest Service employee who has been transferred because he failed to meet his timber sale target.

Senator DASCHLE. Do you think Congress ought to continue to establish timber targets? Are Forest Service systems managed as well as they could be with those targets, our would you prefer more flexibility?

Mr. LEONARD. As a matter of fact, Mr. Chairman, in the last 2 years, Congress has stopped setting timber targets by regions and in fact, the President's budget for the last 2 years has set a range in targets, primarily because of the uncertainty of the situation on the west coast, and this year, the proposal from the President is for a range in targets between 4.1 and 4.6.

Senator DASCHLE. So the targets are still there; they are just not as precise as they used to be?

Mr. LEONARD. Yes. It is to suggest some flexibility and the idea that you do what you can; you do the best that you can to achieve those targets, because they are important to these communities, but that they are not to be achieved by pushing on any environmental standards.

Senator DASCHLE. I have additional questions, but I think we will submit them for the record. The chairman of the full committee had indicated that he, too, had some questions, so I will keep the record open for at least 5 additional days for purposes of addressing additional issues. But I must tell you that I have been very pleased with the testimony and with the answers to the questions this afternoon.

We have begun making the record. Senator Craig and I have discussed a schedule of hearings to be held over the balance of this Congress, and as this issue continues to heat up and as we begin to

find ways with which to address issues of mutual concern and relative to this, we will again conduct hearings of this subcommittee.

I want to thank our witnesses. Thank you for coming as far as you have, in some cases.

Senator CRAIG. Mr. Chairman, before we adjourn, could I ask unanimous consent for entry into the record some letters from interested parties in Idaho, the Board of Directors of Targhee Timber Association; also a petition adopted by the Western Governors Conference that is meeting currently in Tucson, and a variety of other pieces of correspondence directed toward this issue?

Senator DASCHLE. Without objection, they will all be made part of the record.

Senator DASCHLE. Again, thank you.

The hearing stands adjourned.

[Whereupon, at 4:40 p.m., the subcommittee was adjourned.]

APPENDIX

WESTERN GOVERNORS ASSOCIATION RESOLUTION 93-016, JUNE 22, 1993, TUCSON, AZ

SPONSORS: Governors Andrus and Sullivan

SUBJECT: Below-Cost Timber Sales on the National Forests

A. Background

1. The U.S. Forest Service is legally obligated to manage for multiple use benefits from the national forests, not to maximize timber production profits at the expense of other uses. The Multiple Use Sustained Yield Act of 1960 requires "coordinated management of the various (national forest) resources ... and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output."

2. The U.S. Forest Service sells timber at competitive auction from dozens of National Forests in the Western United States. Many western communities are heavily dependent on Federal timber sale programs for logging and manufacturing employment. The minimum acceptable bid for the timber to be sold is set by a Forest Service appraisal which estimates what a reasonably efficient timber operation can afford to pay and still make a fair profit. Below-cost sales occur when the Forest Service's cost of conducting timber sales, including sale administration, road building, and managing the forests are not covered by the revenues from timber sales.

3. The Forest Service's accounting system to report revenues and expenses of the timber sale program for each national forest has been criticized for attempting to hide some losses by not accounting for all expenses. Other critics argue the Forest Service charges multiple use costs against timber and makes otherwise profitable sales appear below cost.

4. The administration's proposed reduction and eventual phase-out of below-cost timber sales is purported to save $274 million over 5 years in decreased appropriations, offset by $202 million in lost timber sale revenues for a net "savings" of $72 million.

5. However, the proposed reduction in the timber sales level could also cause a loss of an additional $120 million in Federal income tax revenues as dependent forest products firms are affected and in some cases, cease operations. Increased Federal costs in unemployment compensation, worker retraining and other programs will further add to the Federal losses. These costs have not been included in the calculations on the impact to the Federal Treasury. There will also be increased impacts on State-financed unemployment and social benefit programs which have not been evaluated.

B. Governors' Policy Statement

1. The Forest Service Timber Sale Program should continue to be based on the principle of multiple use, not maximization of revenue. Issues surrounding timber sales and logging should be resolved based on applicable laws and policies which govern the national forests, including laws to protect the environment and initiatives to move toward ecosystem management.

2. Cost considerations are an important, but secondary, issue. The Forest Service needs to be diligent with respect to improving management efficiency and capturing the value of timber resources, but these objectives are secondary to, and should not replace, the multiple use mandate and ecosystem management.

3. Evaluation of Federal timber sale programs from a cost standpoint should encompass the economic and community development effects, and not be limited to a comparison of direct revenues and expenses from the timber sale.

C. Governors' Management Directive

1. WGA staff is instructed to prepare correspondence directed to congressional leadership that communicates this position. Staff is further instructed to inform lead Governors regarding key congressional hearings and executive branch meetings at which testimony can be offered to support this position.

This resolution passed by a vote of the Governors at the 1993 Annual Meeting in Tucson, Arizona. Governor Romer, Colorado, by proxy abstained from the vote.

LETTER OF SENATOR CRAIG TO GEORGE LEONARD

SENATOR LARRY E. CRAIG,
Hart Senate Office Building, Washington, DC, July 2, 1993.

On June 24, 1993, you accompanied Assistant Secretary Jim Lyons before the Senate Agriculture Subcommittee on Agriculture Research, Conservation, Forestry, and General Legislation to testify on the administration's below-cost timber sale policy proposals. Mr. Lyons' testimony references the Forest Service's April, 1993 Timber Sale Cost Efficiency Study as the principal outline of how the administration's budget objectives for the Forest Service will be met. Would you please provide a copy of this study for the record?

During our hearing you said the efficiency improvements which will result from the management changes identified by this study will need to be "phased in" over a period of several years. Please advise us for the record of the phase-in schedule you would propose, and the associated cost savings/budget reductions you would anticipate for each year of the phase-in period.

RESPONSE FROM THE U.S. FOREST SERVICE

U.S. FOREST SERVICE
WASHINGTON, DC, *August 2, 1993.*

Hon. LARRY E. CRAIG,
Room 313, Hart Senate Office Building, Washington, DC 20510.

DEAR SENATOR CRAIG: A copy of the Forest Service Timber Program Cost Efficiency Report is enclosed as requested in your July 2, 1993 letter. [1]

The report contains a comprehensive analysis of timber program costs, organizational structures, financial accountability, and the reasons for observed cost increases. The analysis involves all levels of the Forest Service organization and focuses on examining cost trends during the period FY 1988 to FY 1991. As part of this undertaking, all administrative units were asked to identify actions that would improve efficiency, and these recommendations along with timeframes for implementation have been included in the report.

Followup of planned actions will occur through management reviews and periodic progress reports from the regions. The first progress report has been requested by October 11, 1993. In that report, the regions have been requested to describe their accomplishments related to each item in the action plan, including an estimate of the dollar savings that have been generated as a result of implementing these actions. A summary of the progress report which will include the estimated cost savings will be provided to you.

In addition, each region has been directed to develop a comprehensive work force plan that covers timber and related programs. These plans are intended to provide the basis for systematically adjusting the Service's work force in response to changes in timber program size and management and the types of skills needed for the future. As these adjustments are made, they are expected to result in cost reductions and improvements in efficiency.

These actions being taken to control timber program costs and improve efficiency should have a beneficial effect on future costs; however, because of significant policy and procedural changes that have already been made, and others that are likely to be made, it is impossible to assume that unit costs will decrease in the years ahead.

However, the Forest Service has committed itself to doing everything in its power to ensure that, in the future, whatever the cost of performing some particular activ-

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[1] Retained in the committee file.

ity proves to be, it is the lowest possible cost for accomplishing the needed job to the desired standard.

(Signed) RICHARD O. FITZGERALD (FOR) F. DALE ROBERTSON
Chief

Enclosure.

LETTER OF EUGENE G. CLARK

CLARK TIMBER PRODUCTS,
June 21, 1993.

Hon. LARRY E. CRAIG,
Room 313, Hart Senate Office Building, Washington, DC 20510.

DEAR SIR: As a small logger on the Targhee National Forest I would like to comment on the below-cost timber sale issue.

The Targhee Forest is mostly comprised of *very mature* stands of lodgepole pine which are stagnant, heavily killed by the pinebark beetle, and infested with mistletoe and other diseases related to an overmature timber stand. There has also been quite a lot of insect kill to the Douglas-fir and subalpine-fir in the last 4–5 years. Consequently, a tremendous fire hazard has been created. One of my great concerns is that if a lot more of these dead and dying timber stands are not cleaned up, we are going to have more catastrophic fires like the fires of 1988 with little or no benefit to anyone, and with a tremendous cost to the taxpayer to fight the fires. Furthermore, these fires will have a very detrimental effect on wildlife and do tremendous damage to the environment and the ecosystem.

Of the timber that has been taken from the forest in the last 20 years or so, large amounts of the dead wood has been sold as firewood—the lowest value product—which in turn drags timber sale costs down drastically.

Of the acres of the forest that have been harvested, nearly all have great amounts of regeneration growing on them which has the potential of creating a new and vital forest in years to come if the forest is managed, not left to detrimental forces of Nature.

My business employs as many as 15 employees with a payroll of about $150,000 and related taxes which will be lost to the local economy if timber sales are cut off on the Targhee. I am only one of many small timber businesses in this area, and if we are put out of business there will be a tremendous impact on an already depressed economy in this area. Harvest of timber from the forest would be beneficial to both the people in the area and to the health of the forest.

Sincerely,

(Signed) EUGENE G. CLARK.

LETTER OF TARGHEE TIMBER ASSOCIATION

TARGHEE TIMBER ASSOCIATION,
June 21, 1993.

Hon. LARRY E. CRAIG,
Room 313, Hart Senate Office Building, Washington, DC 20510.

DEAR SENATOR CRAIG: I am writing to you about the "below-cost" timber sales.

The USDA Forest Service is one of the few Government agencies that gets a return on any money spent.

If all money paid for timber on national forests were left in the timber program, all forests would be above cost now. The USDA Forest Service charges all road construction to the timber program. Many of these roads are used for recreational purposes such as hunting, fishing, camping, hiking, sightseeing, etc. The timber programs on the national forest should partially be applied back to timber.

For every dollar spent for timber on the national forests, 25 cents goes directly back to the county that the timber is located in. In our area this is not extra money, this is money we need for our schools, roads, bridges, and many other county uses.

The Targhee Timber Association members pay several million dollars a year in wages that goes directly into the local economy. The taxes that the U.S. Government receives on these wages would be more than enough to make all timber sold above cost, not to mention all the fuel taxes, employment taxes, social security taxes, property taxes, licenses and other Government fees.

We think it is very possible that the USDA Forest Service is the only Government agency that has the potential to make more money than it is spending.

Sincerely,

(Signed) BOARD OF DIRECTORS, TARGHEE TIMBER ASSOCIATION.

LETTER OF KENT FISHER

KENT FISHER,
ASHTON, ID, *June 21, 1993.*

Hon. LARRY E. CRAIG,
Room 313, Hart Senate Office Building, Washington, DC 20510.

DEAR SENATOR CRAIG: I am one of your constituents and a small logger on the Targhee National Forest. In the calendar year of 1992 we employed up to 24 people and had a payroll of $350,000. The taxes received by the U.S. Government from employment of these people would make all timber I purchased on the Targhee National Forest above cost.

The timber program on the Targhee National Forest has paid for all of the road building in the forest. These roads are now used for several recreational and non-timber-related activities, such as hunting, fishing, camping, hiking, sightseeing, cattle grazing, etc.

When you cut timber in the national forest you improve watershed, provide more grass for grazing, provide roads for other activities, such as firewood cutting, salvage work, reforestation, and fire prevention.

The timber program is the only Government agency that gets a dollar back for a dollar spent. Nothing is ever said about how much it costs for recreation, grazing, wildlife management, and fire management on the Targhee National Forest.

If the timber program did not have to pay for most other activities on the forest, if the Government would take into consideration: the amount of money paid for timber, taxes paid by my employees and I and all other loggers on the Targhee National Forest, the money that is given back to the local counties, and the phoniness of the appeals process, all timber sold on the Targhee would be above cost.

Sincerely,

(Signed) KENT FISHER.

LETTER OF SHELLY PHELPS

SHELLY R. PHELPS,
June 21, 1993.

Hon. LARRY E. CRAIG,
Room 313, Hart Senate Office Building, Washington, DC 20510.

DEAR SENATOR CRAIG: I am a constituent and am writing to you about the below-cost timber sales.

I don't see how a timber sale can be considered below cost. It is about the only thing that brings money in on the national forests. I don't think the money brought in from a timber sale should be used for other programs on the forest. I think it should stay in the timber program.

Sincerely,

(Signed) SHELLY R. PHELPS.

3245 Bowen Road
St. Leonard Md, 20685-2411
410-586-1767 June 24, 1993

Sen. Thomas Daschle, Chair
Subcommittee on Conservation & Forestry
Committee on, Agriculture, Nutrition, and Forestry
Washington D.C.. 20510

Dear Sen. Daschle:

I would appreciate having this letter and my statement made a part of your June 24 hearing on below-cost timber sales. In my TSPIRS analysis the Regional Office, Washington Office and 25% County payments are counted as costs. In making "Forest" claims of profit and loss the Forest Service omits these real costs.

In 1974-1976 I did the staff work that helped formulate both the RPA and the NFMA. I am a forester, now retired.

This is a difficult issue, as are most issues involving well-entrenched subsidies. The recipients deny it is a subsidy. The agency pretends it is not a subsidy.

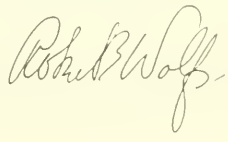
One Forest I cite, is the Black Hills in your South Dakota. As you can see it is one where the Forest Service has not improved the real cost-loss situation. I did not select it because it is in your State. I selected it because it is one the timber industry and the Forest Service falsely touted as significantly improved financially, when, unfortunately, it has not.

The difficult issue faced by the Executive Branch and Congress is choosing how to spend limited taxpayer's money in an era when the Annual Deficits and National Debt are mounting at an increasing pace. This is an area where actions can be taken. While not as major as some of our larger and possibly less justified subsidies, it is nevertheless one that deserves to be controlled.

As a citizen it is my view that my first obligation is to recognize areas where I have a stake and recommend corrective action, before calling for subsidy reduction in other areas that do not affect me. Therefore, as a forester, I make these suggestions.

Sincerely yours,

Robert E. Wolf



Encl: Statement
1991 ltr to Cong. Volkmer
5 year, TSPIRS analysis
10 Year ASR Analysis of Black Hills
[sentest1.doc]

Below-Cost Forest Service Timber Sales

You are holding this hearing while the Senate is debating how to reduce annual budget deficit and curb the rapidly mounting National Debt. Below-cc Forest Service timber sales are a contributor to both.

The Forest Service "accounting" system (TSPIRS), is not and could not be used to determine the annual appropriation needed to run the timber program.

But for a moment, let's assume it is relevant. The Forest Service Annual Report for 1992, as in prior years, claims the timber program had "Net Revenue" of $254,657,000. It misuses the term. The actual outcome, even under their accounting was a Net Loss of -$50,821,000. Despite major efforts to make costs disappear, and continued abuse of the term "net revenue", this is the first year in the last 6 that TSPIRS shows a real loss when all costs are counted. In prior years, using all costs, TSPIRS showed a profit.

To give you an idea of how misleading TSPIRS is, for the 5 years, 1987-1991, the claimed "profits on sales" were 5 times those of the Fortune "500".

This is typical of the agency's inaccurate portrayal of its timber program.

Using TSPIRS for the 5 years, 1988-1992, 84 Forests lost a total of -$557,472,375. TSPIRS losses range from -$2,639/acre cut on the Bridger-Teton to as little -$3/acre on the Alabama. These Forests accounted for 39% of the timber cut and 46% of the acres cut, as displayed by TSPIRS. The likelihood that a firm losing money on 84 units that covered 39% of the volume sold would post profits 5 times the Fortune 500 stretches credulity beyond reality.

The Forest Service has an All Service Financial System. I have run this data since it is real money. For these 5 years 42 Forests earmarked over 100% of their timber receipts. It doesn't take an accountant to realize that there is no way these Forests could come close to breaking even.

Average appropriated costs for the timber program were $70/MBF. Using this test, 103 Forests consumed so much of their receipts that on a "cash" basis for the 5 years, they needed an appropriation subsidy to break even.

A good example is the Black Hills in South Dakota. It cut an average of 139,972 MBF for the 5 years from an average of 36,043 acres. TSPIRS would have you believe that it had a "Net Revenue" of $3.89/MBF, an average of $15 per acre cut. The ASR figures show that the Forest earmarked $5.96/MBF MORE THAN ITS TIMBER RECEIPTS. If the average timber program appropriated cost applied to this Forest, its average annual subsidy was $76/MBF, at least $10,600,000 a year.

On witness today is Jim Riley with IFIA. In 1991, testifying before the House Committee on below-cost sales said, "Management successes on the Black Hills National Forest tell the story of a financial turnaround". He was talking about 1988-1990. The real financial facts are this Forest was terrible then; it has since gone to tragic. Enclosed is my letter to Cong. Volkmer.

Enclosed is the 10 year ASR record, with an estimate of the outcome average appropriated costs. In 1990 the Forest earmarked $7.13/M more th took in; in 1991 the Forest earmarked $6.63/M more than it took in; in the earmarked figure jumped to $14.84/M more than this Forest took in.

If Mr. Riley wanted me to invest in this Forest, telling me the sort o financial reward I might secure, I would get a Brinks agent to guard my bank. You should beware of his suggestions on wise ways to use the taxpayer's money. His track record wouldn't take him far in any reputable financial institution.

Unfortunately, the same is true of the Forest Service's efforts to portray the financial results of its timber program. It understates costs. It fails to count all its costs. It doesn't have a system that permits focusing on the relation between gross timber receipts, timber receipts (assets) consumed, and cash required from the Federal taxpayer. It doesn't show the multi-year cash or accrual situation.

Sec. 6(1) of NFMA requires the Service to develop and provide the public with annual representative samples of costs for reforestation, stand improvement and below-cost timber sales. After 17 years, it has not done so. If decisions are going to be made on whether an activity needs a subsidy, and if the costs can be weighed of securing desired benefits one way versus another, one needs to know the costs. The Forest Service eschews this sort of reality facing.

Even more fundamental, the Forest Service pretends that timber sales that must be subsidized to continue on many Forests, does not need a subsidy.

Subsidies are part of the American way of life. They can play a useful role. The dilemma faced by the Executive branch and Congress is deciding whether to subsidize an activity, and, if so, how much, to whom, and for how long. Below-cost timber sales require annual subsidies in real dollars that Congress must appropriate that are in excess of $200,000,000 annually. That's $1 billion every 5 years. As the late Sen. Dirksen once said as I recall,

> "A billion here, a billion there, pretty soon yourz
> talking about a lot of money."

Last year Pres. Bush said:

"In the United States, responsible forest conservation is a long-standing tradition. Annual forest growth now exceeds timber harvests by 37 percent, and the total national volume of wood is 25 percent larger than it was in 1952." [U.S. Actions For A Better Environment, White House undated, June 1992, page 8; Source; For. Stat. of U.S. 1987,PNW-RB-168].

There are these issues: Do we need to subsidize public timber to meet U.S. wood needs? If so, should we subsidize private and public timberland, and if so where and how much? What effect do subsidies of a public asset have on the private timberland, 70% of the land? What does a compassionate government do about regulating subsidies of public timber that are in place?

Robert E. Wolf, 3245 Bowen Road St. Leonard Md, 20685-2411 [bctstsen.doc]

Loss or Profit. Total, Average , Per MBF Cut and Per Acre Cut, 5 Years, 1988-1992 Based on TSPIRS (zzwork.wk1)
And Unearmarked Balance Left Before Appropriations, 5 Year Average
Columns Explained on Page 6 attached

State Region	Forest	1 Tot '88-92 TSPIRS Gain/Lose	2 Aver. 5 Yrs TSPIRS Gain/Loss	3 Av/MBF TSPIRS Gain/Loss	4 Av/Ac. TSPIRS Gain/Loss	5 Average Cut MBF	6 Average Acres Cut	7 Unearmarked Cash Balance 5 Year Ave	8 Cash Balance Per MBF Cut	9 ASR Rating see note a	10 Rating see note b	11 No. & F.S. Prposd TSPIRS Desig.
	Forests With TSPIRS Losses Over $600 Per Acre											
WY 4	Brdgr-Teton	($5,761,896)	($1,152,399)	($72.65)	($2,639)	15,862	437	($76,898)	($4.77)	1	F-	1
AK 10	Chugach	($2,562,540)	($512,608)	($374.88)	($2,448)	1,367	209	($6,502)	($4.02)	2	F-	2
CA 5	Los Padres	($1,474,212)	($294,842)	($519.45)	($2,336)	568	126	($829)	($1.46)	3	F-	3
MT 1	Beaverhead	($10,352,271)	($2,070,464)	($161.08)	($1,871)	13,704	1,107	$8,366	$0.61		F	4
CA 5	Cleveland	($1,351,009)	($270,202)	($738.66)	($1,608)	366	168	($880)	($2.41)	4	F-	5 DC
MT 1	Bitterroot	($10,282,536)	($2,066,507)	($113.01)	($1,387)	18,198	1,483	$94,532	$6.19		F	6 DC
MT 1	Helena	($8,266,671)	($1,651,134)	($96.70)	($1,314)	17,074	1,266	($172,350)	($10.09)	5	F-	7 DC
MT 1	Gallatin	($8,958,740)	($1,791,948)	($116.20)	($1,208)	15,422	1,483	($89,186)	($6.78)	6	F-	8
Loss + $1,000/Ac.		($48,999,974)	($9,799,995)	($118.70)	($1,563)	82,561	6,270	($241,568)	($2.93)			
	Forests With Losses From $501 Per Acre to $999 Per Acre											
IL 9	Shawnee	($4,464,111)	($882,822)	($129.60)	($937)	6,889	953	$24,876	$3.61		F	9 BC
CA 5	Angeles	($1,487,302)	($297,460)	($1,078.54)	($907)	276	328	$3,885	$14.09		F	10
CA 5	San Brndino	($3,806,151)	($761,230)	($178.10)	($878)	4,274	867	($25,078)	($5.87)	7	F-	11 DC
MT 1	Lewis/Clark	($5,503,642)	($1,100,728)	($74.70)	($843)	14,736	1,306	($56,227)	($3.82)	8	F-	12 BC
AK 10	Tongass	($49,000,925)	($9,800,185)	($23.96)	($824)	409,008	11,887	($3,294,671)	($8.06)	9	F-	13
UT 4	Manti-Lasal Ut	($2,281,707)	($456,341)	($81.62)	($815)	5,691	560	($9,946)	($1.78)	10	F-	14
MT 1	Deerlodge	($8,160,917)	($1,632,183)	($80.69)	($778)	20,252	2,098	($17,416)	($0.86)	11	F-	15 BC
MT 1	Custer	($4,112,241)	($822,448)	($148.99)	($763)	6,620	1,078	($13,547)	($2.45)	12	F-	16 BC
VA 8	Jefferson	($7,669,967)	($1,533,993)	($58.68)	($715)	26,142	2,146	$51,344	$1.96		F	17 BC
MT 1	Lolo	($16,202,488)	($3,240,498)	($42.68)	($698)	76,101	4,640	($56,166)	($0.74)	13	F-	18 BC
ID 1	Nez Perce	($11,902,000)	($2,380,400)	($28.27)	($696)	84,205	3,419	($813,649)	($9.66)	14	F-	19
CO 2	San Juan	($15,041,209)	($3,008,242)	($109.80)	($647)	27,371	4,648	($88,807)	($3.17)	15	F-	20
MT 1	Flathead	($17,871,399)	($3,674,280)	($47.17)	($646)	76,766	6,635	$673,897	$8.89		F	21
NH 3	Lincoln	($5,497,967)	($1,099,693)	($91.96)	($624)	11,958	1,763	($37,289)	($3.12)	16	F-	22 BC
WY 2	Shoshone	($3,311,435)	($662,287)	($62.20)	($606)	12,687	1,093	$94,154	$7.42		F	23
CO 2	Arap/Rsvlt	($4,111,315)	($822,263)	($63.72)	($549)	12,903	1,497	($46,103)	($3.67)	17	F-	24
NC 8	N. Carolina	($16,870,695)	($3,374,139)	($49.04)	($543)	68,803	6,217	$120,814	$1.76		F	25
ID 4	Challis	($1,627,898)	($326,680)	($92.85)	($640)	3,507	603	($13,864)	($3.95)	18	F-	26
NB 2	Nebraska	($704,950)	($140,990)	($260.80)	($525)	541	269	$0	$0.00	19	F-	27
VA 8	Washington	($9,019,229)	($1,803,846)	($47.22)	($523)	38,200	3,449	$61,709	$1.62		F	28
CA 5	Klamath	($24,237,512)	($4,847,502)	($26.34)	($512)	191,299	9,465	($1,453,737)	($7.60)	20	F-	29
Loss -$501 -$999		($212,885,060)	($42,577,012)	($38.85)	($667)	1,096,030	63,820	($4,893,711)	($4.46)			

Robert E. Wolf 3245 Bowen Road, St. Leonard, MD 20
410 686 1767 April 17, 1993 (rev)

State Region	Forest	1 Tot '88-92 TSPIRS Gain/Loss	2 Aver. 5 Yrs TSPIRS Gain/Loss	3 Av/MBF TSPIRS Gain/Loss	4 Av/Ac. TSPIRS Gain/Loss	6 Average Cut MBF	6 Average Acres Cut	7 Unearmarked Cash Balance 6 Year Ave	8 Cash Balance Per MBF Cut	9 ASR Rating see note a	10 Rating see note b	11 No. & F.S. Prpsed TSPIRS Desig.
	Forests With Losses From -$151 Per Acre to -$500 Per Acre											
UT 4	Cach/Wasatch	($2,934,665)	($586,833)	($46.82)	($487)	12,689	1,205	($16,629)	($1.23)	21	F-	30 BC
NV 4	Toiyabe	($1,771,498)	($354,300)	($63.10)	($479)	8,872	740	$18,088	$2.71		F	31
WY 2	Bighorn	($2,953,060)	($590,610)	($41.69)	($469)	14,165	1,288	($40,616)	($2.86)	22	F-	32
KY 8	Kentucky	($8,983,714)	($1,796,743)	($47.90)	($388)	37,512	4,632	($119,928)	($3.20)	23	F-	33 BC
AZ 3	Prescott	($1,663,087)	($330,619)	($46.00)	($382)	7,187	866	($4,836)	($0.67)	24	F-	34
AZ 3	Coronado	($968,103)	($193,621)	($210.78)	($381)	918	608	$4,620	$4.92		F	35 BC
UT 4	Uinta	($954,073)	($190,815)	($38.69)	($380)	4,946	602	$41,016	$8.30		F	36
TN 8	Tennessee	($6,721,457)	($1,344,291)	($44.56)	($378)	30,166	3,556	$192,411	$6.38		F	37
VT/NY 9	Green Mtn	($4,123,038)	($824,608)	($79.93)	($372)	10,317	2,216	$103,265	$10.01		F	38
NM 3	Santa Fe	($9,023,290)	($1,804,658)	($52.88)	($363)	34,126	6,110	($166,261)	($4.68)	26	F-	39 BC
NM 3	Cibola	($3,994,216)	($798,843)	($83.38)	($346)	9,581	2,318	$14,709	$1.64		F	40
CO 2	GMUG	($10,207,214)	($2,041,443)	($38.53)	($342)	62,989	6,972	$26,814	$0.61		F	41
ID 1	Clearwater	($8,559,401)	($1,711,880)	($13.66)	($320)	125,337	6,342	$547,698	$4.37		F	42
CO 2	White River	($4,975,198)	($995,040)	($33.94)	($317)	29,321	3,136	($24,305)	($0.83)	28	F-	43
ID 4	Sawtooth	($3,291,546)	($658,309)	($72.74)	($312)	9,050	2,108	($19,619)	($2.16)	27	F-	44
NM 3	Carson	($9,122,129)	($1,824,426)	($75.62)	($305)	24,127	6,876	($133,175)	($6.62)	28	F-	45 BC
MN 9	Superior	($13,503,874)	($2,700,775)	($32.12)	($292)	84,090	9,239	$226,281	$2.69		F	46 BC
CO 2	Pike/Snfabl	($3,776,908)	($755,1821	($64.14)	($283)	11,774	2,671	($18,703)	($1.69)	29	F-	47
UT 4	Ashley	($5,947,076)	($1,189,415)	($55.64)	($282)	21,376	4,219	($29,007)	($1.36)	30	F-	48
ID 4	Targhee	($11,842,689)	($2,368,638)	($32.36)	($267)	73,183	8,858	$87,398	$1.19		F	49
WY 2	Med. Bow	($6,171,490)	($1,234,298)	($29.61)	($259)	41,822	4,771	($167,975)	($3.78)	31	F-	50
CA 5	Sequoia	($8,853,526)	($1,770,705)	($27.52)	($243)	64,340	7,298	($554,169)	($8.61)	32	F-	51 BC
UT 4	Fishlake	($1,260,471)	($252,094)	($60.87)	($233)	4,955	1,081	($39,970)	($8.07)	33	F-	52
NH 9	Wht. Mtn	($5,154,439)	($1,030,888)	($31.25)	($231)	32,986	4,461	$518,407	$16.72		F	53
ID 4	Salmon	($2,767,076)	($553,415)	($28.03)	($226)	19,743	2,449	$190,161	$9.63		F	54 BC
WI 9	Chequamegon	($9,938,612)	($1,987,722)	($30.26)	($214)	65,683	9,291	($2,830)	($0.04)	34	F-	55
UT 4	Dixie	($6,373,141)	($1,274,628)	($48.37)	($181)	26,353	7,023	($152,426)	($6.78)	36	F-	56
ID 4	Caribou	($1,594,012)	($318,802)	($25.76)	($178)	12,378	1,789	($5,483)	($0.44)	36	F-	57
MN 9	Chippewa	($6,851,641)	($1,370,328)	($16.85)	($176)	81,333	7,802	$256,001	$3.14		F	58 BC
CO 2	Routt	($7,168,235)	($1,433,647)	($47.31)	($161)	30,303	8,929	($93,673)	($3.09)	37	F-	59
GA 8	Georgia	($7,267,883)	($1,453,577)	($24.33)	($159)	59,753	9,162	$963,370	$18.12		F	60
MI 9	Hiawatha	($7,739,285)	($1,547,857)	($25.68)	($152)	60,286	10,203	($81,889)	($1.36)	38	F-	61 BC
NM 3	Gila	($7,963,814)	($1,592,763)	($43.50)	($161)	36,618	10,680	$648,877	$14.93		F	62 BC
Loss -$151 -$500		($194,408,862)	($38,881,772)	($34.23)	($250)	1,136,979	155,288	$2,086,921	$1.84			

State Forest

Region	1 Tot '86-92 TSPIRS Gain/Loss	2 Aver. 6 Yrs TSPIRS Gain/Loss	3 Av/MBF TSPIRS Gain/Loss	4 Av/Ac. TSPIRS Gain/Loss	6 Average Cut MBF	6 Average Acres Cut	7 Unearmarked Cash Balance 6 Year Ave	8 Cash Balance Per MBF Cut	9 ASR Rating see note a	10 Rating see note b	11 No. & F.S. Prpsed TSPIRS Dsig.
Loss From -$100 Per Acre to -$150 Per Acre											
OR 6 Wlowa/Whtmn	($20,081,553)	($4,016,311)	($21.81)	($141)	184,163	28,387	($2,712,491)	($14.73)	39	F-	63
AZ 3 Tonto	($3,010,660)	($802,112)	($60.37)	($138)	11,963	4,361	$164,848	$13.77		C	64 BC
CO 2 Rio Grande	($3,647,893)	($729,579)	($25.95)	($137)	28,119	5,321	$330,132	$11.74		C	65
AZ 3 Klabab	($8,856,691)	($1,731,338)	($26.38)	($131)	68,229	13,228	$796,456	$11.67		C	66
MI 9 Huron/mnstee	($6,748,414)	($1,349,883)	($15.96)	($125)	84,649	10,757	$891,507	$10.54		C	67
MI 9 Ottawa	($8,162,691)	($1,632,538)	($23.98)	($124)	68,069	13,170	$679,274	$8.51		C	68
WI 9 Nlcolet	($9,134,163)	($1,826,833)	($21.86)	($122)	83,687	14,941	$638,184	$6.44		C	69
ARK 8 Ozark/St Frn	($5,449,029)	($1,089,806)	($20.50)	($119)	63,160	9,162	$1,092,866	$20.66		C	70
OH/IN 9Wayn/Hoosr	($1,858,570)	($391,714)	($44.56)	($418)	8,790	937	$286,162	$32.44		C	71
CA 5 Shasta/Trin	($8,037,283)	($1,207,467)	($6.16)	($111)	195,913	10,911	$10,186,366	$61.99		C	72
Loss -$100 -$150	($72,886,848)	($14,577,370)	($18.53)	($131)	786,533	111,178	$12,161,082	$16.45			
Loss -$1 Per Acre to -$99 Per Acre											
WA 6 Colville	($4,256,039)	($851,208)	($7.56)	($97)	112,788	8,797	$347,871	$3.08		B	73
MO 9 Mark Twain	($5,847,011)	($1,129,402)	($19.19)	($76)	68,850	15,058	($28,397)	($0.46)	40	F-	74
CA 5 Inyo	($277,379)	($56,478)	($5.43)	($60)	10,215	931	$502,148	$49.16		B	75
MT 1 Kootanai	($4,090,372)	($818,074)	($3.92)	($64)	208,716	15,066	$1,037,094	$4.97		D	76
ARK/OK Ouachita	($5,441,127)	($1,088,225)	($7.40)	($63)	147,082	20,655	$3,876,746	$28.36		B	77
ID 4 Boise	($6,519,485)	($1,103,899)	($10.97)	($49)	100,608	22,735	$789,981	$7.96		B	78
WV 9 Monongahela	($341,392)	($88,278)	($1.81)	($14)	37,638	4,968	$1,121,700	$29.80		B	79
WA 6 Okanogan	($399,989)	($79,998)	($1.05)	($9)	78,436	8,682	$1,844,000	$24.12		B	80
AL 8 Alabama	($171,535)	($34,307)	($0.41)	($3)	83,209	12,634	$293,667	$3.63		B	81
2 Special Case Forests											
NV 4 Humboldt	($238,834)	($47,787)	($50.36)	$0	949	0	$814	$0.86		F	82
PR 8 Carribbean	($1,908,457)	($381,891)	$0.00	$0	0	0	$0	$0.00		F	83
Loss -$1 -$99	($28,291,631)	($5,658,328)	($6.76)	($52)	836,469	109,394	$9,797,423	$11.71			
Total Loss Forests	($557,472,376)	($111,494,476)	($28.32)	($250)	3,937,672	445,957	$18,899,147	$4.80			
					39% Volume Cut	46% Acres Cut					

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State Region	Forest	1 Tot '88-92 TSPIRS Gain/Loss	2 Aver. 5 Yrs TSPIRS Gain/Loss	3 Av/MBF TSPIRS Gain/Loss	4 Av/Ac. TSPIRS Gain/Loss	5 Average Cut MBF	6 Average Acres Cut	7 Unearmarked Cash Balance 5 Year Ave	8 Cash Balance Per MBF Cut	9 ASR Rating see notes a	10 Rating see note b	11 No. & F.S. Prpsed TSPIRS Desig.
	Forests For Which TSPIRS Claim A Profit											
	Profit From +$1 Per Acre To +$499 Per Acre											
SO 2	Black Hills	$2,722,791	$544,558	$3.89	$15	139,972	36,043	($834,770)	($5.96)	41	F-	84
SC 8	S.Carolina	$2,144,312	$428,862	$3.23	$29	132,792	14,711	$2,721,232	$20.49		A	85
FL 8	Florida	$1,819,692	$363,938	$3.91	$30	93,045	12,152	$2,320,860	$24.94		A	86
AZ/NM	3Apach/Sitgrv	$3,738,322	$747,664	$7.54	$35	99,126	21,184	$3,275,180	$33.05		A	87
AZ 3	Coconino	$5,793,260	$1,158,662	$10.84	$36	106,899	32,259	$4,274,445	$39.99		A	88
ID 1	IdPanhandle	$4,081,394	$816,279	$3.23	$55	252,537	14,850	$2,642,566	$10.46		A	89
WA 6	Wenatchee	$3,292,842	$658,568	$4.19	$61	157,319	10,780	$1,839,053	$11.68		A	90
CA 5	Stanislaus	$5,546,053	$1,109,211	$7.21	$72	153,927	15,363	($427,848)	($2.78)	42	F-	91
ID 4	Payette	$4,074,485	$814,897	$9.06	$107	89,942	7,631	$852,800	$9.48		A	92
CA 5	Tahoe*	$6,321,306	$1,264,261	$8.90	$118	142,002	10,693	$2,818,187	$19.83		A	93/94
OR 6	Deschutes	$15,247,520	$3,049,504	$18.99	$129	179,511	23,708	$7,921,098	$44.13		A	95
TX 8	Texas	$7,937,054	$1,587,411	$17.20	$135	92,290	11,748	$3,894,878	$42.20		A	96
LA 8	Louisiana	$13,632,412	$2,726,482	$19.66	$136	134,675	20,095	$6,555,877	$47.28		A	97
OR 6	Umatilla	$10,436,680	$2,087,336	$11.97	$149	174,430	13,998	$1,412,848	$8.10		A	98
CA 5	Sierra	$7,564,431	$1,512,886	$11.67	$162	129,657	8,347	$6,154,964	$39.76		A	99
CA 5	Mendocino	$3,500,083	$700,017	$10.09	$176	89,352	3,989	$2,345,786	$33.82		A	100
MS 8	Mississippi	$25,550,249	$6,110,050	$24.11	$165	211,987	27,043	$6,076,427	$28.66		A	101
CA 5	Eldorado	$17,881,109	$3,576,222	$21.58	$228	165,712	15,679	$3,752,032	$22.65		A	102
CA 5	Plumas	$48,752,962	$9,750,592	$46.47	$265	209,847	36,863	$11,938,854	$56.89		A	103
OR 6	Winema	$79,709,844	$15,941,969	$82.04	$633	194,330	25,173	$17,168,552	$88.35		A	104
Profit +$1 to +$499		$269,746,799	$53,949,360	$18.39	$149	2,933,351	363,289	$85,701,673	$29.22			
	Profit From +$500 Per Acre to +$5,500 Per Acre											
CA 5	Modoc	$22,322,159	$4,464,434	$84.15	$678	53,056	6,804	$8,188,555	$118.60		A	105
OR 6	Fremont	$54,674,193	$10,934,839	$82.59	$584	132,395	15,976	$12,215,434	$92.27		A	106
CA 5	Lassen	$72,595,832	$14,519,166	$100.61	$721	144,313	20,144	$16,894,218	$117.07		A	107
OR 6	Malheur	$113,927,841	$22,785,568	$96.71	$832	235,603	27,388	$16,552,272	$70.25		A	108
PA 9	Allegheny	$36,617,184	$7,323,437	$98.72	$894	74,185	8,192	$7,904,855	$106.56		A	109
OR 6	Ochoco	$81,106,914	$16,221,383	$113.50	$943	142,913	17,208	$15,515,424	$108.67		A	110
OR 6	Olympic	$17,919,527	$3,583,906	$25.06	$1,049	143,033	3,416	$12,743,660	$89.10		A	111
CA 5	Six Rivers	$16,797,153	$3,359,433	$28.06	$1,280	128,970	2,625	$8,823,520	$68.42		A	112
OR 6	Rogue River	$53,932,650	$10,786,530	$71.45	$1,377	150,974	7,834	$13,175,534	$87.27		A	113
OR 6	Siskivou	$50,901,070	$10,180,214	$71.30	$1,582	142,772	8,438	$12,818,595	$89.77		A	114
OR 6	Mt. Hood	$104,587,300	$20,917,460	$82.18	$2,673	254,523	7,825	$23,033,804	$90.50		A	115
OR 6	G.Pinchot	$137,786,065	$27,557,213	$80.17	$3,201	343,730	8,610	$33,386,639	$97.07		A	116
OR 6	MBkr-Snqlmi	$52,140,072	$10,428,014	$66.73	$3,078	156,288	3,388	$20,776,410	$132.96		A	115
OR 6	Umpqua	$224,885,533	$44,977,107	$124.33	$4,210	361,758	10,682	$47,924,848	$132.48		A	118
OR 6	Willamette	$324,187,762	$64,837,552	$109.21	$5,868	593,706	11,049	$68,231,688	$114.93		A	119
OR 6	Siuslaw	$136,197,015	$27,239,403	$116.42	$6,542	233,977	4,164	$34,036,822	$145.47		A	120
Profit +$500 to +$5,500		$1,500,578,293	$300,115,659	$91.16	$1,858	3,292,177	181,541	$350,198,278	$106.37			
Total Profit Forests		$1,770,325,092	$354,065,018	$56.87	$675	6,225,528	524,830	$435,899,951	$70.02			
Grand Total		$1,212,852,717	$242,570,643	$23.87	$250	10,163,099	970,788	$454,799,098	$44.75			

Notes For TSPIRS Analysis

Col. 1. TSPIRS Total Losses For 5 years with Regional Office, Washington Office Prorated & 25% Costs counted. From TSPIRS, No adjustments.

Col. 2. TSPIRS Averages for 5 years, 1988-1992 from above.

Col. 3 Average gain or loss per thousand board feet cut (MBF).

Col. 4 Average gain or loss per acre cut.

Col. 5 Average Cut in thousand board feet (MBF), 5 Years. Source: TSPIRS.

Col. 6 Average Acres Cut per year. Source TSPIRS.

Col. 7 Average Cash Unearmarked Balance. 5 Years. 1988-1992. This is the amount of cash left from timber receipts after earmarking for [a] Purchaser Road Credit, [b] K.V. Fund, [c] Salvage Fund, and [d] 25% payments to counties (O & C 50% for applicable Oregon Forests *). The "Balance" is the cash the Forest would have left if it operated without Congressional appropriations for the timber program. Source: ASR 13-1 Forest Service Financial Reports.

Col. 8 Per MBF equivalent of Column 7.

Col. 9 ASR Rating. This is a count of the 42 Forests that for the 5 years earmarked over 100% of their timber receipts. Note the poor match with the TSPIRS claims for "profit". No Forest earmarking over 100% of timber receipts could actually even break-even.

Col. 10 "Rating" System. (1) "F-", Forests that lose money under TSPIRS and have a negative ASR Balance. (2) "F", Forests with TSPIRS losses over -$200 per acre logged. (3) "C", Forests with TSPIRS losses between -$100 and -$200 per acre logged. (4)"B", Forests with losses from -$1 to -$99 per acre logged. (5) "A", Forests with profits from +$1 per acre to +$5,500 per acre.

Col. 11 Forests numbered 1 to 120 with "BC" signifying those that would be rated "below-cost" under the proposed Forest Service rule. Note the irrational scattering of "below-cost" Forests created by the Forest Service proposal.

Note * = 93/94 combines the Tahoe and Tahoe Management Unit because the ASR reports do not separate.

* In TSPIRS the Forest Service fails to include money received from O & C timber it manages in the Western Oregon counties and its 50% payments to the counties. It is includes in my "ASR" cash earmarking analysis.

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April 16, 1993,(rev). [tspnote.doc]

85w
ASRDOL2.wk1 Forest Service Cash Picture:
Timber Receipts. Earmarking and Appropriation
dec 1992 5 Years, 1988-1992

Tot. Vol. Cut MBF	Average Dollars	Ave Per MBF Cut	Ave Per Acre Cut
TOT TBR. RECEIPTS	$1,331,903,455	$129.57	$1,409
National Forest Fund	$743,084,062	$72.29	$786
O & C Fund	$23,847,063	$2.32	$25
Subtotal	$766,931,124	$74.61	$811
Earmarked Receipts			
1. Purchaser Road Credit	$105.397,074	$10.25	$111
2. K.V. Fund	$224,857,900	$21.87	$238
3.Timber Salvage Fund	$120,042,756	$11.68	$127
Subtotal	$450,297,731	$43.81	$476
4a Brush Disp Dep	$54.525,400	$5.30	$58
4b Road Maint Dep	$60,149,200	$5.85	$64
Subtot Spec. Dep.	$114,674,600	$11.16	$121
5a 25% Co Paymnt	$298,345,448	$29.02	$316
5b 50% O&C Paymnt	$11,923,531	$1.16	$13
Subtotal	$310,268,979	$30.18	$328
Tot Earmarked Rec	$875.241,310	$85.15	$926
% Rec. Earmarked	65.7%		
Receipts Available After Earmarking			
N.F. Fund Net	$444.738,613	$43.27	$470
O & C Fund Net	$11,923,531	$1.16	$13
Total Net Rec.	$456,662,145	$44.43	$483
Appropriated Costs			
Tbr Sale Admin	$234,314,600	$22.79	$248
Support	$110,289,447	$10.73	$117
Ref/TSI	$97,714,000	$9.51	$103
Roads FRT/PEP	$125,945,600	$12.25	$133
GA Prorated	$115,075,249	$11.19	$122
Tongass Fund	$29,789,800	$2.90	$32
Res Mgmt [Spec]	$5,850,400	$0.57	$6
Total Approp Cost	$718,979,097	$69.94	$761
NET CASH LOSS	($262,316,952)	($25.52)	($277)

3 of 12 Black Hills NF Reg. 2, S. Dak., & WY. 10 Years, 1983-1992

Part C. Timber Cut & Sold, From Tbr. Mgmt. Reports

Fiscal Year	Timber Cut MBF W	Dollars X	x/w PER MBF Y	SOLD VOLUME AA	Dollars AB	ab/aa PER MBF AC	Acres Cut AD	Vol. Cut Pr/Ac MBF AE=W/AD
1983	125,064	$1,419,539	$11.35	73,887	$1,220,544	$16.52	n.a.	n.a.
1984	129,913	$2,334,394	$17.97	86,967	$1,894,326	$21.78	n.a.	n.a.
1985	130,187	$2,673,965	$20.54	109,093	$1,329,929	$12.19	n.a.	n.a.
1986	146,022	$3,516,383	$24.08	82,915	$3,536,581	$42.65	n.a.	n.a.
1987	153,985	$3,195,346	$20.75	156,794	$5,661,391	$36.11	n.a.	n.a.
1988	157,231	$3,882,359	$24.69	143,535	$7,664,460	$53.40	41,613	3.778
1989	144,984	$5,856,994	$40.40	108,768	$8,160,547	$75.03	34,019	4.262
1990	137,280	$6,706,207	$48.85	155,849	$11,583,638	$74.33	33,419	4.108
1991	133,723	$8,660,820	$64.77	113,859	$7,365,454	$64.69	31,723	4.215
1992	126,641	$12,064,199	$95.26	127,800	$24,341,265	$190.46	30,043	4.215
Total	1,385,030	$50,310,206		1,159,467	$72,758,135			
10Yr Avg	138,503	$5,031,021	$36.32	115,947	$7,275,814	$62.75		
5 Yr AVG	139,972	$7,434,116	$53.11	129,962	$11,823,073	$90.97	34,163	4.097
ASQ	152,000	1,034,000 Suit. Ac		Reg 2	3 of 12	bhill		
		1,235,880 Total Ac		SD-WY	Black Hills Forest			
		84%Pct Suit						
C/S GAP	119%	69%						
	225,563	($22,447,929)						

Part A, Fiscal Dollars, ASR 13-1

Fiscal Year	Purchaser Road Credit B	"KV" Fund C	Salvage Fund D #	National For. Fund E	Gross Timber Receipts F= B+C+D+E	Fed. 25% Payment G= 25%*F	N.F. Bal. Aft Earmark H= E - G	Estimated Approp. I = w * af	EST. MUSY Prof/Loss J = H-I
1983	$916,944	$1,165,017	$0	$454,541	$2,536,502	$634,126	($179,585)	$10,652,952	($10,832,536)
1984	$1,249,252	$2,733,478	$0	$70,610	$4,053,340	$1,013,335	($942,725)	$9,387,513	($10,330,238)
1985	$539,817	$858,665	$0	$1,465,244	$2,863,726	$715,932	$749,313	$9,115,694	($8,366,381)
1986	$269,952	$3,279,465	$0	$903,310	$4,452,727	$1,113,182	($209,872)	$7,872,046	($8,081,918)
1987	$658,345	$2,002,884	$0	$1,194,194	$3,855,423	$963,856	$230,338	$8,419,900	($8,189,562)
1988	$1,261,594	$3,697,973	$45,400	$314,316	$5,319,283	$1,329,821	($1,015,505)	$7,603,691	($8,619,196)
1989	$1,538,834	$2,970,244	$563,736	$2,473,361	$7,546,175	$1,886,544	$586,817	$8,656,995	($8,070,177)
1990	$1,521,624	$4,539,850	$1,086,345	$1,076,863	$8,224,682	$2,056,171	($979,308)	$9,085,190	($10,064,498)
1991	$1,331,021	$5,456,511	$1,485,885	$1,575,980	$9,849,397	$2,462,349	($886,369)	$11,764,950	($12,651,319)
1992	$3,116,677	$6,514,777	$3,116,674	$1,743,397	$14,491,525	$3,622,881	($1,879,484)	$13,777,274	($15,656,758)
Total	$12,404,060	$33,218,864	$6,298,040	$11,271,816	$63,192,780	$15,798,195	($4,526,379)	$96,336,205	($100,862,583)
10Yr Avg	$1,240,406	$3,321,886		$1,127,182	$6,319,278	$1,579,819	($452,638)	$9,633,620	($10,086,258)
5 Yr AVG	$1,753,950	$4,635,871	$1,259,608	$1,436,783	$9,086,212	$2,271,553	($834,770)	$10,177,620	($11,012,390)
	Earmarked Dollars per Acre Cut								
88-'92	$51	$136	$37	$42	$266	$66	($24)	$298	($322)

Salvage Fund not part of 25% payment until FY 1988

Part B, Per MBF Cut, Fiacal Dollars & Timber Cut

Fiscal Year	B/W Purchaser Road Cred L	C/W "KV" Fund M	D/W Salvage Fund N	E/W National For. Fund O	F/W Gr. Tbr Rcpts P	G/W Fed. 25% Payment Q	H/W N.F. Bal. Aft Ermrk R	I/W Est. Approp S	J/W MUSY P/L MBF T	J/AD MUSY P/L PerAC Cut U
1983	$7.33	$9.32	$0.00	$3.63	$20.28	$5.07	($1.44)	$85.18	($86.62)	n.a.
1984	$9.62	$21.04	$0.00	$0.54	$31.20	$7.80	($7.26)	$72.26	($79.52)	n.a.
1985	$4.15	$6.60	$0.00	$11.25	$22.00	$5.50	$5.76	$70.02	($64.26)	n.a.
1986	$1.85	$22.46	$0.00	$6.19	$30.49	$7.62	($1.44)	$53.91	($55.35)	n.a.
1987	$4.28	$13.01	$0.00	$7.76	$25.04	$6.26	$1.50	$54.68	($53.18)	n.a.
1988	$8.02	$23.52	$0.29	$2.00	$33.83	$8.46	($6.46)	$48.36	($54.82)	($207)
1989	$10.61	$20.49	$3.89	$17.06	$52.05	$13.01	$4.05	$59.71	($55.66)	(237)
1990	$11.08	$33.07	$7.91	$7.84	$59.91	$14.98	($7.13)	$66.18	($73.31)	(301)
1991	$9.95	$40.80	$11.11	$11.79	$73.66	$18.41	($6.63)	$87.98	($94.61)	(399)
1992	$24.61	$51.44	$24.61	$13.77	$114.43	$28.61	($14.84)	$108.79	($123.63)	(521)
10Yr Avg	$8.96	$23.98	$4.55	$8.14	$45.63	$11.41	($3.27)	$69.56	($72.82)	n.a.
5 Yr AVG	$12.53	$33.12	$9.00	$10.26	$64.91	$16.23	($5.96)	$72.71	($78.68)	($322)

	10 Year Average		5 Year Average		1992 Average	
Stat-Ht #	$36.67	80.37%	$52.38	80.70%	$89.82	78.49%
PC+KV+S	$37.49	82.16%	$54.65	84.19%	$100.66	87.97%
Earmark*	$48.89	107.16%	$70.88	109.19%	$129.27	112.97%

N.F. + "KV" Fund + Salvage; excludes Purch Rd. Cred.
* PC + KV + SALV + 25% Payment

POSTHEARING QUESTIONS FOR JAMES R. LYONS

Questions From Senator Leahy and Mr. Lyons' Responses Thereto

FUNDING FOR GREEN MOUNTAIN NATIONAL FOREST

Because of an unfortunate memorandum that circulated around the Forest Service and into the press, many people fear a hasty, unjust, and destructive policy to eliminate below-cost timber sales.

I appreciate the Forest Service's attempts to clarify their intent regarding this proposed method, but of course, it is difficult to fix an incorrect message, especially one as controversial as this one. I hope we learned a lesson.

More importantly, I appreciate the Forest Service's cooperation in working with the committee and other Senators to work out a policy that addresses some of the complexities of the below-cost timber sale issue. In the upcoming weeks we will have a chance to craft a long-term solution that treats forests fairly, uses taxpayer money wisely, and upholds sound environmental principles.

Question 1. Given the discussions that the Forest Service and the Senate have had on this issue, can you assure me that the Green Mountain National Forest and others can count on timber program money in FY 1994 to meet their nontimber needs?

Answer. While there is an objective to phase out below-cost sales, no national forest is expected to have its program eliminated in FY 1994. We expect that the Green Mountain needs for nontimber objective sales will be considered by the Regional Forester in the same light as he considers the needs of other national forests. That is, the needs and capabilities of each national forest will be considered and funded based on the allocation of the national program funding which reduces the timber program by $46 million for below-cost sales. It is not expected that any one national forest will have all of its nontimber needs met, but at the same time all can expect to have some of their needs met.

PUBLIC TRUST OF THE FOREST SERVICE

I think one of the forces driving the below-cost timber sales issue is trust. Some people have lost confidence in the Forest Service's ability to manage public land for the public interest. One way of making sure the land isn't managed badly is to not manage it at all. A $46 million dollar cut in your budget suggests that some people want the Forest Service to stop timber management.

Personally, I have a tremendous amount of respect for the men and women of the Forest Service. The innovation, dedication, and professional competence that the men and women bring to the Green Mountain National Forest is outstanding. Furthermore, I have optimism that forest stewardship will continue to improve.

Nonetheless, it appears that a significant number of people believe, and with reason, that the public forests are not managed for the greatest public benefit. The most immediate example, of course, is the Pacific Northwest. The court has ruled that the Forest Service broke the law. In fact, they were found guilty several times. Obviously, this doesn't inspire trust.

This is not just a regional phenomenon. It occurs in various forests throughout the Nation. I want to reiterate my own vote of confidence in your work overall, but address the public concern that has surfaced.

Question 2. Why has the public confidence in the Forest Service eroded, and how do you intend to rebuild that confidence? In answering the question, I encourage you to challenge negative perceptions and make a case for public trust.

Answer. As a lead in to the above question, the introduction to this question states that a significant number of people believe that the "public forests are not managed for the greatest public interest."

Defining the public interest tends to be quite subjective. It also tends to change over time with changing societal values. Public confidence is a tangible, but similarly elusive concept, subject to shifts over time.

For this reason, responding fully to this question requires discussing some historical background on the Forest Service and the American conservation movement. That way, what is happening today can be put in context with issues the agency has faced in the past. Every organization is in many ways a product of its history and culture. The Forest Service is no exception.

The Early Years

The roots of the Forest Service go back to the Nation's first conservation movement at the end of the 19th century. At that time many people began to realize that

unless something was done, the United States was facing a bleak future. A snapshot of the natural resource situation in 1900 included the following:

- U.S. farmers were clearing forest for agriculture at the rate of over 13 square miles per day (and had been doing so since before 1850). Cropland was increasing at about the rate of population growth—about 3–4 acres were being put under the plow for each person added to the U.S. population. (In the 19th century the U.S. population rose from 5 to 76 million.)
- Wildfires were scorching 20–50 million acres of forest per year.
- Due to such fires, 50–80 million acres of "cutovers" or "stumplands" continued to remain barren and nonstocked with trees for decades.
- Forest growth rates nationally were a fraction of harvest rates. Forest management, as we know it today, was nonexistent on either public or private lands.
- Due to market hunting and lax or nonexistent hunting laws, wildlife was a basket case. If there had been an endangered species list, it would have included many species that are abundant today, including white-tailed deer (which had been extirpated entirely from most Eastern States), as well as elk, pronghorns, beaver, moose, bighorn sheep, wild turkeys, egrets, herons, ibises, swans, wood ducks, Canada geese, and many others.
- What forest land existed near most urban areas had been heavily depleted to provide fuel for domestic heating and cooking.

The conservation movement of the turn of the century reflected a growing recognition that prevailing practices were unsustainable and set in motion a series of policy, technical, and other changes. The Forest Service was a product of this movement. The policy framework that had emerged by the 1930s to address these problems focused on:

- *Promoting and encouraging the protection of forests, regardless of ownership, from wildfire, insects, and disease.* The Forest Service was a leader and catalyst for cooperative fire control and public education efforts among the States, private forest landowners, and the Federal Government.
- *The acquisition of scientific knowledge on the management of forests and wildlife, and on the improved utilization of wood products.* The Forest Service research stations and the Forest Products Lab in Madison, Wisconsin, contributed significantly to such improved knowledge.
- *Encouraging the productive management of private forest lands through tax incentives and technical and financial assistance.* The Forest Service's State and Private Forestry Division worked effectively with State Foresters on improving the management of private forest lands (which today account for 80 percent of the Nation's timber harvest).
- *The adoption and enforcement of strong State and Federal wildlife conservation laws.* While State fish and wildlife agencies and the U.S. Fish and Wildlife Service had the lead in wildlife conservation, the Forest Service was an active participant in their efforts. Aldo Leopold, considered by many to be the father of modern wildlife management, was a Forest Service employee.
- *The acquisition and management of National Forests, National Parks, and other public lands for both commodity and amenity uses and values.* Between 1925 and 1945, almost 20 million acres of abandoned farms and cutover woodlands were incorporated into the eastern national forests (including the Green Mountain National Forest).

Since the 1930's, significant gains have been made in many natural resource areas. For example:

- Today the United States has slightly more forest area than it did in 1920, when the era of major forest clearing for agriculture largely halted. Improving agricultural productivity was a major factor in forestland stabilization. Currently, we have about 70 percent of the forest area that existed in 1600.
- Scores of forest-dependent wildlife species which were severely depleted, or even on the brink of extinction, a century ago have made remarkable recoveries. The concerns of wildlife managers have shifted in recent years to species requiring specific types of habitat, such as the red-cockaded woodpecker in the South, Kirtland's warbler in the Lakes States, and the spotted owl on the Pacific Coast.
- The area lost to uncontrolled forest fires has been reduced by 90 percent since the 1930s. This, along with steadily increasing real prices for wood, has created powerful incentives for both private and public forest landowners to increase investments in forest management.
- Forest growth nationally has exceeded timber harvests since the 1950s. In 1991 forest growth nationally exceeded harvest by 33 percent.

• Because of this, the average timber volume per acre in U.S. forests has increased by more than one-third since 1952. In the eastern United States, the average timber volume per acre has almost doubled since 1952.

• In the 1980s, tree planting was at record levels. In recent years over 400 trees have been planted annually for every child born in the United States.

It is one measure of the public perception problem we face today that few people recognize the conservation gains that have been made since the 1930's. Fewer still are aware of the role the Forest Service played in realizing those gains. This reflects the nature of both media and interest groups, which both tend to focus on the real or perceived problem or "crisis du jour."

Yet a broader perspective is also important, since it gives the public important insights about U.S. forests. One partial answer to building public confidence in our ability to address resource problems is to provide clear information on the condition and trends of natural resources in a broad context. Seeking to frame contemporary resource issues in such a broader context should in no way diminish our commitment to address the many and serious resource problems that confront us today. However, such insights are important to providing a contextual framework within which to understand today's challenges.

National Forest Management

Most of the controversy surrounding Forest Service activities focuses on the national forests. This controversy began in the late 1960's and has been generally growing since then. It reflects the growing demands that an increasingly vocal public is placing on the Nation's public lands. It also reflects the nature of the broad, multiple purpose mandate that Congress has given the National Forest System. That broad spectrum of available management choices tends to intensify the public debate.

Until after World War II, management of national forest lands was essentially custodial in nature. Recreational use was very low. Commodity production included livestock grazing and modest timber sale levels (averaging less than 2 billion board feet annually prior to 1940).

All this changed after 1950. In response to the increased housing needs of returning GI's and their growing families, national forest timber sale levels increased from 3.4 billion board feet in 1950 to 12.2 billion in 1960, and remained in the 10 to 12 billion range until 1988. This was a definite policy choice of the Nation (and Congress), which recognized that half the large softwood timber remained on the national forests (primarily in the West), and that many private forest lands had been heavily impacted to meet the war effort and needed an opportunity to recover. It was considered sound public policy to seek to rapidly liquidate existing slow growing stands of old-growth national forest timber and replace them with thrifty young stands. The national forests provided over a fifth of the softwood sawtimber harvested in the United States during this period.

Recreational use also exploded after World War II, as an increasingly affluent and mobile public discovered the national forests and other public lands. This set the stage for conflicts that began to grow in the 1960's. Such conflicts began to be manifested in controversies over timber harvesting practices, especially clearcutting, in various parts of the country (e.g., the Monongahela and Bitterroot National Forests).

Reflecting the increasingly intense, and often conflicting, public demands on the national forests, Congress passed the Multiple Use–Sustained Yield Act in 1960 and, shortly thereafter in 1964, the Wilderness Act. This set the stage for the land allocation battles that continue today. In 1976, Congress passed the National Forest Management Act (NFMA), which, among other things, set forth guidelines for timber harvesting and provided for increased public participation in national forest decisionmaking.

Unfortunately, NFMA did not reduce the public conflicts. In fact there are many issues at the center of attention today which were given little or no mention by the environmental community in 1976 when NFMA was passed. Examples include the need to protect remaining old-growth forests and the northern spotted owl, and ecosystem management. This indicates the dynamic nature of national forest issues.

The Forest Service has responded to these issues in a proactive manner. We adopted a position statement in 1989 that affirmed the many values and uses of old-growth forests and set forth general guidance for their inventory and management. Old-growth definitions based on ecological characteristics are being developed in collaboration with research scientists and user groups such as the Nature Conservancy. These will be used to obtain more reliable information on the extent and location of old growth. The forest plans completed during the 1980's and early 1990's

provided for the reservation of over half of the existing old-growth forests within the National Forest System.

Subsequently, we completed habitat assessments for a number of species associated with old growth, such as the northern, California, and Mexican spotted owls, goshawk, red-cockaded woodpecker, and some stocks of salmon and steelhead. We adopted the recommendations of our scientists and managers from these assessments, which has resulted in greater amounts of old growth being reserved (at least two-thirds on the northern owl forests). We should note that the court (Judge Dwyer) has never ruled on the adequacy of our owl management strategy, only on NEPA claims related to procedures used in initially adopting it and to additional information that needed to be discussed (which our scientists later found did not alter their strategy). Subsequently, we have done further assessments of the needs of other old-growth-related species in the Northwest, which has led to the recommended management strategy contained in President Clinton's Forest Plan.

Furthermore, in 1992, Chief Robertson announced the adoption of ecosystem management as the guiding philosophy for management of the National Forests on sound ecological principles and in consideration of society's needs. All regions have adopted implementation strategies for ecosystem management. Greater involvement of the public in decisionmaking and greater consideration of the human dimension are very important elements of these. We believe the adoption of ecosystem management is an extremely important step in the evolution of national forest management; it is the right thing to do and should also enhance public trust and confidence in the Forest Sevice as the public sees the results of this management approach.

Conclusion

Question 2 states that a significant number of people believe that the "public forests are not managed for the greatest public interest," and asks "Why has the public confidence in the Forest Service eroded, and how do you intend to rebuild that confidence?"

One of the problems is that there is often no clear measure of what is the public interest. The public has a legitimate interest in protecting old-growth forests. It also has an interest in affordable shelter. Most groups wrap themselves in the cloak of the "public interest," even while arguing for conflicting outcomes. An agency with as broad a statutory mandate as the Forest Service has an inherently difficult time, not only because there is no one "public interest," but what may be proper in one location may be inappropriate in another. In addition, as described above, consensus as to what is in the "public interest," where it can be discerned, often changes over time—sometimes relatively short periods of time. Any organization as large as the Forest Service will have some inertia—which can be both a strength and weakness.

The pattern that has emerged since the 1960's is an increasingly vocal, largely urban-based constituency advocating the preservation side of the conservation spectrum (e.g., expanding wilderness, reducing timber harvesting, livestock grazing, etc.). These interests have come into increasing conflict with primarily rural constituencies dependent upon traditional commodity outputs from the Federal lands. The old-growth debate is a prime example of the difficulty of developing a policy that best serves the broad public interest. There are very powerful and vocal groups that want all old growth reserved, and other large constituencies that say we have enough reserved already and must manage the rest to sustain jobs and communities. And the debate as seen in the media is often based more on emotion and hyperbole than on facts and science.

The Forest Service has sometimes been accused of being more sympathetic to the commodity side of the conservation spectrum, and thus has suffered a loss in "public confidence" in some sectors. To the extent this was true in the past before the changes that have occurred in recent years, it may have been the result of its history and culture, and to the fact that many Forest Service employees live and work in the rural communities that are adversely affected by reductions in commodity production.

There are no easy answers either to clearly identifying the public interest or to maintaining or rebuilding public confidence. However, some basic elements in the equation include the following:

- Seek to be completely honest with the public about the implications of the choices available to them in the management of natural resources.
- Seek to frame natural resource issues in a broad context.
- Involve the public constructively in decisions affecting the National Forests. Seek their input and active participation. When decisions are made, explain clearly how their views were used in arriving at that decision.

• Seek to have a diverse Forest Service work force that represents a full spectrum of views on resource questions.

• Take an ecological approach to management that fully considers the interrelatedness of the physical, biological, and human elements both on national forest lands and on other land ownerships.

The management of the National Forests is increasingly complex and difficult. There are no easy answers. But, hopefully, by applying the elements listed above, we can both build public confidence and arrive at decisions that are in the broad public interest.

CHANGES IN ALLOWABLE SALE QUANTITIES (ASQ)

Every National Forest in the country has a forest plan which indicates a certain amount of timber that is considered an appropriate harvest level based on sustained-yield principles.

Industries often depend on the forest plans to manage their mills' financing, investment, and general operation. It would be impossible to have a mill in an area if there is no certainty of a wood supply for that mill.

On the other hand, the forest plan is not a legal contract with a mill for a specific amount of timber. Timber sale contracts are legal contracts, and they are something different altogether. The plan is a projected estimate that is constantly subject to management decisions and amendment.

We are finding now that some of our plans are inappropriate. Sometimes if we follow our plans, we can end up in court, as in the Pacific Northwest.

Consider the possibility that we choose to alter a forest plan. Legally this is OK. Our plans are not contracts, and there is a mechanism for amending plans. Politically and socially, it appears that changing a plan is very difficult, as evidenced again in the Pacific Northwest.

Question 3. Can you comment on the responsibilities of the Forest Service to provide some standard of consistency in timber management, and on the limitations of those responsibilities?

Answer. In the introduction to this question, it is clear that its focus is on the sometimes substantial differences in the allowable sale quantities (ASQ's) of some approved national forest plans and the sale levels which those national forests are experiencing today. Reasons for those differences vary from forest to forest, but some common examples include: forest plan standards and guidelines which cannot be met while producing the full ASQ; administrative appeals and litigation; changing resource protection measures required to address evolving issues, such as endangered or sensitive species; increasing planning costs; requirements for reducing clearcutting; ecosystem management; and reducing below cost sales.

Forest planning is faced with somewhat conflicting objectives. On one hand, planning should be flexible enough to be able to respond to changing conditions and evolving issues. On the other, it should be stable enough to provide certainty for business investments made based on its projections.

A significant number of national forests have already amended their plans to respond to changing situations. Many more are planning to do so in the future. Some of the amendments will be major, requiring the preparation of an Environmental Impact Statement and full public participation.

MECHANISMS FOR CHANGE

There are established mechanisms for renewing and amending forest plans that we should consider in our efforts to address below-cost timber sales on National Forests. These established mechanisms guarantee public involvement and provide some stability to forest management.

Question 4. Can you comment on the role of forest plan revision and amendment procedures as they pertain to the possibility of reducing below-cost timber sales?

Answer. There are a number of things that can be done as forest plans are revised to address the below-cost issue. For example, forest planning documents can make explicit the nontimber forest plan objectives, such as wildlife habitat improvement or forest health objectives, that can be cost effectively achieved through timber activities. Often this was not done well in previous planning efforts. The planning documents can also make more explicit for the public which elements of a forest's timber program are below cost and why. If the forest proposes to continue such sales, the planning documents should describe the multiple use and other objectives which are felt to warrant continuing to sell timber at below cost.

The below-cost sale issue has become a major one. Future forest plan revisions must give more effort to explicitly addressing the issue, and where below-cost sales are proposed to continue, provide clear reasons for doing so.

QUESTIONS FROM SENATOR DASCHLE AND MR. LYONS' RESPONSES THERETO

Question 1. Congress has, for the past several years, set timber sale targets annually in appropriations, and those targets have often been specific for each Forest Service region. What is the history of congressionally mandated timber targets? How does Congress set timber targets?

Answer. Congressionally mandated timber targets have been reported in the various reports of the House, Senate or conference committees for several years. For fiscal years 1986 through 1992 the committees set the timber volumes by Forest Service region.

The President's budget proposal includes the dollars and associated outputs for all resource areas on a national basis. Members of the House and Senate committees request additional information about the specific distribution of the timber targets. After congressional action the total timber volume or a regional distribution of volume is reported out of the various committees.

Question 2. How have these targets compared with the goals presented in the budget justifications?

Answer. For the years 1978 through 1992, Congress has increased the timber target above the President's budget level 10 times and decreased the timber volume 5 times. Appendix 1 shows a regional comparison of what timber volume level was submitted in the President's budget and what volume level was allocated in the appropriations bill and reports. [See page 80.]

Question 3. How are the timber targets in the budget justifications established?

Answer. The regions develop an array of budget and output alternatives within the capabilities of their land management plans. These alternative levels are used to build the agency request and other levels requested by the Department of Agriculture. One level is established through the Office of Management and Budget to be presented as part of the President's budget.

Question 4. Do the land and resource management plans provide sufficient detail to be used in setting annual timber output targets? If not, how could annual goals be balanced with long-term management direction?

Answer. Yes, however the plans give an average for the decade. The annual amount may be above or below that amount for any particular year. The forests in their outyear budget planning propose a mix of various budget and associated output (target) levels. Therefore, the Regional Foresters can select the outputs within the capabilities of each forests from their proposals depending on the region's portion of the national budget.

Question 5. Does the budget justification present targets for other resource outputs or conditions?

Answer. Yes, there are targets for all resource areas with a measurable output, both commodities and noncommodities.

Question 6. When Congress specifies targets, how does the Forest Service allocate the targets to the national forests? What criteria are used?

Answer. The targets are assigned to the regions based on the capabilities the regions proposed in their budget request. The distribution is made to ensure to the extent possible that the desired output or target can be achieved.

Question 7. How important are unit costs in the allocation scheme?

Answer. Unit costs have not been a major factor in the assignment of most targets. However, with the objective of eliminating below-cost sale, unit costs by definition become an important factor in the target assignment.

Question 8. Is profitability, as measured by TSPIRS, considered?

Answer. In previous years targets were not constrained by a profitability requirement but with the President's objective of eliminating below-cost sales it will be one of the considerations in target assignment. However, equally important are the other objectives in the forest plans so they will also be taken into consideration.

Question 9. Are any TSPIRS data considered?

Answer. Yes, forests and regions are looking very closely at the data to see what efficiencies are necessary to bring sales above cost. Increasing timber values will give some forests the opportunity to become above cost and will be a part of the consideration in the assignment of targets.

Question 10. Has the approach used for allocation changed much in recent years?

Answer. No, the allocation process has been much the same. Again, however, the objective to eliminate below-cost sales is now one of the considerations in the allocation process.

Question 11. What would change if Congress does not set timber targets in appropriations?

Answer. The Forest Service would set targets using forest plans that use an ecosystem-based strategy for natural resource management.

Question 12. How else can Congress assure Forest Service efforts and performance that meet public demands?

Answer. The Congress can, through both oversight and appropriations hearings, request that the Forest Service provide information to ensure the agency is meeting public demands. Other areas where Congress can determine if the agency is meeting public demands is by monitoring the agency's public involvement process during program and project environmental assessments.

Question 13. How can Congress review Forest Service efforts and performance when the annual report is delivered several months after the budget justification, even though NFMA requires they be delivered together?

Answer. Specific information can be provided within a few weeks to Congress before the completion of the final report.

Question 14. Wouldn't internal targets still be established?

Answer. Yes, targets could still be established based on the funding allocated and the capabilities submitted by the regions using each forest's plan. The key change in the process would be that the forest plans would be based on an ecosystem management approach and that targets would be established to meet these ecosystem wide objectives. The targets would still be negotiated between the field units and the regional and Washington office to provide the target levels.

Question 15. Without them, how will the annual performance of Forest Service managers be evaluated?

Answer. We still believe the assignment of some type of target attainment objectives is important for the evaluation process. However, this does not mean that the assignment of targets means a manager will be assigned a timber harvest target that they must achieve to obtain a good rating. The agency is exploring opportunities to provide targets that relate to meeting ecosystem management objectives including using a numerical range rather than a specific value for timber harvest as well as other resource targets.

Question 16. Are some below-cost timber sales driven by the Forest Service's attempts to meet targets?

Answer. No, the target assignments have been made by considering the timber capability identified in the forest plans and a proposed level that would be within that capability when distributed nationally. The targets have not been constrained by below cost as a controlling criteria since cost analysis was part of the forest plan development process. Since many forests have lands in their suitable timber base that will not support above-cost timber sales, targets that are accomplished on these lands will be below cost.

Question 17. In your estimation, has Congress encouraged below-cost timber sales on national forests by setting timber targets?

Answer. Congress has set targets to meet timber demand for the Nation and for promoting community stability and some of these sales have been below cost. However, these timber harvest levels have been established based on forest plan objectives for each national forest and included meeting standards and guidelines for other resources.

Question 18. How do the annual timber sale targets in the budget justification relate to the allowable sale quantities (ASQs) established in the forest plans? How are the ASQs set in the forest plans? What factors are considered, and how are they considered, in establishing the ASQ? What constraints are placed on establishing the ASQ? Are historical sale levels, dependent mills and communities, and/or political pressure (from Congress and elsewhere) considered in these constraints? What factors are considered, and how are they considered, in determining the lands not suited for timber production? Is the identification of lands as not suited for timber production affected by the ASQ or any other timber output target?

Answer.

ESTABLISHMENT OF ASQ'S IN THE FOREST PLANS

Overview

The NFMA regulations define the Allowable Sale Quantity (ASQ) as "the quantity of timber that may be sold from the area of suitable land covered by the forest

plan for a time period specified by the plan." This quantity is usually expressed on an average annual basis for the first decade shown in the plan. In a forest plan, the selected alternative includes a projected sale schedule, the first decade of which establishes the ASQ.

The ASQ for each national forest is established through our integrated, interdisciplinary planning process, guided by the RPA, NFMA, and NSPA statutes. The ASQ is primarily determined by the capability and suitability of the land for various resource practices and the multiple-use goals and objectives of the alternative which is selected as the forest plan. The overall goal of forest planning is to maximize net public benefits from management of the forest, which is measured by both quantitative and qualitative criteria, rather than a single measure or index. The rationale used in reaching a decision on the ASQ is detailed in the Record of Decision issued with the forest plan.

This planned timber output is an outcome of a logical, systematic set of procedures that are an integral part of the planning process as outlined in the NFMA regulations. Three of the most important procedures are the determination of which lands are suitable for timber production, the application of minimum management requirements (MMR's), and the application of integrated standards and guidelines during assignment of management prescriptions.

Determination of Lands Suitable for Timber Production

The suitability of a particular area for timber production or other uses is determined during the forest planning process by analyzing the economic and environmental consequences of applying management practices and the alternative uses foregone. A sequence of steps is followed in arriving at the final set of suitable lands, using the best inventory and other information available.

First, we determine the set of lands that can be considered tentatively suitable for timber production. From the total forest land base, we subtract lands that have been withdrawn for other purposes such as wilderness or research natural areas. We also exclude those lands where technology is not available to ensure timber production can be sustained without irreversible resource damage to soil productivity or watershed conditions, as well as lands where there is not reasonable assurance that they can be adequately restocked within 5 years after a final harvest cut.

Next, a financial analysis of the costs and benefits for a range of management practices and intensities for timber production is conducted on the set of tentatively suitable lands. Yield tables are prepared which project, for a given land capability and stand condition, the volumes that would be obtained under a given set of management practices by decade. The lands are stratified into classes of land with similar management costs and returns.

Next, integrated management prescriptions designed to meet differing objectives for the various multiple uses are defined. Individual resource practices are grouped together in these prescriptions. Each tentatively suitable land area would normally have several different prescriptions that could potentially be applied to it. These prescriptions include a set of standards and guidelines to ensure resource protection and the achievement of the various objectives of that prescription. The information from the financial analysis and other sources is used to help ensure the prescriptions are cost efficient in achieving these objectives.

Next, forest-wide management alternatives are formulated and evaluated. These address the forest planning issues and concerns and goals and objectives in differing ways, and respond to the wants and needs identified in the public involvement process. This may include setting either targets or limits for certain resource outputs, including timber. Depending on the particular alternative, these may be based on such factors as historical output levels, projected demand levels, levels needed for dependent mills or community stability, levels responding to issues such as below-cost sales, and others. Each alternative includes different combinations of the integrated management prescriptions identified earlier. The assignment of a particular prescription to each specific land area is made during the development of each alternative. In the selected alternative for the forest plan, those land areas that were assigned a prescription that includes timber production become part of the final suitable land base. The sum of projected timber outputs in the first decade of the plan from this land base becomes the Allowable Sale Quantity.

Minimum Management Requirements

The NFMA regulations establish many specific minimum management requirements that must be met in accomplishing goals and objectives for the national forests. All management prescriptions and alternatives must be designed to meet these requirements. The requirements relate to basic stewardship and to environmental protection required by statute or regulation. They can be viewed as assuring that

multiple use and the sustained yield of all resources is achieved. Meeting these requirements often reduces the level of timber output that would otherwise be possible from a given area of land, but also increases other resource values.

Integrated Standards and Guidelines in Management Prescriptions

A management prescription includes combinations of management practices and intensities for the various resources. A vital part of the prescriptions is the standards and guidelines associated with these practices. Each forest, using an interdisciplinary approach, develops their standards and guidelines consistent with existing forest conditions, regional standards and guidelines, national direction, and applicable laws and regulations. The standards and guidelines vary across the forest in order to tailor the prescription to specific areas.

Standards and guidelines are at the heart of forest planning. They are designed to ensure the necessary integration and resource protection will occur and the multiple-use goals and objectives will be achieved when the prescriptions are applied on the ground. This includes consideration of the cumulative effects of both our own actions and those occurring on other, nearby ownerships. It is also through standards and guidelines that the minimum management requirements discussed earlier are incorporated into our plans.

Question 19. The Forest Service has more than 500,000 timber sales annually, but a large proportion of these sales is firewood permits, Christmas trees, and other personal use of wood from the national forests. Can personal use be segregated from commercial operations? What standards or definitions are needed to distinguish such programs? Are the size classes used for timber sales in the annual report appropriate? What difficulties arise in TSPIRS in trying to separate these programs?

Answer. Personal use harvest is separated from the commercial program in TSPIRS. The program covers sales of forest products that are intended for personal use and not for resale or remanufacture. Forest Service regions have limits they place on the amount of product that can be sold under any one personal use permit. The agency has recently developed new definitions for timber sale purpose categories, including the personal use category—a copy of the definitions is enclosed in Appendix 2. [See page 88.] We believe that the size classes used in the annual report are appropriate, although the information could be developed using different size class information if needed. The separation of personal use in TSPIRS is relatively easy after the sales are coded as to their purpose. We have experienced some problems getting the costs of the program coded properly in TSPIRS. Recent oversight reviews of TSPIRS have indicated that some forests have not properly coded their sale administration costs to the personal use category. Regional foresters have taken steps to correct these problems.

Question 20. Is a third category—minor commercial products or very small operators (e.g., five or fewer employees) or operations (e.g., less than one MMBF purchased annually)—relevant, warranted, and feasible? How could such a program be distinguished, in legal requirements and in reporting, from the personal use and commercial programs? Is the originator of the sale (the purchaser or the Forest Service) a relevant criterion? What difficulties might result, in TSPIRS and elsewhere, from such a distinction?

Answer. We currently have no data indicating the size of the company purchasing timber other than the Small Business Association (SBA) classification. In order to develop a class based on purchaser size, we would have to request this information from each purchaser and would have no way to audit the information to ensure it was correct. We could develop a class of very small operators based on the amount of timber purchased from the Forest Service each year, but would have no way of knowing how much private timber is purchased and processed by those companies. This division would probably only be warranted if there was an intent to treat those companies differently from others with regard to a policy on below-cost timber sales. Potentially, current SBA classifications could be used for this purpose. It should be noted that some analysts believe that the SBA program affects the below-cost issue because revenues received for SBA sales are not as high as those for sales open to competitive bidding from large businesses. We do not see the originator of the sale being a relevant criteria since small companies buy both types of sales. As the number of categories of sales increases in TSPIRS, the amount of effort and money spent to track costs increases. There are options to separating costs for each category, some of which would cost substantially more than the methods currently being used but would not necessarily produce better cost data.

Question 21. Please identify, for a recent FY, the number of sales and the volume and value of timber sold in each national forest in each of these categories (personal use; minor commercial; significant commercial) or at least by the classes used in the

annual report. If TSPIRS were applied to only the significant commercial sales, how many forests would still show financial losses in recent years?

Answer. Appendix 3 shows the sales and volume by category for each national forest. [See page 92.]

We have no information that would indicate the effect of separating out the minor commercial portion, but would expect that it would not make a great deal of difference since the average unit cost of preparing and administering these sales would probably not vary greatly from those of sales going to larger companies. The FY 1992 Timber Sale Program Annual Report indicates that the personal use program produced a loss of $29 million. Some of this harvest was concentrated on a few national forests in the Southwest and Pacific Southwest. Of the 66 national forests that have produced net revenue losses over the last 3 years, 8 of them have operated programs that were more than 80-percent personal use. If those forests were dropped from the below-cost category, the remaining 58 would still show losses in the commercial program.

Question 22. Why are purchaser road credits (PRC) counted as receipts when no money has been exchanged between the purchaser and the Forest Service? Are the PRC counted as receipts when they are granted (i.e., at the time of the sale) or when they are used (i.e., at the time of harvest)? Does the Forest Service maintain data on credits granted but not yet used? Are these data maintained at each national forest? Are they available to the public? Are they regularly reported in any Forest Service documents (e.g., the budget justification or the annual report)? What is the consequence for the TSPIRS bottom line of counting them as current receipts and then depreciating the roads over a decade or more?

Answer. Purchaser credit is considered to be an offset—the exchange of a specific value of road for an equal value of timber. Under generally accepted accounting principles (GAAP), offset transactions must be recognized similar to cash transactions on the income statement. The purchaser credit is counted when it is used by the purchaser—at the time the exchange of the road and timber takes place. When the Forest Service bills the purchaser for the harvest, the purchaser may use purchaser credit to pay for the timber. Yes, the timber sales accounting system accounts for unused purchaser credit. Data on the purchaser credit established but not yet used are maintained by each national forest for each timber sale contract. Under FOIA, this information is available to the public upon request. The data are routinely included in internal agency reports that are used to aid in timber sale contract administration work. Unused purchaser credit is also reported in the Forest Service's yearly financial statement as a liability and this report is available to the public and Congress. In accordance with the matching principle of GAAP, road assets are expensed as they are "used up." This presents the most accurate reflection of operations. If the question is what are the consequences of expensing road assets in the year acquired, the table below illustrates that for FY-92.

Revenues	$83,646,739.54	Revenues	$83,646,739.54
Less Amount Capitalized	85,243,871.87	Less Amount Depreciated	47,226,262.47
Net [Loss]	[1,597,132.33]	Net	36,420,477.07

What we must consider is not which method provides the better "bottom line" but which method meets generally accepted accounting principles used by the private sector throughout the United States.

Question 23. Road prism costs are excluded from TSPIRS depreciation accounts, because they are seen as permanent, nondeteriorating assets. Is this accounting treatment consistent with private sector accounting of such assets? How would the TSPIRS bottom line change if private sector treatment of nondeteriorating investments were applied to road prism costs?

Answer. As Associate Chief George Leonard noted at a congressional hearing, in 1989 we had Brown and Company, an independent public accounting firm, audit TSPIRS. They did so in association with Grant Thornton, a large national public accounting firm. The primary purpose of the audit was not to check the accuracy of the data in TSPIRS, but rather to check the system for conformance with GAAP and to make any recommendations for change. They recommended that we move to the current method of accounting for road costs to be in conformance with GAAP and we made that change in FY 1991. The GAO agreed with this concept of capitalizing the road costs and only depreciating costs for those portions that wear out. We are not familiar with what private or public corporations do in similar circumstances, but since virtually every corporation in the country prepares their financial

statements using GAAP, we assume that the treatment of costs in a similar circumstance for a corporation would be the same as recommended by Brown and Company—there would be no change in the TSPIRS bottom line.

Question 24. Does the Forest Service maintain data on PRC and appropriated-dollar investments in roads? Are data on PRC and appropriations maintained so as to distinguish between these funding sources in the depreciation cost pools? Are road prism investment data included in separate, nondepreciated accounts? Are the various road investment data maintained at each forest? Are they regularly reported in any Forest Service documents (e.g., the budget justification or the annual report)?

Answer. The agency does separate road costs by funding source (purchaser credit and appropriated) and reports that data separately in TSPIRS. They are included in separate cost pools, but are treated under the same depreciation schedules based on the type of asset (surfacing, culverts, or bridges). These data are maintained by each national forest and are regularly reported in the Timber Sale Program Annual Report.

Question 25. Are all deposits by timber purchasers to trust funds and special accounts included as receipts in TSPIRS? Are the expenditures from these accounts all reported as expenses in TSPIRS? Please identify which cost pool is used for the expenditures from each trust fund or special account.

Answer. All deposits by timber purchaser are included as receipts. Some K–V trust fund expenditures are not timber related as they may be used for wildlife habitat or other provisions of the K–V Act. Both brush disposal and cooperative road maintenance expenditures are included in the short-term sale activity pool. K–V expenditures are in the growth pool (reforestation) and salvage sale expenditures are in harvest administration, sale activity pool and growth pool as well as general administrative costs.

Question 26. For expenditures reported in the growth activity or depreciation cost pools, what is the consequence for the TSPIRS bottom line of counting the deposits as current receipts and the expenditures as costs a decade or a century later? Are there any Forest Service regulations, rules, directives, etc. that discourage or limit deposits to trust funds and special accounts?

Answer. In accordance with the matching principle of GAAP, assets are expensed as they are "used up." This presents the most accurate reflection of operations. Again, the question is not which method provides the better "bottom line" but which method meets generally accepted accounting principles used by the private sector throughout the United States.

Forest Service policy and direction prescribes the basis for trust fund collections and appropriate use of trust fund receipts. The salvage sale fund and X–V legislation was not intended to encourage nor discourage deposits to trust funds but to prescribe the use of those funds.

Question 27. Does the Forest Service maintain data on deposits to, expenditures from, and balances in the trust funds and special accounts? Are these data maintained at each national forest? Are they available to the public? Are they regularly reported in any Forest Service documents (e.g., the budget justification or the annual report)?

Answer. The agency does maintain data on deposits to and expenditures from all trust funds and special accounts at each national forest. These data are available to the public upon request and are both published in internal reports for agency use and reflected in the Forest Service's yearly financial statement.

Question 28. The data reported in TSPIRS are not fully consistent with data reported elsewhere, especially the budget justification and the annual report. Why? Does this indicate that the Forest Service is keeping two (or more) sets of books? How does this implication affect Forest Service credibility with Congress and the public?

Answer. The agency maintains one official set of data regarding timber sale harvest volumes, costs, and revenues. These data are maintained in the Timber Sale Accounting and Central Accounting Systems. On occasion, it may appear that the data do not match. However, this is generally due to the use of different rules in assembling the data for a report. As an example, GAAP provides specific criteria for reporting revenue and expenses—the costs for undelivered orders would not be included in a particular year's income statement. But, the agency budget reports may routinely include those costs. As a result, those two reports will look different even though there is a good and valid reason for it. At times, we do show different numbers in different reports where they should match. This is generally due to corrections in the number after the first is published, but before the second has been put together. We are working on resolving this problem.

Question 29. It has been said that the Forest Service uses the timber program to achieve a wide variety of benefits. What are the criteria for coding timber sales in TSPIRS? Is it possible to say that some timber sales are undertaken primarily for nontimber purposes? How many timber sales do not produce any commercial timber at all?

Answer. Appendix 2 explains the newly revised process for coding timber sale purposes and the definitions for each category. Many timber sales are undertaken by the Forest Service for nontimber reasons such as forest health improvement or wildlife habitat maintenance. Because the new purpose codes were just recently implemented we do not yet have good data on the amount of timber volume in each category. However, estimates range from 30–50 percent of the total volume harvested on below-cost forests is for forest stewardship (nontimber) purposes.

Appendix 1

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1992					FISCAL YEAR 1991				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	509	745	940	935	1,050	838	980	980	917	1,000
R-2	338	332	340	345	345	330	340	340	340	403
R-3	183	370	375	375	400	279	400	400	400	400
R-4	317	341	345	345	390	339	390	390	326	400
R-5	784	1,290	1,565	1,580	1,565	1,023	1,552	1,650	1,650	1,650
R-6	684	2,969	3,450	3,100	3,100	1,094	3,450	4,400	4,600	4,600
R-8	1,108	1,086	1,100	1,100	1,151	1,129	1,230	1,230	1,274	1,297
R-9	714	747	800	800	830	792	821	821	704	840
R-10	425	415	420	420	420	356	383	353	353	410
TOTAL	5,063	8,381 1/	9,335	9,000	9,181	6,180	9,546	10,564	10,564	11,000

1/ Does not include 344.4 MMBF of FY 1991 carry over target.

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1990					FISCAL YEAR 1989				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	786	1,122	1,100	1,000	1,088	914	1,138	1,090	1,090	1,090
R-2	370	365	390	390	389	379	371	371	371	371
R-3	329	395	401	403	403	402	400	384	384	384
R-4	406	430	385	350	406	358	400	378	378	378
R-5	1,644	1,775	1,800	1,800	1,839	1,713	1,800	1,700	1,700	1,700
R-6	5,046	4,537	4,800	4,800	4,722	4,413	4,950	4,838	4,838	4,838
R-8	1,363	1,325	1,295	1,295	1,385	1,205	1,324	1,324	1,324	1,324
R-9	775	800	810	809	809	809	803	803	803	803
R-10	338	380	333	333	333	322	319	319	319	319
TOTAL	11,059	11,129	11,351	11,029	11,374	10,515	11,505	11,207	11,207	11,207

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1988					FISCAL YEAR 1987				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	968	1,100	1,050	1,050	1,050	1,024	1,005	965	965	1,070
R-2	385	383	409	409	409	400	383	400	408	408
R-3	373	400	364	364	364	407	400	400	400	450
R-4	391	390	365	365	365	415	390	307	307	307
R-5	1,870	1,750	1,546	1,546	1,546	1,497	1,510	1,485	1,485	1,650
R-6	5,056	5,100	4,840	4,840	4,840	5,270	5,200	4,190	4,156	4,603
R-8	1,210	1,300	1,450	1,450	1,450	1,303	1,264	1,161	1,161	1,320
R-9	747	703	740	740	740	747	703	683	683	683
R-10	349	350	380	380	380	411	380	434	461	461
TOTAL	11,348	11,476	11,144	11,144	11,144	11,474	11,235	10,025	10,025	10,951

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1986					FISCAL YEAR 1985				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	1,044	1,050	950	1,070	1,070	1,044	1,040	1,070	1,200	1,200
R-2	403	400	370	390	365	488	440	450	390	390
R-3	441	440	440	500	475	439	490	500	520	520
R-4	432	400	350	354	354	432	405	400	420	420
R-5	1,495	1,550	1,550	1,905	1,661	1,629	1,620	1,650	1,925	1,925
R-6	5,366	5,200	4,600	5,359	4,800	4,679	4,690	4,600	5,300	5,300
R-8	1,367	1,236	1,290	1,440	1,327	1,552	1,320	1,320	1,390	1,390
R-9	736	720	700	750	736	841	770	760	740	740
R-10	384	434	460	460	460	434	460	460	460	460
TOTAL	11,668	11,430	10,710	12,228	11,248	11,537	11,235	11,210	12,345	12,345

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1984					FISCAL YEAR 1983				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	1,103	1,072	1,070	1,340	1,342	1,080	1,070	1,210	1,210	1,100
R-2	495	465	360	390	392	376	360	390	390	390
R-3	511	500	460	540	540	457	440	460	460	460
R-4	458	400	360	415	414	428	360	420	420	420
R-5	1,735	1,750	1,840	2,100	2,200	1,736	1,750	2,000	2,000	2,000
R-6	4,926	4,920	5,100	5,200	5,585	4,746	4,700	5,340	5,200	5,200
R-8	1,424	1,350	1,290	1,390	1,391	1,310	1,248	1,270	1,270	1,270
R-9	810	780	700	725	726	681	660	720	720	720
R-10	478	485	460	500	510	469	460	490	490	500
TOTAL	11,939	11,722	11,640	12,600	13,100	11,283	11,048	12,300	12,300	12,060

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1982					FISCAL YEAR 1981				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	1,028	1,090	1,168	1,123	1,123	1,145	1,145	1,110	1,225	1,025
R-2	390	330	365	365	365	401	401	365	365	365
R-3	378	415	453	453	420	464	464	420	420	405
R-4	414	385	419	419	419	424	424	419	419	419
R-5	1,639	1,745	1,900	1,900	1,900	1,829	1,829	1,950	2,104	2,104
R-6	4,857	4,800	5,200	5,200	5,200	5,418	5,418	5,200	5,150	5,150
R-8	1,202	1,175	1,230	1,230	1,230	1,243	1,242	1,230	1,116	1,116
R-9	690	645	680	670	670	688	688	670	615	615
R-10	523	490	485	500	500	546	546	536	500	500
TOTAL	11,118	11,075	11,900	11,860	11,762	12,159	12,158	11,900	11,899	11,699

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1980					FISCAL YEAR 1979				
	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.
R-1	1,192	1,190	1,190	1,190	1,140	1,260	1,225	1,065	1,233	1,070
R-2	411	425	352	352	350	443	450	357	398	408
R-3	443	424	424	424	340	435	410	424	355	450
R-4	457	450	400	400	420	464	495	400	467	307
R-5	1,915	1,931	1,750	1,750	1,780	2,097	2,085	1,674	1,819	1,650
R-6	5,377	5,200	5,150	5,150	4,260	5,178	5,200	5,150	4,812	4,603
R-8	1,331	1,280	1,228	1,228	1,080	1,252	1,230	1,168	1,151	1,320
R-9	728	700	633	633	580	654	630	633	605	683
R-10	579	560	560	560	550	650	645	623	660	461
TOTAL	12,435	12,160	11,687	11,687	10,500	12,432	12,400	11,494	11,500	10,951

TIMBER OFFER LEVELS BY REGIONS

REGION	FISCAL YEAR 1978						FISCAL YEAR 1977				
	ACTUAL ACCOMPL.	12/2 APPROP. ACT	9/6 APPROP. ACT	PRES. BUDGET	DEPT. ALLOW.	AGENCY REQ.	ACTUAL ACCOMPL.	FINAL APPROP. ACT	APPROP ACT.	PRES. BUDGET	AGENCY REQ.
R-1		1,158	1,270	1,174	1,053	1,168		1,333	1,167		
R-2		429	455	331	305	370		452	338		
R-3		461	358	349	316	353		350	350		
R-4		422	470	430	380	419		458	422		
R-5		2,148	1,880	1,757	1,611	1,741		1,915	1,785		
R-6		5,238	4,812	4,063	3,961	3,379		4,578	4,333		
R-8		1,115	1,273	1,029	1,029	1,141		1,159	1,140		
R-9		708	707	513	500	605		611	611		
R-10		557	800	604	545	554		604	604		
TOTAL		12,236	12,025	10,250	9,700	9,730		11,470 1/	10,750	10,400	

1/ COMGRESSIONAL SUPPPLEMENTAL FUNDING ADDED 520 MMBF TO FINAL OFFER LEVEL.

Appendix 2

TIMBER SALE PROGRAM INFORMATION REPORTING SYSTEM (TSPIRS)

Definitions of Sale Purpose Codes

Forest Stewardship Purpose -- These are timber sales which are designed primarily to achieve forest stewardship objectives that require vegetation management as outlined in forest plans. Timber harvest must be shown to be the most financially efficient way of achieving the forest plan vegetation management objective (i.e., it produces the least net cost when both current costs and revenues are considered). As a general rule, if the forest had no timber program or if there was no demand for the timber being harvested, these vegetation management projects would normally be accomplished through some other means such as controlled burning (assuming funding is available to do so). Where timber harvest is selected to achieve the forest stewardship objective, the sale of timber is secondary to achieving that objective. Such timber harvest is not for personal use or timber commodity purposes.

This timber may be harvested from lands classified as suited or unsuited for timber management through green or salvage sales. When it is harvested from suited lands, it will be classified as "chargeable" volume. If harvested from unsuited lands, it will be classified as "nonchargeable" volume. Portions of projects that are primarily designed to achieve forest stewardship objectives are coded as "forest stewardship" (FS) in the TSA system along with the appropriate percent of the associated sale volume. In addition, a activity code is required to identify the primary resource objective associated with this portion of the project.

Timber Commodity Purpose -- These are sales, in addition to Forest Stewardship Purpose Sales, whose primary objective is for the purpose of providing forest product raw material to contribute to the Nation's timber supply. Timber harvest that is not for personal use or other resource purposes and is designed to achieve the timber volume objectives of the forest plan.

This timber may only be harvested from lands classified as suited for timber harvest in the land and resource management plan using either green or salvage sales and is considered "chargeable" volume. The portion of a project that is primarily designed to meet timber purpose objectives is coded as "timber commodity purpose" (TC) in the Timber Sale Accounting (TSA) system. The proportion (percent) of the project (based on volume) that is represented by a primary timber commodity purpose is also coded in the system.

Personal Use -- permits or forest product sales of any size or value where the presumption is that the purchaser will use the material for personal use rather than for manufacture and/or resale. Unless otherwise indicated, this category will always include all free-use permits and paid permits or sales less than or equal to the following quantities:

- ... 10 cords
- ... 5 thousand board feet
- ... 3 Christmas trees
- ... $20.00 value for other products that cannot be converted to a board foot or cubic foot equivalent (non-convertible products)

These permits or sales (with the exception of free-use) are coded as personal use (PP) in the TSA system. An activity code of "other" would normally be used with the personal use purpose code. Harvest administration work for free-use permits must be coded to this category through the central accounting system.

Discussion of Sale Purpose Code Application

In order to properly identify the primary purpose of the timber sale, each sale will need to be evaluated beginning at the position statement (gate 1) phase of project development. The general primary purpose of the proposal, including which forest plan objectives are to be achieved, should be identified at gate 1 and documented in the position statement. As the proposal undergoes further development through the environmental analysis, the purpose documentation may be refined. Portions of timber sales may be split and their purposes described separately in the environmental analysis documentation or project file. In addition, an activity code may be included to identify the principle benefitting resource or a more specific primary purpose.

The following timber sale purpose codes may be used:

TC -- Timber Commodity Purpose
FS -- Forest Stewardship Purpose
PP -- Personal Use

In deciding the primary purpose, consider whether the vegetation management proposal would be continued through some other means, even if timber harvest was not available. That is, would we attempt to achieve the vegetation management and resulting project objectives by securing appropriate funds to implement a non-harvest alternative. When forest stewardship objectives are identified as the primary purpose for sales or portions of sales, an analysis must be completed that indicates that timber harvest is the most financially efficient means of achieving the objective. Other viable means of achieving the same vegetation management results, such as controlled burning, should be examined and their financial effects weighed against those of timber harvest. Document the results of this analysis in the project file, environmental assessment, or environmental impact statement. Salvage sales may be included in either the timber commodity or forest stewardship component depending on the primary purpose of the salvage.

In addition to the purpose code, an activity code must be assigned to each sale or portion of a sale to identify the primary benefitting resource or further define the purpose. National activity codes that may be used with the timber commodity purpose code (TC) include:

01 - Timber Resource. Includes sales or portions primarily designed to provide wood products to meet demand.

National activity codes that may be used with the forest stewardship purpose code (FS) include:

10 - Forest and Ecosystem Health. Includes objectives to promote long-term forest health through forest pest and fuels management. Projects specifically designed to prevent resource losses and ecosystem damage from catastrophic events, such as fires or wind storms, are also included. This category could also include salvage to offset the cost of reforestation and site rehabilitation after catastrophic events.

20 - Recreation/Visual/Cultural Resource Enhancement. Includes objectives related to recreation area enhancement, such as the removal of hazard trees from campgrounds; visual enhancement, such as opening vistas or regenerating specific species (e.g. aspen) to create landscape variety; and cultural resource enhancement.

30 - Wildlife Habitat Management. Includes objectives to manage habitat for a particular species or group of species, such as creating openings to promote growth of seral stage vegetation and improve foraging areas for deer.

40 - Fisheries Habitat Management and Watershed Improvement. Includes the management of vegetation designed to improve fisheries habitat and management to improve soil stability where the specific purpose is to protect or improve fish habitat or water quality.

50 - Threatened and Endangered Species Habitat Management. Includes the management of vegetation and ecosystem development to meet the habit requirements of endangered species, such as the red-cockaded woodpecker of the southern states.

60 - Range Resource Enhancements. Vegetation management to improve the range resource for domestic livestock use.

70 - Non-Timber Products. The commercial sale of non-timber products such as posts, poles, firewood, Christmas trees, etc., where these sales are designed to achieve forest stewardship or public service objectives.

90 - Other. The sale of timber for other reasons that meet the definition of forest stewardship purpose.

The following national activity codes may be used with the personal use purpose category:

80 -Personal Use Products. Forest product sold or provided free with the intent that those products will not be re-sold or re-manufactured for commercial purposes.

In determining the proportion of the project to include in each sale purpose/activity combination, the project planner should identify the primary forest plan objective being achieved by each specific area of the project and assign an appropriate purpose/activity combined code to that area. If possible, the percentage assigned to each code should be based on projected timber harvest volume. A simplified example follows:

Sale A has two cutting units. Cutting Unit 1 (30 acres) is primarily designed to achieve a timber commodity purpose and the expected harvest volume is 400 MBF. Cutting Unit 2 (20 acres) is primarily designed to achieve a wildlife objective and the expected harvest volume is 100 MBF. After determining proportions based on volume, the project would be coded as 80 percent timber commodity purpose/timber resource activity (TC/00 80 percent) and 20 percent forest stewardship purpose/wildlife activity (FS/30 20 percent).

The sale planner should not attempt to determine proportions by separating jointly integrated objectives. As an example, if a particular acre of harvest will produce both timber benefits and wildlife benefits to meet forest plan objectives, the primary purpose must be identified as either timber or wildlife and coded as such.

Data Storage in TSA

The project codes would be separated into three categories in TSA: the purpose code, the activity code, and the percent of the sale in each category. Each combination of purpose and activity code requires a separate line entry in the system.

The information would be stored as follows:

Sale Purpose Code	2 positions
Activity Code	2 position
Activity Percentage	3 positions (to the nearest 1%)

Valid Sale Purpose Codes include:

TC -- Timber Commodity Purpose
FS -- Forest Stewardship Purpose
PP -- Personal Use

For each sale purpose code, valid activity codes include:

Purpose Codes	Valid activity Codes
TC	01 -- Timber Purpose
FS	10 -- Forest and Ecosystem Health
FS	20 -- Recreation/Visual/Cultural Resource Enhancements
FS	30 -- Wildlife Habitat Management
FS	40 -- Fisheries Habitat Management and Watershed Improvement
FS	50 -- T&E Species Habitat Management
FS	60 -- Range Resource Enhancements
FS	70 -- Non-Timber Products
PP	80 -- Personal Use Products
FS	90 -- Other

The TSA system will require that, on the initial insert of a contract/permit, a valid purpose/activity code combination be present. This will be done by the establishment of the proper edits in the TSA system at time of input. If a single purpose/activity code is entered for a contract/permit the percentage must equal 100 percent. If not, the contract/permit will be rejected. Modifications to the purpose/activity code and activity percentage will be allowed. The total of the activity percent must equal 100 percent at all times. A purpose/activity code with zero activity percent will not be allowed. Any delete of a purpose/activity code will require a modification to another purpose/activity code and activity percent or the input of a new purpose/activity code and activity percentage in the same edit/update cycle to maintain the 100 percent total required.

(USDA - Forest Service, 7/16/93)

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FOREST: 02 BEAVERHEAD

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2	.00	$378.00	.00	$378.00
	3	TO $300	934	1,907.38	$12,453.45	1,724.52	$14,431.88
	4	$301 TO $2,000	9	302.43	$6,759.85	1,109.92	$16,275.67
	5	$2,001 TO 2,000M	2	476.00	$39,581.99	954.82	$69,983.10
	6	2,001M TO 5,000M	1	2,600.35	$473,424.71	2,422.02	$219,367.37
	8	15,001M AND OVER		.00	$.00	.00	$46,587.18
		TOTAL TYPE 2 DATA	948	5,286.16	$532,598.00	6,211.28	$367,023.20

FOREST: 03 BITTERROOT

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	7	.00	$566.00	.00	$311.00
	3	TO $300	1,407	1,753.73	$20,104.58	1,685.25	$15,151.69
	4	$301 TO $2,000	18	1,233.50	$60,496.87	619.63	$17,724.43
	5	$2,001 TO 2,000M	7	3,987.00	$355,861.92	1,651.74	$146,312.65
	6	2,001M TO 5,000M		5.00	$630.00	5,753.63	$479,489.61
	7	5,001M TO 15,000M		.00	$.00	15.96	$3,354.13
		TOTAL TYPE 2 DATA	1,439	6,979.23	$437,659.37	9,726.21	$662,343.51

FOREST: 04 PANHANDLE

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	554	.00	$14,850.62	.00	$11,555.33
	3	TO $300	2,799	7,002.69	$68,737.51	7,367.44	$69,576.84
	4	$301 TO $2,000	98	1,246.27	$94,970.60	2,186.99	$353,106.80
	5	$2,001 TO 2,000M	94	20,622.62	$3,213,057.46	27,305.44	$3,116,726.73
	6	2,001M TO 5,000M	9	28,634.00	$4,282,974.31	49,670.20	$5,754,485.74
	7	5,001M TO 15,000M	6	50,967.30	$10,057,966.08	128,253.48	$14,259,142.22
	8	15,001M AND OVER		.00	$.00	20,262.76	$2,366,755.18
		TOTAL TYPE 2 DATA	3,560	108,472.88	[illegible]6.58	235,046.31	$25,931,348.84

FOREST: 05 CLEARWATER

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	6	.00	$610.00	.00	$610.00
	3	TO $300	1,134	2,986.37	$23,025.64	3,647.27	$28,337.00
	4	$301 TO $2,000	6	406.60	$11,970.26	1,346.86	$44,131.76
	5	$2,001 TO 2,000M	23	8,477.08	$713,783.51	11,361.15	$1,104,861.79
	6	2,001M TO 5,000M	7	27,232.40	$3,576,950.45	10,551.07	$992,724.15
	7	5,001M TO 15,000M	2	26,454.50	$2,147,366.19	73,242.98	$5,906,410.18
	8	15,001M AND OVER		977.80	$577.80	15,829.36	$1,262,400.55
		TOTAL TYPE 2 DATA	1,178	66,534.75	$6,474,283.65	115,978.69	$9,339,475.43

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FOREST: 08 CUSTER

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	881	.00	$3,279.00	.00	$3,449.00
	3	TO $300	669	887.88	$8,633.50	900.83	$8,747.70
	4	$301 TO $2,000	1	102.00	$1,071.00	15.00-	$90.00-
	5	$2,001 TO 2,000M	1	1,717.79	$143,389.37	2,931.46	$117,079.14
		TOTAL TYPE 2 DATA	1,552	2,707.67	$156,372.87	3,817.29	$129,185.84

FOREST: 09 DEERLODGE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2	.00	$51.00	.00	$51.00
	3	TO $300	934	1,702.91	$18,316.03	2,502.12	$27,557.08
	4	$301 TO $2,000	29	308.01	$10,640.77	210.15	$15,132.46
	5	$2,001 TO 2,000M	14	5,685.98	$691,991.49	969.75	$127,038.29
	6	2,001M TO 5,000M		.00	$.00	5,451.89	$558,451.85
	7	5,001M TO 15,000M		.00	$.00	1,996.92	$118,159.95
		TOTAL TYPE 2 DATA	979	7,696.90	$720,999.29	11,130.83	$846,390.63

FOREST: 10 FLATHEAD

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	50	.00	$14,396.50	.00	$8,955.00
	3	TO $300	1,536	3,469.20	$37,723.10	3,258.20	$33,584.64
	4	$301 TO $2,000	20	586.98	$23,836.44	2,157.04	$33,216.90
	5	$2,001 TO 2,000M	15	6,173.93	$495,081.39	7,397.89	$787,964.10
	6	2,001M TO 5,000M	6	22,174.93	$2,654,210.83	13,376.06	$1,132,621.82
	7	5,001M TO 15,000M	3	23,192.81	$4,209,670.31	22,212.56	$2,796,801.88
	8	15,001M AND OVER		105.00	$15,204.45	4,825.12	$336,250.33
		TOTAL TYPE 2 DATA	1,630	55,702.85	$7,450,123.02	53,226.87	$5,129,394.67

FOREST: 11 GALLATIN

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,591	.00	$13,513.00	.00	$13,193.00
	3	TO $300	1,708	3,013.95	$21,897.59	2,514.74	$15,580.63
	4	$301 TO $2,000	5	790.40	$9,841.05	1,305.58	$24,640.08
	5	$2,001 TO 2,000M	6	1,868.49	$189,115.91	2,299.37	$126,931.62
	6	2,001M TO 5,000M	1	3,386.70	$172,444.96	302.85	$12,891.93
	7	5,001M TO 15,000M		2.00-	$111.62-	1,020.38	$21,028.77
	8	15,001M AND OVER	1	10,716.00	$751,237.76	.00	$.00
		TOTAL TYPE 2 DATA	3,312	19,773.54	$1,157,938.65	7,442.92	$214,266.03

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FOREST: 12 HELENA

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3	.00	$525.00	.00	$525.00
	3	TO $300	1,533	2,340.57	$20,720.62	2,300.91	$22,535.67
	4	$301 TO $2,000	18	674.50	$26,062.78	1,028.49	$38,809.26
	5	$2,001 TO 2,000M	13	3,899.30	$213,464.57	3,562.78	$293,671.39
	6	2,001M TO 5,000M	2	3,441.27	$268,624.77	9,478.30	$680,612.15
		TOTAL TYPE 2 DATA	1,569	10,355.64	$529,397.74	16,370.48	$1,036,153.47

FOREST: 14 KOOTENAI

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	806	.00	$27,070.68	.00	$30,561.95
	3	TO $300	1,772	4,142.79	$134,837.79	4,167.38	$110,720.38
	4	$301 TO $2,000	77	3,408.45	$352,012.72	4,523.86	$316,639.51
	5	$2,001 TO 2,000M	108	29,579.00	$5,722,001.84	36,149.24	$5,041,704.05
	6	2,001M TO 5,000M	16	53,178.50	$12,454,532.06	33,583.23	$5,069,936.15
	7	5,001M TO 15,000M	7	69,355.93	$13,446,596.79	66,596.84	$8,303,737.04
	8	15,001M AND OVER	1	43,974.50	$2,484,646.89	29,376.98	$3,094,052.50
		TOTAL TYPE 2 DATA	2,787	203,639.17	$34,621,698.77	174,397.53	$21,967,351.58

FOREST: 15 LEWIS & CLARK

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,777	.00	$12,272.02	.00	$11,901.02
	3	TO $300	1,280	2,195.11	$21,525.14	2,242.72	$22,345.88
	4	$301 TO $2,000	8	153.00	$9,342.66	271.13	$9,733.46
	5	$2,001 TO 2,000M	14	7,012.00	$621,868.12	4,331.43	$181,871.93
	6	2,001M TO 5,000M	8	9,325.55	$1,319,471.73	14,651.02	$667,107.55
	7	5,001M TO 15,000M	1	5,600.00	$1,136,164.00	532.00	$111,032.64
		TOTAL TYPE 2 DATA	5,088	24,285.66	$3,120,643.67	22,028.30	$1,003,992.48

FOREST: 16 LOLO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	10	.00	$900.00	.00	$1,000.00
	3	TO $300	1,594	4,619.45	$38,944.97	3,674.41	$37,849.18
	4	$301 TO $2,000	137	3,322.60	$107,684.19	3,390.38	$172,010.45
	5	$2,001 TO 2,000M	19	13,342.40	$2,477,454.95	11,348.78	$907,349.47
	6	2,001M TO 5,000M	5	17,578.00	$2,773,526.86	11,828.45	$1,148,929.73
	7	5,001M TO 15,000M	3	26,431.33	$5,597,756.92	37,764.88	$4,397,949.21
		TOTAL TYPE 2 DATA	1,768	65,293.78	$10,996,267.89	68,006.90	$6,665,088.04

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FOREST: 17 NEZPERCE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	106	.00	$8,395.00	.00	$8,005.00
	3	TO $300	1,255	7,439.67	$29,153.11	5,771.27	$28,061.11
	4	$301 TO $2,000	6	2,635.76	$5,247.19	543.55	$7,647.78
	5	$2,001 TO 2,000M	5	3,240.11	$44,707.86	5,824.26	$411,834.60
	6	2,001M TO 5,000M		447.00	$447.00	12,073.46	$500,178.72
	7	5,001M TO 15,000M		1,841.20	$1,841.20	36,396.15	$2,747,188.53
	8	15,001M AND OVER		300.00	$300.00	23,650.55	$843,170.98
		TOTAL TYPE 2 DATA	1,372	15,903.74	$90,091.36	84,259.24	$4,546,086.72

TIMBER CUT AND SOLD ON NATIONAL FORESTS
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FOREST: 02 BIGHORN

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,743	.00	$12,043.50	.00	$11,526.30
	3	TO $300	9,240	2,561.16	$24,876.70	2,310.36	$21,048.26
	4	$301 TO $2,000	319	106.70	$3,158.00	.00	$.00
	5	$2,001 TO 2,000M	3	4,306.00	$235,152.95	6,191.42	$314,481.33
	6	2,001M TO 5,000M		.00	$.00	1,061.48	$11,515.12-
	7	5,001M TO 15,000M		.00	$.00	4,248.38	$283,999.13
		TOTAL TYPE 2 DATA	12,305	6,973.86	$275,231.15	13,811.64	$619,539.90

FOREST: 03 BLACK HILLS

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,502	.00	$44,825.00	.00	$44,297.00
	3	TO $300	2,711	4,992.75	$40,580.50	5,381.09	$42,889.77
	4	$301 TO $2,000	10	808.22	$8,342.68	1,482.88	$22,953.02
	5	$2,001 TO 2,000M	8	6,049.00	$637,797.15	8,099.73	$848,325.25
	6	2,001M TO 5,000M	6	21,199.25	$4,512,271.28	28,592.43	$3,363,335.25
	7	5,001M TO 15,000M	11	94,750.00	$19,142,273.59	83,085.07	$7,786,695.89
		TOTAL TYPE 2 DATA	7,248	127,799.22	$24,386,090.20	126,641.20	$12,108,496.18

FOREST: 04 GRAND MESA-UNCOMPAGR

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,603	.00	$10,527.50	.00	$10,672.50
	3	TO $300	7,274	6,078.41	$66,507.21	7,567.82	$34,396.90
	4	$301 TO $2,000	862	1,733.90	$15,716.85	2,091.58	$12,919.24
	5	$2,001 TO 2,000M	9	5,176.98	$148,358.76	15,609.48	$180,788.17
	6	2,001M TO 5,000M	2	7,574.80	$172,577.12	6,690.77	$323,136.03
	7	5,001M TO 15,000M	1	5,150.00	$62,928.00	7,908.00	$134,066.34
		TOTAL TYPE 2 DATA	9,751	25,714.09	$476,615.44	39,867.65	$695,979.18

FOREST: 06 MEDICINE BOW

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,934	.00	$19,609.00	.00	$28,284.00
	3	TO $300	1,366	2,746.29	$31,664.98	4,339.47	$28,973.50
	4	$301 TO $2,000	15	714.62	$37,901.52	944.64	$60,287.01
	5	$2,001 TO 2,000M	2	288.80	$39,157.51	2,990.46	$102,596.27
	6	2,001M TO 5,000M	2	6,630.00	$683,353.50	5,595.65	$532,828.54
	7	5,001M TO 15,000M		.00	$.00	20,575.70	$815,786.63
		TOTAL TYPE 2 DATA	3,319	10,379.71	$811,686.51	34,445.92	$1,568,755.95

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FOREST: 07 NEBRASKA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	266	.00	$1,064.00	.00	$1,064.00
	3	TO $300	11	25.00	$210.00	25.00	$210.00
	5	$2,001 TO 2,000M		.00	$.00	945.00	$24,343.20
		TOTAL TYPE 2 DATA	277	25.00	$1,274.00	970.00	$25,617.20

FOREST: 09 RIO GRANDE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,952	.00	$10,294.33	.00	$11,368.33
	3	TO $300	2,709	5,221.16	$20,495.72	4,988.41	$18,208.48
	4	$301 TO $2,000	3	162.50	$2,225.00	37.50	$375.00
	5	$2,001 TO 2,000M	6	4,515.50	$414,933.76	1,575.32	$104,691.41
	6	2,001M TO 5,000M	4	11,448.00	$1,251,442.93	6,879.98	$450,424.53
	7	5,001M TO 15,000M	1	5,316.00	$760,331.74	11,560.17	$702,153.66
		TOTAL TYPE 2 DATA	4,675	26,663.16	$2,459,723.48	25,041.38	$1,287,221.41

FOREST: 10 ROOSEVELT

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	6,215	.00	$71,824.46	.00	$70,411.46
	3	TO $300	405	288.67	$6,946.09	426.67	$11,215.59
	4	$301 TO $2,000	552	810.80	$11,583.25	841.36	$16,448.72
	5	$2,001 TO 2,000M	2	1,910.56	$83,432.61	388.31	$11,355.56
	7	5,001M TO 15,000M		.00	$.00	7,293.76	$133,119.38
		TOTAL TYPE 2 DATA	7,174	3,010.03	$173,786.41	8,950.10	$242,550.71

FOREST: 11 ROUTT

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	844	.00	$27,615.50	.00	$25,681.50
	3	TO $300	640	948.63	$10,428.52	1,005.69	$12,201.50
	4	$301 TO $2,000	55	730.37	$10,772.73	199.41	$3,825.64
	5	$2,001 TO 2,000M	2	1,046.00	$40,169.30	5,411.92	$117,156.54
	6	2,001M TO 5,000M	4	13,393.75	$778,678.23	4,183.01	$81,739.82
	7	5,001M TO 15,000M		.00	$.00	11,631.60	$133,219.59
		TOTAL TYPE 2 DATA	1,545	16,118.75	$867,664.28	22,431.63	$373,824.59

FOREST: 12 SAN ISABEL

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	11,812	.00	$103,017.08	.00	$95,792.46
	3	TO $300	5,620	2,668.35	$41,495.27	3,310.26	$55,691.48
	4	$301 TO $2,000	2,053	2,388.40	$25,654.92	881.70	$13,517.57
	5	$2,001 TO 2,000M	5	3,907.37	$216,464.34	2,266.02	$49,595.75
	6	2,001M TO 5,000M		.00	$.00	46.30	$234.30
		TOTAL TYPE 2 DATA	19,490	8,964.12	$386,631.61	6,504.28	$214,831.56

FOREST: 13 SAN JUAN

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,421	.00	$18,169.18	.00	$16,524.68
	3	TO $300	10,805	4,736.55	$32,023.77	5,430.69	$34,565.27
	4	$301 TO $2,000	4	189.00	$3,355.43	186.20	$3,339.61
	5	$2,001 TO 2,000M	3	2,438.69	$246,412.35	7,599.36	$449,584.81
	6	2,001M TO 5,000M	4	10,376.62	$864,701.74	11,715.67	$636,478.03
	7	5,001M TO 15,000M		.00	$.00	4,021.91	$138,376.66
	8	15,001M AND OVER		.00	$.00	631.60	$13,198.70
		TOTAL TYPE 2 DATA	13,237	17,740.86	$1,164,662.47	29,585.43	$1,292,067.76

FOREST: 14 SHOSHONE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,408	.00	$13,324.00	.00	$14,342.00
	3	TO $300	1,538	3,179.20	$32,165.85	3,308.10	$33,653.50
	4	$301 TO $2,000		.00	$.00	279.50	$6,590.34
	5	$2,001 TO 2,000M	3	1,318.00	$98,825.09	2,000.61	$117,323.10
	6	2,001M TO 5,000M		.00	$.00	4,638.28	$305,913.60
		TOTAL TYPE 2 DATA	3,949	4,497.20	$144,314.94	10,226.49	$477,822.54

FOREST: 15 WHITE RIVER

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,230	.00	$29,522.50	.00	$34,179.50
	3	TO $300	1,859	3,093.65	$75,507.25	3,109.44	$63,625.64
	4	$301 TO $2,000	46	458.00	$13,420.31	423.00	$13,077.08
	5	$2,001 TO 2,000M	8	3,132.38	$344,914.97	10,059.55	$292,706.50
	6	2,001M TO 5,000M	4	8,892.00	$584,163.52	4,064.60	$159,796.03
	7	5,001M TO 15,000M	1	6,619.00	$268,984.19	9,007.49	$162,421.70
		TOTAL TYPE 2 DATA	7,148	22,195.03	$1,316,512.74	26,664.08	$725,806.45

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FOREST: 01 APACHE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,765	.00	$24,343.60	.00	$24,891.10
	3	TO $300	2,245	5,084.50	$33,509.93	4,819.52	$37,696.98
	4	$301 TO $2,000	2	23.51	$1,110.00	23.51	$1,110.00
	5	$2,001 TO 2,000M	4	438.52	$54,291.24	2,281.41	$57,174.94
	6	2,001M TO 5,000M	5	14,690.00	$1,825,353.22	11,752.65	$1,331,725.61
	7	5,001M TO 15,000M	1	5,160.00	$869,657.11	25,462.28	$3,101,740.18
	8	15,001M AND OVER		.00	$.00	3,806.05	$359,920.84
		TOTAL TYPE 2 DATA	6,022	25,396.53	$2,808,265.10	48,145.42	$4,914,259.65

FOREST: 02 CARSON

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,130	.00	$17,562.43	.00	$17,532.43
	3	TO $300	2,637	2,525.03	$36,175.04	2,537.98	$37,338.63
	4	$301 TO $2,000	12	421.65	$12,320.89	351.75	$7,522.56
	5	$2,001 TO 2,000M	12	1,890.73	$139,088.30	2,153.53	$112,370.49
	6	2,001M TO 5,000M		.00	$.00	10,039.06	$395,402.82
	7	5,001M TO 15,000M		.00	$.00	2,389.66	$44,680.60
		TOTAL TYPE 2 DATA	6,791	4,837.41	$205,146.66	17,471.98	$614,847.53

FOREST: 03 CIBOLA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,261	.00	$15,630.05	.00	$15,820.05
	3	TO $300	2,845	3,224.40	$59,470.29	3,254.40	$59,520.79
	4	$301 TO $2,000	173	396.00	$7,753.50	492.50	$7,858.12
	5	$2,001 TO 2,000M	3	2,109.03	$287,961.43	1,482.00	$267,296.82
	7	5,001M TO 15,000M		.00	$.00	25.00	$2,030.00
		TOTAL TYPE 2 DATA	5,282	5,729.43	$370,815.27	5,253.90	$352,525.78

FOREST: 04 COCONINO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	186	.00	$3,555.00	.00	$3,555.00
	3	TO $300	5,757	9,793.44	$100,282.00	9,788.44	$100,232.00
	4	$301 TO $2,000	34	1,945.91	$27,712.11	1,702.41	$24,326.46
	5	$2,001 TO 2,000M	16	22,038.81	$1,925,178.47	10,047.36	$468,081.43
	6	2,001M TO 5,000M		.00	$.00	12,496.16	$1,035,046.54
	7	5,001M TO 15,000M	2	14,837.66	$1,511,260.43	28,586.91	$2,820,601.28
	8	15,001M AND OVER		.00	$.00	23,919.50	$2,987,297.86
		TOTAL TYPE 2 DATA	5,995	48,615.82	$3,567,988.01	86,540.78	$7,439,140.57

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FOREST: 05 CORONADO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	356	.00	$3,320.00	.00	$2,845.00
	3	TO $300	1,570	390.80	$29,085.00	397.30	$26,210.00
	5	$2,001 TO 2,000M		.00	$.00	4.50	$161.52
		TOTAL TYPE 2 DATA	1,926	390.80	$32,405.00	401.80	$29,216.52

FOREST: 06 GILA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,622	.00	$13,366.80	.00	$13,366.80
	3	TO $300	4,130	5,211.52	$51,618.23	5,193.02	$51,340.73
	4	$301 TO $2,000	10	249.81	$23,408.19	330.16	$26,089.49
	5	$2,001 TO 2,000M	4	1,202.00	$79,903.01	1,124.94	$27,565.95
	7	5,001M TO 15,000M	1	7,809.50	$302,953.40	12,298.86	$896,088.26
	8	15,001M AND OVER		.00	$.00	4,255.69	$40,555.94
		TOTAL TYPE 2 DATA	6,767	14,472.83	$471,249.63	23,202.67	$1,055,007.17

FOREST: 07 KAIBAB

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,447	.00	$15,494.25	.00	$13,376.75
	3	TO $300	2,435	5,858.08	$47,709.94	6,607.15	$51,647.79
	4	$301 TO $2,000	50	2,109.43	$35,609.86	1,224.50	$19,309.18
	5	$2,001 TO 2,000M	9	6,845.75	$521,883.52	4,783.01	$325,172.34
	6	2,001M TO 5,000M	2	6,680.00	$1,317,788.82	9,047.36	$1,219,245.38
	7	5,001M TO 15,000M		.00	$.00	25,617.11	$2,280,039.53
		TOTAL TYPE 2 DATA	4,943	21,493.26	$1,938,486.39	47,279.13	$3,908,790.97

FOREST: 08 LINCOLN

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,233	.00	$23,575.00	.00	$23,870.00
	3	TO $300	1,445	1,126.66	$19,635.98	1,249.91	$21,187.98
	4	$301 TO $2,000	10	474.85	$3,366.76	455.35	$2,898.76
	5	$2,001 TO 2,000M	2	120.00	$9,600.90	546.80	$8,658.47
	6	2,001M TO 5,000M		.00	$.00	406.00	$33,908.55
		TOTAL TYPE 2 DATA	5,690	1,721.51	$56,178.64	2,658.06	$90,523.76

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FOREST: 09 PRESCOTT

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	84	.00	$759.00	.00	$801.00
	3	TO $300	2,120	3,231.15	$38,121.45	3,235.88	$37,020.70
	4	$301 TO $2,000	12	481.50	$11,703.25	1,126.18	$17,136.59
	5	$2,001 TO 2,000M		.00	$.00	238.26	$2,059.53
		TOTAL TYPE 2 DATA	2,216	3,712.65	$50,583.70	4,600.32	$57,017.82

FOREST: 10 SANTA FE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,950	.00	$43,122.17	.00	$43,335.37
	3	TO $300	2,519	2,940.75	$29,414.91	3,408.45	$31,984.58
	4	$301 TO $2,000	921	1,745.09	$66,608.00	2,394.79	$35,682.79
	5	$2,001 TO 2,000M		.00	$.00	2,366.34	$200,111.01
	6	2,001M TO 5,000M		.00	$.00	4,059.30	$476,096.34
	7	5,001M TO 15,000M		.00	$.00	2,986.15	$26,266.21
		TOTAL TYPE 2 DATA	9,390	4,685.84	$139,145.08	15,215.03	$813,476.30

FOREST: 11 SITGREAVES

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	75	.00	$1,072.50	.00	$1,067.50
	3	TO $300	2,542	5,998.89	$61,309.98	5,840.78	$61,067.32
	5	$2,001 TO 2,000M	1	274.00	$1,728.63	1,093.43	$8,353.20
	6	2,001M TO 5,000M		.00	$.00	7,039.46	$181,623.07
	7	5,001M TO 15,000M	2	15,820.00	$3,221,582.64	13,716.97	$1,881,936.63
	8	15,001M AND OVER		.00	$.00	7,057.00	$1,411,877.85
		TOTAL TYPE 2 DATA	2,620	22,092.89	$3,285,693.75	34,747.64	$3,545,925.57

FOREST: 12 TONTO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	167	.00	$2,523.17	.00	$2,523.17
	3	TO $300	2,300	4,035.16	$33,434.69	4,035.81	$33,460.69
	4	$301 TO $2,000	17	586.00	$16,564.60	185.00	$4,294.40
	5	$2,001 TO 2,000M		.00	$.00	770.00	$20,497.40
	6	2,001M TO 5,000M	1	5,015.50	$944,507.32	1,230.00	$115,137.64
		TOTAL TYPE 2 DATA	2,485	9,636.66	$997,029.78	6,220.81	$175,913.30

FOREST: 01 ASHLEY

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,391	.00	$18,924.50	.00	$19,160.50
	3	TO $300	3,164	8,198.72	$152,189.85	7,550.45	$95,311.07
	4	$301 TO $2,000	12	1,827.80	$44,255.84	2,029.85	$46,477.66
	5	$2,001 TO 2,000M	6	5,588.19	$359,692.12	3,040.35	$182,905.76
	6	2,001M TO 5,000M	1	2,946.06	$253,509.35	4,624.54	$170,753.72
	7	5,001M TO 15,000M		.00	$.00	1,576.48	$5,384.96
		TOTAL TYPE 2 DATA	7,574	18,560.77	$828,571.66	18,821.67	$519,993.67

FOREST: 02 BOISE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,000	.00	$18,985.50	.00	$18,945.50
	3	TO $300	2,659	3,839.64	$37,188.65	6,746.19	$78,938.10
	4	$301 TO $2,000	1,169	2,569.64	$39,858.93	1,564.04	$30,808.34
	5	$2,001 TO 2,000M	171	11,976.25	$1,554,338.06	27,810.93	$2,820,369.88
	6	2,001M TO 5,000M	6	23,802.00	$1,814,596.75	8,788.00	$745,389.45
	7	5,001M TO 15,000M	5	42,611.00	$2,771,097.48	59,852.41	$4,619,046.91
	8	15,001M AND OVER	1	15,000.00	$1,425,000.00	1,232.70	$289,819.53
		TOTAL TYPE 2 DATA	8,011	99,798.53	$7,661,065.37	105,994.27	$8,603,317.71

FOREST: 03 BRIDGER

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,419	.00	$28,837.00	.00	$28,660.00
	3	TO $300	1,687	5,059.53	$47,070.48	4,997.21	$38,994.78
	4	$301 TO $2,000	130	620.50	$6,583.65	1,151.78	$19,559.51
	5	$2,001 TO 2,000M	12	4,008.50	$138,037.16	2,656.30	$87,609.11
	6	2,001M TO 5,000M	2	9,262.00	$1,488,947.68	2,744.70	$105,282.13
		TOTAL TYPE 2 DATA	5,250	18,950.53	$1,709,475.97	11,549.99	$280,105.53

FOREST: 05 CARIBOU

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,569	.00	$5,452.00	.00	$5,380.20
	3	TO $300	2,001	3,447.00	$17,005.13	4,380.73	$18,948.43
	4	$301 TO $2,000	1	17.00	$1,987.47	8.00	$153.87
	5	$2,001 TO 2,000M	5	1,299.56	$86,911.53	2,535.97	$206,156.86
	6	2,001M TO 5,000M	3	9,379.00	$568,459.31	4,911.69	$417,623.34
		TOTAL TYPE 2 DATA	4,579	14,142.56	$679,815.44	11,836.39	$648,262.70

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FOREST: 06 CHALLIS

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	628	.00	$1,334.00	.00	$1,334.00
	3	TO $300	661	1,502.99	$17,110.65	1,519.54	$17,956.50
	4	$301 TO $2,000	3	49.80	$1,718.00	93.35	$2,676.60
	5	$2,001 TO 2,000M	2	1,162.00	$148,173.64	1,098.81	$37,213.23
		TOTAL TYPE 2 DATA	1,294	2,714.79	$168,336.29	2,711.70	$59,180.33

FOREST: 07 DIXIE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,195	.00	$29,307.10	.00	$30,869.15
	3	TO $300	1,829	3,599.98	$31,269.63	3,859.98	$35,092.48
	5	$2,001 TO 2,000M	1	82.00	$7,031.75	1,096.60	$80,608.73
	6	2,001M TO 5,000M		.00	$.00	5,081.00	$117,388.46
	7	5,001M TO 15,000M		.00	$.00	6,426.58	$297,051.39
		TOTAL TYPE 2 DATA	7,025	3,681.98	$67,608.48	16,464.16	$561,010.21

FOREST: 08 FISHLAKE

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,275	.00	$36,820.90	.00	$38,774.90
	3	TO $300	940	1,274.11	$12,340.30	1,306.33	$12,752.66
	4	$301 TO $2,000	4	366.00	$3,775.07	472.00	$11,237.29
	5	$2,001 TO 2,000M	10	2,525.00	$142,703.68	2,484.50	$207,497.15
		TOTAL TYPE 2 DATA	6,229	4,165.11	$195,639.95	4,262.83	$270,262.00

FOREST: 09 HUMBOLDT

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	715	.00	$4,313.00	.00	$3,503.00
	3	TO $300	546	594.30	$6,522.50	527.68	$6,070.00
	4	$301 TO $2,000	1	1.56	$500.00	1.56	$500.00
		TOTAL TYPE 2 DATA	1,262	595.86	$11,335.50	529.24	$10,073.00

FOREST: 10 MANTI-LASAL

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,544	.00	$9,399.71	.00	$10,026.67
	3	TO $300	1,538	2,268.48	$17,963.87	2,491.12	$14,365.05
	4	$301 TO $2,000	2	54.00	$1,850.61	21.00	$1,546.23
	5	$2,001 TO 2,000M	4	3,533.00	$377,984.01	1,459.42	$35,971.89
	6	2,001M TO 5,000M		.00	$.00	1,579.00	$15,643.34
		TOTAL TYPE 2 DATA	4,088	5,855.48	$407,198.20	5,550.54	$77,553.18

FOREST: 12 PAYETTE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,158	.00	$2,887.50	.00	$2,887.50
	3	TO $300	2,441	3,733.52	$35,008.86	3,773.39	$35,865.35
	4	$301 TO $2,000	17	342.88	$11,987.27	1,011.75	$29,559.13
	5	$2,001 TO 2,000M	22	9,332.50	$1,718,101.82	9,356.08	$1,628,902.22
	6	2,001M TO 5,000M	2	6,960.00	$1,459,842.52	2,252.40	$249,380.77
	7	5,001M TO 15,000M	7	62,743.00	$16,510,454.57	67,501.63	$10,328,856.35
	8	15,001M AND OVER		.00	$.00	5,594.87	$1,218,126.03
		TOTAL TYPE 2 DATA	3,647	83,111.90	$19,738,282.54	89,490.12	$13,493,577.35

FOREST: 13 SALMON

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	707	.00	$1,004.50	.00	$992.50
	3	TO $300	732	1,619.67	$17,426.74	1,538.23	$14,932.56
	4	$301 TO $2,000	3	125.94	$2,382.75	786.05	$12,975.88
	5	$2,001 TO 2,000M	11	5,832.60	$763,291.46	3,796.82	$405,348.02
	6	2,001M TO 5,000M	3	9,753.00	$1,636,113.22	9,788.96	$1,204,378.38
	7	5,001M TO 15,000M		.00	$.00	6,723.32	$592,055.83
		TOTAL TYPE 2 DATA	1,456	17,331.21	$2,420,218.67	22,633.38	$2,230,683.17

FOREST: 14 SAWTOOTH

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,193	.00	$17,158.50	.00	$16,850.50
	3	TO $300	2,928	3,525.89	$44,093.12	6,274.67	$71,797.42
	4	$301 TO $2,000	1,146	5,129.02	$162,784.33	4,616.01	$49,057.59
	5	$2,001 TO 2,000M	1	127.00	$23,999.75	571.00	$16,539.20
		TOTAL TYPE 2 DATA	6,268	8,781.91	$248,035.70	11,461.68	$154,244.71

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FOREST: 15 TARGHEE

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,896	.00	$17,742.00	.00	$18,036.00
	3	TO $300	4,885	9,756.00	$63,629.85	10,342.13	$59,698.28
	4	$301 TO $2,000	163	6,469.65	$176,779.90	4,143.34	$144,173.79
	5	$2,001 TO 2,000M	8	4,643.98	$218,744.70	20,752.84	$794,361.90
	6	2,001M TO 5,000M		.00	$.00	7,615.48	$347,901.99
	7	5,001M TO 15,000M		.00	$.00	2,006.23	$89,237.30
		TOTAL TYPE 2 DATA	10,952	20,869.63	$476,896.45	44,860.02	$1,453,409.26

FOREST: 17 TOIYABE

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,992	.00	$14,486.05	.00	$23,186.05
	3	TO $300	1,807	1,844.89	$24,813.64	1,804.60	$22,287.58
	4	$301 TO $2,000	3	14.65	$2,066.50	173.31	$4,608.00
	6	2,001M TO 5,000M		.00	$.00	3,682.60	$339,697.81
	7	5,001M TO 15,000M	1	576.00	$171,139.93	.00	$.00
		TOTAL TYPE 2 DATA	3,803	2,435.54	$212,506.12	5,660.51	$389,779.44

FOREST: 18 UINTA

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,943	.00	$16,408.65	.00	$14,330.65
	3	TO $300	853	1,434.30	$12,561.06	1,457.80	$12,602.50
	4	$301 TO $2,000	1	10.00	$934.50	125.00	$2,183.85
	5	$2,001 TO 2,000M		.00	$.00	817.00	$94,415.59
	6	2,001M TO 5,000M	2	2,935.00	$276,671.17	285.50	$36,654.79
		TOTAL TYPE 2 DATA	2,799	4,379.30	$306,575.38	2,685.30	$160,187.38

FOREST: 19 WASATCH

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,449	.00	$4,767.95	.00	$5,023.70
	3	TO $300	4,682	3,480.93	$23,229.09	2,980.27	$22,507.81
	4	$301 TO $2,000		.00	$.00	223.99	$3,290.20
	5	$2,001 TO 2,000M	4	577.20	$35,455.06	1,505.30	$89,277.60
	6	2,001M TO 5,000M	2	6,099.55	$123,955.00	7,038.17	$202,244.56
		TOTAL TYPE 2 DATA	6,137	10,157.68	$187,407.10	11,747.73	$322,343.87

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FOREST: 01 ANGELES

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	108	.00	$4,493.00	.00	$4,693.00
	3	TO $300	285	280.90	$16,183.70	288.40	$16,593.70
	4	$301 TO $2,000	1	8.00	$400.00	.00	$.00
		TOTAL TYPE 2 DATA	394	288.90	$21,076.70	288.40	$21,286.70

FOREST: 02 CLEVELAND

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	49	.00	$1,442.30	.00	$1,210.20
	3	TO $300	420	281.25	$7,076.50	233.25	$7,287.00
	4	$301 TO $2,000	15	7.50	$375.00	13.50	$675.00
		TOTAL TYPE 2 DATA	484	288.75	$8,893.80	246.75	$9,172.20

FOREST: 03 ELDORADO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	23	.00	$1,369.00	.00	$1,129.00
	3	TO $300	4,910	6,922.12	$117,272.32	7,439.81	$125,886.24
	4	$301 TO $2,000	17	2,163.32	$14,952.10	2,098.99	$24,767.83
	5	$2,001 TO 2,000M	72	46,302.10	$9,677,712.29	38,448.04	$5,190,268.29
	6	2,001M TO 5,000M	13	24,486.43	$6,608,231.57	37,367.53	$7,184,696.20
	7	5,001M TO 15,000M	10	34,238.11	$9,214,641.11	49,529.89	$3,439,068.85
	8	15,001M AND OVER	1	25,000.00	$3,130,000.00	9,573.06	$675,383.45
		TOTAL TYPE 2 DATA	5,046	139,112.08	$28,764,178.39	144,457.32	$16,641,199.86

FOREST: 04 INYO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	7	.00	$1,059.00	.00	$514.00
	3	TO $300	2,371	3,178.60	$38,609.80	4,391.93	$52,889.80
	4	$301 TO $2,000	6	68.13	$4,746.59	68.13	$4,746.59
	5	$2,001 TO 2,000M	5	1,519.00	$96,404.69	3,760.00	$1,003,622.86
	6	2,001M TO 5,000M	4	10,480.00	$3,434,424.44	4,400.66	$1,301,091.44
		TOTAL TYPE 2 DATA	2,393	15,245.73	$3,575,244.52	12,620.72	$2,362,864.69

FOREST: 05 KLAMATH

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,194	.00	$32,814.40	.00	$46,891.90
	3	TO $300	2,881	6,373.92	$40,371.52	7,311.78	$55,733.71
	4	$301 TO $2,000	27	1,712.31	$35,648.02	5,149.40	$80,504.52
	5	$2,001 TO 2,000M	28	5,733.89	$1,224,674.32	11,146.76	$1,826,051.68
	6	2,001M TO 5,000M	11	9,041.31	$2,011,972.95	25,628.92	$5,602,095.03
	7	5,001M TO 15,000M	9	3,840.16	$186,737.54	35,281.59	$7,229,483.55
	8	15,001M AND OVER	1	1,233.00	$7,084.63	4,235.01	$487,078.23
		TOTAL TYPE 2 DATA	4,151	27,934.59	$3,539,303.38	88,753.46	$15,327,838.62

FOREST: 06 LASSEN

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	6,744	.00	$84,558.62	.00	$205,909.95
	3	TO $300	5,047	7,957.91	$62,603.29	12,045.76	$96,127.45
	4	$301 TO $2,000	18	3,193.72	$75,938.73	1,042.92	$12,407.23
	5	$2,001 TO 2,000M	20	14,893.78	$1,331,833.01	19,874.85	$1,577,644.16
	6	2,001M TO 5,000M	2	6,800.00	$4,039,203.80	18,172.01	$4,001,090.71
	7	5,001M TO 15,000M	3	5,030.00	$3,395,002.40	66,186.25	$18,747,294.37
	8	15,001M AND OVER		.00	$.00	19,428.66	$5,293,929.58
		TOTAL TYPE 2 DATA	11,834	37,875.41	$8,989,139.85	136,750.45	$29,934,403.45

FOREST: 07 LOS PADRES

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	6	.00	$232.50	.00	$.00
	3	TO $300	485	308.45	$5,129.50	233.25	$3,834.75
	4	$301 TO $2,000	3	21.50	$900.00	15.00	$575.00
		TOTAL TYPE 2 DATA	494	329.95	$6,262.00	248.25	$4,409.75

FOREST: 08 MENDOCINO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,425	.00	$25,175.00	.00	$25,175.00
	3	TO $300	865	1,094.26	$10,137.61	1,417.27	$12,781.08
	4	$301 TO $2,000	5	777.00	$5,630.64	390.35	$4,262.93
	5	$2,001 TO 2,000M	4	1,162.14	$343,850.74	165.41	$42,448.29
	7	5,001M TO 15,000M		.00	$.00	15,857.91	$3,759,625.79
		TOTAL TYPE 2 DATA	3,299	3,033.40	$384,793.99	17,830.94	$3,844,293.09

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FOREST: 09 MODOC

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,444	.00	$7,255.00	.00	$7,705.00
	3	TO $300	1,150	2,958.50	$11,350.97	3,353.87	$11,770.67
	4	$301 TO $2,000	12	1,790.83	$8,063.25	3,844.80	$384,302.52
	5	$2,001 TO 2,000M	2	180.00	$42,785.28	297.30	$110,239.38
	6	2,001M TO 5,000M		.00	$.00	16,250.90	$5,757,636.50
	7	5,001M TO 15,000M	1	8,540.00	$6,204,993.20	12,724.22	$2,150,500.03
	8	15,001M AND OVER		.00	$.00	5.00	$953.63
		TOTAL TYPE 2 DATA	2,609	13,469.33	$6,274,447.70	36,476.09	$8,423,107.73

FOREST: 10 SIX RIVERS

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	6,821	.00	$38,749.00	.00	$41,354.00
	3	TO $300	1,391	2,217.21	$64,291.17	2,402.93	$82,027.49
	4	$301 TO $2,000	15	578.38	$6,288.82	656.60	$9,379.75
	5	$2,001 TO 2,000M	14	2,367.82	$808,868.73	9,470.93	$2,334,633.97
	6	2,001M TO 5,000M	4	4,007.54	$1,079,288.64	10,873.33	$2,664,907.42
	7	5,001M TO 15,000M	5	1,903.10	$437,716.61	39,702.45	$8,653,239.65
	8	15,001M AND OVER	1	10.00	$3,534.60	5,502.18	$1,435,530.47
		TOTAL TYPE 2 DATA	8,251	11,084.05	$2,438,737.57	68,608.42	$15,221,072.75

FOREST: 11 PLUMAS

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,615	.00	$45,794.70	.00	$106,441.49
	3	TO $300	4,084	6,937.39	$74,257.70	7,832.37	$78,245.43
	4	$301 TO $2,000	40	6,734.66	$135,442.12	7,295.65	$188,436.08
	5	$2,001 TO 2,000M	62	40,029.91	$5,166,749.04	36,603.33	$4,012,557.69
	6	2,001M TO 5,000M	7	23,799.67	$7,643,896.46	15,349.83	$3,972,081.60
	7	5,001M TO 15,000M	5	30,358.84	$7,532,564.98	82,128.00	$18,317,589.46
	8	15,001M AND OVER	1	40.79	$12,814.21	15,319.19	$3,650,058.73
		TOTAL TYPE 2 DATA	7,814	107,901.26	$20,611,519.21	164,528.37	$30,325,410.48

FOREST: 12 SAN BERNARDINO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	441	.00	$7,684.00	.00	$1,212.50
	3	TO $300	4,551	3,097.46	$100,505.59	2,132.71	$65,349.74
	4	$301 TO $2,000	12	554.75	$23,042.80	381.97	$9,053.01
	5	$2,001 TO 2,000M	2	118.00	$11,310.70	314.00	$13,674.42
		TOTAL TYPE 2 DATA	5,006	3,770.21	$142,543.09	2,828.68	$89,289.67

FOREST: 13 SEQUOIA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	42	.00	$7,144.16	.00	$2,835.00
	3	TO $300	3,608	4,121.13	$67,485.91	3,836.11	$58,223.45
	4	$301 TO $2,000	16	375.93	$17,432.70	374.23	$14,913.20
	5	$2,001 TO 2,000M	10	2,417.80	$498,829.68	17,389.88	$1,696,337.47
	6	2,001M TO 5,000M	2	8,680.00	$2,428,305.03	10,371.13	$2,358,316.00
	7	5,001M TO 15,000M		.00	$.00	31,881.89	$2,631,462.38
	8	15,001M AND OVER		.00	$.00	.00	$65,597.80
		TOTAL TYPE 2 DATA	3,678	15,594.86	$3,019,197.48	63,853.24	$6,827,685.30

FOREST: 14 SHASTA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	7,716	.00	$40,865.00	.00	$41,936.50
	3	TO $300	1,482	2,149.85	$18,546.29	3,358.82	$32,153.50
	4	$301 TO $2,000	1,147	2,258.02	$41,940.73	3,178.82	$40,028.33
	5	$2,001 TO 2,000M	20	10,864.41	$2,254,340.80	10,511.38	$2,153,731.73
	6	2,001M TO 5,000M	7	14,097.00	$3,334,391.40	5,977.80	$1,972,161.58
	7	5,001M TO 15,000M	6	5,780.00	$34,157.36	56,105.20	$12,066,025.31
	8	15,001M AND OVER		.00	$.00	2,314.79	$612,544.82
		TOTAL TYPE 2 DATA	10,378	35,149.28	$5,724,241.58	81,446.81	$16,918,581.77

FOREST: 15 SIERRA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	12	.00	$2,197.50	.00	$2,207.50
	3	TO $300	3,727	5,642.09	$63,877.43	6,498.88	$66,003.63
	4	$301 TO $2,000	202	4,580.09	$78,591.27	3,167.81	$151,210.73
	5	$2,001 TO 2,000M	126	37,496.57	$5,001,072.88	35,796.05	$4,038,874.61
	6	2,001M TO 5,000M	7	13,961.00	$2,610,659.91	28,604.21	$5,122,591.55
	7	5,001M TO 15,000M		.00	$.00	10,947.10	$2,726,629.86
		TOTAL TYPE 2 DATA	4,074	61,679.75	$7,756,398.99	85,014.05	$12,107,517.88

FOREST: 16 STANISLAS

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3	.00	$268.00	.00	$268.00
	3	TO $300	3,981	7,963.94	$52,981.08	7,398.44	$50,410.08
	4	$301 TO $2,000	99	3,099.21	$159,070.17	3,141.89	$197,300.56
	5	$2,001 TO 2,000M	37	14,002.30	$2,084,045.31	36,346.58	$2,950,574.58
	6	2,001M TO 5,000M	1	3,430.00	$346,600.26	2,943.44	$38,143.17
	7	5,001M TO 15,000M	2	23,280.00	$3,353,410.91	65,256.79	$7,621,588.48
	8	15,001M AND OVER		.00	$.00	18,425.46	$3,010,772.24
		TOTAL TYPE 2 DATA	4,123	51,775.45	$5,996,375.73	133,512.60	$13,869,057.11

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FOREST: 17 TAHOE

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD * SALES	SOLD VOLUME	SOLD VALUE	CUT * VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	33	.00	$5,930.00	.00	$5,352.00
	3	TO $300	2,050	2,836.03	$14,050.36	3,148.39	$13,826.92
	4	$301 TO $2,000	305	1,575.60	$16,382.33	1,121.40	$13,674.01
	5	$2,001 TO 2,000M	32	12,042.08	$2,446,627.84	16,481.79	$1,933,907.46
	6	2,001M TO 5,000M	2	6,490.08	$964,861.17	8,990.16	$1,511,402.82
	7	5,001M TO 15,000M	1	6,160.00	$1,906,045.40	38,339.68	$5,674,824.82
	8	15,001M AND OVER		.00	$.00	4,604.75	$1,820,161.58
		TOTAL TYPE 2 DATA	2,423	29,103.79	$5,353,897.10	72,686.17	$10,973,149.61

FOREST: 18 TRINITY

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD * SALES	SOLD VOLUME	SOLD VALUE	CUT * VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,628	.00	$18,706.60	.00	$18,096.60
	3	TO $300	821	1,668.24	$13,809.57	1,956.04	$19,886.85
	4	$301 TO $2,000	46	427.41	$9,948.32	206.06	$9,138.32
	5	$2,001 TO 2,000M	12	6,140.41	$1,606,754.45	4,882.17	$1,530,983.73
	6	2,001M TO 5,000M	2	581.00	$20,271.02	5,437.33	$1,281,735.16
	7	5,001M TO 15,000M	4	7,607.00	$1,113,693.92	22,071.16	$5,171,691.13
	8	15,001M AND OVER	1	1,366.00	$2,732.00	.00	$.00
		TOTAL TYPE 2 DATA	4,514	17,790.06	$2,785,915.88	34,552.76	$8,031,531.79

FOREST: 19 LTBMU

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD * SALES	SOLD VOLUME	SOLD VALUE	CUT * VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1	.00	$10.00	.00	$.00
	3	TO $300	368	763.52	$8,415.30	1,361.59	$26,425.21
	4	$301 TO $2,000	6	276.40	$8,898.94	393.60	$6,330.25
	5	$2,001 TO 2,000M	1	1,541.00	$242,850.85	1,385.92	$133,208.74
	7	5,001M TO 15,000M		.00	$.00	2,934.04	$146,125.89
		TOTAL TYPE 2 DATA	376	2,580.92	$260,175.09	6,075.15	$312,090.09

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FOREST: 01 DESCHUTES

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	7,946	.00	$49,315.16	.00	$40,597.44
	3	TO $300	10,000	26,207.86	$105,714.07	20,319.55	$90,583.62
	4	$301 TO $2,000	67	15,196.24	$89,736.22	23,346.27	$150,173.15
	5	$2,001 TO 2,000M	16	6,090.73	$1,381,997.15	13,327.42	$1,902,091.08
	6	2,001M TO 5,000M	1	2,650.00	$185,500.00	8,868.64	$1,090,740.53
	7	5,001M TO 15,000M	7	57,480.09	$7,322,550.16	84,752.07	$13,480,856.93
	8	15,001M AND OVER		.00	$.00	1,795.02	$250,585.62
		TOTAL TYPE 2 DATA	18,037	107,624.92	$9,134,812.76	152,408.97	$17,005,628.37

FOREST: 02 FREMONT

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,082	.00	$5,897.25	.00	$7,180.25
	3	TO $300	1,349	2,368.37	$20,536.36	2,602.03	$22,307.63
	4	$301 TO $2,000	159	1,787.64	$24,047.29	1,757.83	$21,155.69
	5	$2,001 TO 2,000M	4	2,718.50	$1,061,745.60	7,600.38	$2,395,612.94
	6	2,001M TO 5,000M	9	32,000.09	$10,370,406.21	15,115.51	$4,316,517.95
	7	5,001M TO 15,000M	3	18,200.14	$2,764,445.49	67,118.71	$19,478,771.62
		TOTAL TYPE 2 DATA	2,606	57,074.74	$14,247,078.20	94,194.46	$26,241,546.08

FOREST: 03 GIFFORD PINCHOT

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,274	.00	$185,738.03	.00	$240,227.66
	3	TO $300	2,051	2,490.93	$23,249.30	3,782.99	$28,527.00
	4	$301 TO $2,000	74	1,226.50	$17,982.95	526.52	$5,966.00
	5	$2,001 TO 2,000M	12	7,730.96	$2,478,776.06	8,319.50	$2,458,679.87
	6	2,001M TO 5,000M	4	13,339.99	$3,631,296.87	27,948.00	$5,266,546.99
	7	5,001M TO 15,000M		.00	$.00	106,030.62	$27,080,332.68
	8	15,001M AND OVER		.00	$.00	13,709.95	$2,682,231.48
		TOTAL TYPE 2 DATA	6,415	24,788.38	$6,337,043.21	160,317.58	$37,762,511.68

FOREST: 04 MALHEUR

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,205	.00	$3,823.00	.00	$3,833.00
	3	TO $300	2,913	5,324.03	$53,301.53	5,594.84	$53,603.13
	4	$301 TO $2,000	26	1,322.08	$58,275.86	2,990.50	$60,089.64
	5	$2,001 TO 2,000M	25	12,511.00	$3,423,355.21	13,812.50	$3,381,154.58
	6	2,001M TO 5,000M	7	25,050.00	$10,668,210.83	33,389.04	$10,846,342.69
	7	5,001M TO 15,000M	8	54,100.00	$16,360,363.80	99,867.55	$29,326,103.46
	8	15,001M AND OVER		.00	$.00	28,455.62	$3,563,683.99
		TOTAL TYPE 2 DATA	4,184	98,307.11	$30,567,330.23	184,110.05	$47,234,810.49

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FOREST: 05 MT BAKER-SNOQUALMIE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	6,235	.00	$142,860.80	.00	$113,000.48
	3	TO $300	532	589.67	$9,891.67	1,637.14	$14,169.03
	4	$301 TO $2,000	134	1,754.27	$64,925.56	195.77	$7,405.56
	5	$2,001 TO 2,000M	6	605.00	$72,063.09	4,394.03	$957,067.25
	6	2,001M TO 5,000M	2	8,670.00	$1,415,699.80	21,013.34	$3,580,041.54
	7	5,001M TO 15,000M	1	7,190.00	$1,267,571.50	44,648.51	$10,441,422.48
	8	15,001M AND OVER		.00	$.00	11,439.22	$4,072,876.23
		TOTAL TYPE 2 DATA	6,910	18,808.94	$2,973,012.42	83,328.01	$19,185,982.57

FOREST: 06 MT HOOD

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,485	.00	$133,361.91	.00	$146,984.20
	3	TO $300	3,849	3,700.84	$64,625.70	4,738.62	$77,493.00
	4	$301 TO $2,000	6	209.14	$5,312.77	152.34	$1,166.70
	5	$2,001 TO 2,000M	24	16,855.23	$5,708,556.15	20,405.10	$6,022,921.30
	6	2,001M TO 5,000M	7	22,680.01	$8,856,030.46	43,903.11	$12,688,826.43
	7	5,001M TO 15,000M		.00	$.00	59,627.96	$17,988,961.18
	8	15,001M AND OVER		.00	$.00	544.89	$101,223.58
		TOTAL TYPE 2 DATA	6,371	43,445.22	$14,767,886.99	129,372.02	$37,027,576.39

FOREST: 07 OCHOCO

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	203	.00	$1,889.50	.00	$2,039.00
	3	TO $300	1,043	2,430.69	$20,689.53	2,202.38	$13,189.47
	4	$301 TO $2,000	6	321.82	$14,701.10	9.22	$2,705.60
	5	$2,001 TO 2,000M	10	5,644.45	$2,454,011.60	978.95	$151,684.87
	6	2,001M TO 5,000M	4	11,000.00	$4,859,740.00	12,338.34	$4,321,012.43
	7	5,001M TO 15,000M	3	25,300.00	$9,909,970.00	84,716.85	$26,876,568.23
	8	15,001M AND OVER		.00	$.00	3,164.78	$1,083,697.33
		TOTAL TYPE 2 DATA	1,269	44,696.96	$17,261,001.73	103,410.52	$32,450,896.93

FOREST: 08 OKANOGAN

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,400	.00	$3,197.00	.00	$3,197.00
	3	TO $300	2,130	3,085.21	$27,334.85	3,110.21	$27,634.85
	4	$301 TO $2,000	9	362.18	$66,299.26	299.92	$22,295.01
	5	$2,001 TO 2,000M	13	2,924.00	$360,161.88	5,046.16	$291,896.47
	6	2,001M TO 5,000M	3	9,130.00	$1,993,789.76	14,112.12	$1,911,940.10
	7	5,001M TO 15,000M		.00	$.00	13,459.02	$1,664,794.11
		TOTAL TYPE 2 DATA	3,555	15,501.39	$2,450,782.75	36,027.43	$3,921,757.54

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FOREST: 09 OLYMPIC

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,936	.00	$40,793.76	.00	$38,340.60
	3	TO $300	354	425.75	$5,249.68	430.50	$5,424.68
	4	$301 TO $2,000	69	220.50	$22,983.27	265.90	$28,799.69
	5	$2,001 TO 2,000M	9	6,276.00	$696,969.84	5,716.31	$802,825.63
	6	2,001M TO 5,000M	1	2,200.00	$346,912.40	9,242.02	$1,797,933.10
	7	5,001M TO 15,000M		.00	$.00	36,026.34	$9,814,846.35
	8	15,001M AND OVER		.00	$.00	5,525.34	$955,343.35
		TOTAL TYPE 2 DATA	3,369	9,122.25	$1,112,908.95	57,206.41	$13,443,513.40

FOREST: 10 ROGUE RIVER

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	772	.00	$33,609.00	.00	$37,889.00
	3	TO $300	460	705.43	$7,895.36	705.43	$7,895.36
	4	$301 TO $2,000	421	3,878.13	$58,189.30	3,021.13	$36,485.30
	5	$2,001 TO 2,000M	3	208.00	$56,270.40	1,583.74	$933,321.56
	6	2,001M TO 5,000M	1	2,500.50	$87,000.00	33,868.26	$12,460,136.04
	7	5,001M TO 15,000M		.00	$.00	23,582.93	$6,321,710.99
		TOTAL TYPE 2 DATA	1,657	7,292.06	$242,964.06	62,761.49	$19,797,438.25

FOREST: 11 SISKIYOU

DATA CLASS	SIZE CLASS	DESCRIPTION	SOLD SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,440	.00	$30,572.13	.00	$31,047.38
	3	TO $300	1,099	1,278.92	$14,918.90	1,496.85	$16,313.04
	4	$301 TO $2,000	5	71.00	$3,423.20	88.50	$4,144.70
	5	$2,001 TO 2,000M	4	704.22	$298,205.49	2,527.48	$962,352.42
	6	2,001M TO 5,000M		.00	$.00	28,379.92	$12,756,026.99
	7	5,001M TO 15,000M		.00	$.00	18,189.79	$4,170,350.75
		TOTAL TYPE 2 DATA	4,548	2,054.14	$347,119.72	50,682.54	$17,940,235.28

FOREST: 12 SIUSLAW

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,585	.00	$36,509.13	.00	$48,819.63
	3	TO $300	2,094	2,790.10	$35,469.95	3,130.20	$38,342.01
	4	$301 TO $2,000	3	746.21	$325,568.00	39.25	$3,306.50
	5	$2,001 TO 2,000M	6	2,721.00	$678,417.87	2,135.18	$566,904.73
	6	2,001M TO 5,000M	1	3,236.99	$1,104,931.98	16,947.62	$5,817,192.25
	7	5,001M TO 15,000M		.00	$.00	72,028.67	$26,458,456.62
	8	15,001M AND OVER		.00	$.00	6,446.18	$2,858,306.44
		TOTAL TYPE 2 DATA	3,689	9,494.30	$2,180,896.93	100,727.10	$35,791,328.18

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FOREST: 14 UMATILLA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3,396	.00	$12,668.00	.00	$12,510.00
	3	TO $300	3,015	7,646.74	$37,184.89	7,540.20	$36,155.34
	4	$301 TO $2,000	13	994.75	$17,145.71	1,041.15	$18,846.15
	5	$2,001 TO 2,000M	12	6,864.14	$935,847.28	7,473.75	$900,781.39
	6	2,001M TO 5,000M	5	18,999.98	$3,194,917.75	13,396.31	$1,504,669.33
	7	5,001M TO 15,000M	3	24,200.03	$4,993,925.83	93,173.44	$11,954,053.43
	8	15,001M AND OVER		.00	$.00	19,728.31	$2,708,747.66
		TOTAL TYPE 2 DATA	6,444	58,705.64	$9,191,689.46	142,353.16	$17,135,763.30

FOREST: 15 UMPQUA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,274	.00	$20,678.68	.00	$36,467.13
	3	TO $300	1,879	4,565.22	$94,781.36	7,296.38	$106,983.07
	4	$301 TO $2,000	15	548.23	$25,843.77	2,145.23	$35,381.51
	5	$2,001 TO 2,000M	21	10,040.94	$4,607,265.35	13,135.38	$4,859,917.61
	6	2,001M TO 5,000M		.00	$.00	7,643.84	$2,678,509.78
	7	5,001M TO 15,000M		.00	$.00	89,056.54	$25,468,887.78
	8	15,001M AND OVER		.00	$.00	27,702.38	$7,070,597.23
		TOTAL TYPE 2 DATA	7,189	15,154.39	$4,748,569.16	146,979.75	$40,256,744.11

FOREST: 16 WALLOWA - WHITMAN

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,131	.00	$12,917.30	.00	$6,986.40
	3	TO $300	3,554	10,723.06	$89,625.23	11,648.90	$100,701.20
	4	$301 TO $2,000	604	1,421.20	$25,008.20	4,497.62	$44,116.47
	5	$2,001 TO 2,000M	10	7,969.99	$1,534,557.60	18,222.39	$1,312,233.56
	6	2,001M TO 5,000M	5	16,399.96	$2,888,997.30	17,089.71	$1,406,137.38
	7	5,001M TO 15,000M		.00	$.00	41,668.80	$2,284,948.36
	8	15,001M AND OVER		.00	$.00	17,425.82	$1,414,491.08
		TOTAL TYPE 2 DATA	6,304	36,514.21	$4,551,105.63	110,553.24	$6,569,614.45

FOREST: 17 WENATCHEE

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,550	.00	$52,423.00	.00	$52,788.00
	3	TO $300	1,574	6,149.63	$65,035.32	5,827.18	$59,159.27
	4	$301 TO $2,000	120	745.48	$18,885.95	786.57	$17,690.64
	5	$2,001 TO 2,000M	17	10,424.40	$1,642,187.52	13,601.96	$1,860,032.95
	6	2,001M TO 5,000M	1	2,650.00	$191,224.00	24,369.76	$3,945,282.41
	7	5,001M TO 15,000M		.00	$.00	45,719.53	$5,281,568.68
	8	15,001M AND OVER		.00	$.00	4,160.10	$274,538.77
		TOTAL TYPE 2 DATA	3,262	19,969.51	$1,969,755.79	94,465.10	$11,491,060.72

FOREST: 18 WILLAMETTE

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	5,931	.00	$259,590.10	.00	$207,207.89
	3	TO $300	3,235	5,765.76	$60,689.40	6,615.42	$69,477.97
	4	$301 TO $2,000	77	2,430.32	$65,206.16	2,822.46	$65,107.68
	5	$2,001 TO 2,000M	35	20,403.93	$7,061,801.77	14,270.84	$3,419,553.24
	6	2,001M TO 5,000M	10	28,759.94	$12,228,091.80	61,889.00	$18,884,353.86
	7	5,001M TO 15,000M	7	46,299.97	$16,647,185.59	157,580.29	$47,323,500.66
	8	15,001M AND OVER		.00	$.00	17,878.59	$4,514,795.63
		TOTAL TYPE 2 DATA	9,295	103,659.92	$36,322,564.82	261,056.60	$74,483,996.93

FOREST: 20 WINEMA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4,891	.00	$43,709.00	.00	$60,019.00
	3	TO $300	1,794	5,377.98	$23,621.13	6,436.20	$28,684.45
	4	$301 TO $2,000	12	2,185.99	$18,651.19	1,988.58	$10,114.19
	5	$2,001 TO 2,000M	5	3,716.99	$614,094.41	4,855.02	$569,573.35
	6	2,001M TO 5,000M	3	10,001.97	$1,128,212.01	19,518.41	$4,758,943.03
	7	5,001M TO 15,000M	2	25,000.00	$2,570,800.00	52,170.08	$12,203,048.82
	8	15,001M AND OVER		.00	$.00	2,772.00	$48,510.00
		TOTAL TYPE 2 DATA	6,707	46,282.93	$4,399,087.74	87,740.29	$17,678,892.84

FOREST: 21 COLVILLE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,272	.00	$2,693.00	.00	$2,646.00
	3	TO $300	2,228	3,512.24	$27,069.75	3,524.34	$29,607.22
	4	$301 TO $2,000	9	524.00	$19,484.79	662.89	$9,916.84
	5	$2,001 TO 2,000M	8	2,735.00	$384,367.55	10,284.86	$1,002,057.16
	6	2,001M TO 5,000M		.00	$.00	16,634.88	$1,799,310.96
	7	5,001M TO 15,000M	2	15,220.00	$2,943,780.66	51,254.91	$4,890,145.41
		TOTAL TYPE 2 DATA	3,519	21,991.24	$3,377,395.75	82,361.88	$7,733,683.59

FOREST: 01 NFS IN ALABAMA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	25	.00	$6,450.51	.00	$6,644.42
	3	TO $300	430	1,369.48	$15,342.70	1,790.56	$18,932.66
	4	$301 TO $2,000	333	6,507.84	$185,757.84	8,534.70	$239,251.21
	5	$2,001 TO 2,000M	115	29,804.09	$2,273,790.51	32,312.27	$2,286,144.43
	6	2,001M TO 5,000M	9	27,812.84	$2,085,807.64	53,763.52	$3,841,905.37
	7	5,001M TO 15,000M		.00	$.00	7,408.59	$420,654.29
		TOTAL TYPE 2 DATA	912	65,494.25	$4,567,149.20	103,809.64	$6,813,532.38

FOREST: 02 DANIEL BOONE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	133	.00	$1,278.50	.00	$596.00
	3	TO $300	787	4,775.04	$18,457.87	4,253.29	$18,361.02
	4	$301 TO $2,000	89	554.01	$21,413.80	602.84	$27,492.05
	5	$2,001 TO 2,000M	47	36,505.84	$2,322,302.16	25,532.94	$1,284,978.53
	6	2,001M TO 5,000M		.00	$.00	7,503.60	$322,450.17
	7	5,001M TO 15,000M		.00	$.00	400.00	$2,452.00
		TOTAL TYPE 2 DATA	1,056	41,834.89	$2,363,452.33	38,292.67	$1,656,329.77

FOREST: 03 CHATTAHOOCHEE-OCONEE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	99	.00	$1,577.00	.00	$1,356.50
	3	TO $300	760	1,825.14	$18,126.14	1,691.84	$19,034.02
	4	$301 TO $2,000	343	1,928.82	$53,881.95	2,053.61	$49,722.16
	5	$2,001 TO 2,000M	55	47,793.38	$4,517,037.63	41,592.78	$3,364,741.76
	6	2,001M TO 5,000M	1	2,509.62	$151,692.95	12,416.54	$936,173.81
		TOTAL TYPE 2 DATA	1,258	54,056.96	$4,742,315.67	57,754.77	$4,371,028.25

FOREST: 04 CHEROKEE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	156	.00	$8,264.80	.00	$7,093.00
	3	TO $300	518	3,497.38	$12,789.06	2,088.78	$11,224.05
	4	$301 TO $2,000	8	914.95	$12,086.83	1,157.63	$6,246.32
	5	$2,001 TO 2,000M	22	17,634.10	$981,545.43	21,334.05	$870,187.36
	6	2,001M TO 5,000M	2	4,579.96	$400,936.55	6,954.76	$432,506.69
		TOTAL TYPE 2 DATA	706	26,626.39	$1,415,622.67	31,535.22	$1,327,257.42

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FOREST: 05 NFS IN FLORIDA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	101	.00	$15,687.70	.00	$14,372.25
	3	TO $300	114	972.41	$15,233.61	964.06	$15,579.41
	4	$301 TO $2,000	12	695.37	$8,814.77	727.32	$9,091.65
	5	$2,001 TO 2,000M	27	17,953.04	$1,407,154.68	21,148.19	$1,894,778.55
	6	2,001M TO 5,000M	9	23,726.13	$1,240,605.96	26,025.72	$1,675,940.81
	7	5,001M TO 15,000M	4	28,057.26	$1,596,103.22	26,881.67	$1,307,202.22
		TOTAL TYPE 2 DATA	267	71,404.21	$4,283,599.94	75,746.96	$4,916,964.89

FOREST: 06 KISATCHIE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	3	.00	$2,735.00	.00	$1,920.00
	3	TO $300	594	2,418.19	$28,977.36	2,759.67	$31,686.09
	4	$301 TO $2,000	402	7,316.19	$398,840.69	7,882.94	$415,408.10
	5	$2,001 TO 2,000M	227	43,305.82	$3,934,038.74	47,712.50	$4,428,945.48
	6	2,001M TO 5,000M	11	33,514.57	$3,567,524.31	47,356.39	$4,503,973.22
	7	5,001M TO 15,000M	2	10,269.18	$1,211,280.08	36,968.87	$3,728,080.89
		TOTAL TYPE 2 DATA	1,239	96,823.95	$9,143,396.18	142,680.37	$13,110,013.78

FOREST: 07 NFS IN MISSISSIPPI

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4	.00	$364.75	.00	$347.25
	3	TO $300	704	6,015.62	$81,845.51	6,329.74	$86,305.56
	4	$301 TO $2,000	550	15,025.19	$632,235.71	20,575.07	$842,301.43
	5	$2,001 TO 2,000M	189	86,125.96	$9,573,962.49	72,326.47	$6,562,266.53
	6	2,001M TO 5,000M	29	95,628.21	$11,967,014.96	104,564.47	$13,094,160.05
	7	5,001M TO 15,000M	2	10,385.77	$1,162,530.08	2,621.67	$376,125.30
		TOTAL TYPE 2 DATA	1,478	213,180.75	$23,418,003.50	206,417.42	$20,961,506.12

FOREST: 08 GEORGE WASHINGTON

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	* SOLD VALUE	CUT VOLUME	* CUT VALUE
2	1	NON-CONVERTIBLE	57	.00	$865.00	.00	$820.00
	3	TO $300	2,081	2,997.94	$48,418.82	2,828.11	$44,620.47
	4	$301 TO $2,000	197	537.46	$7,322.12	1,502.59	$20,161.56
	5	$2,001 TO 2,000M	56	34,244.13	$1,353,165.36	25,437.14	$666,436.33
	6	2,001M TO 5,000M		.00	$.00	8,392.55	$189,201.38
		TOTAL TYPE 2 DATA	2,391	37,779.53	$1,409,771.30	38,160.39	$921,239.74

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FOREST: 09 OUACHITA

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	* SOLD VALUE	CUT VOLUME	* CUT VALUE
2	1	NON-CONVERTIBLE	7	.00	$260.00	.00	$226.00
	3	TO $300	943	3,044.44	$51,174.30	2,740.13	$38,924.83
	4	$301 TO $2,000	179	3,703.67	$147,979.32	2,496.52	$104,684.78
	5	$2,001 TO 2,000M	133	50,808.16	$5,983,399.15	33,185.88	$3,672,943.93
	6	2,001M TO 5,000M	19	53,915.18	$6,222,723.67	32,671.58	$3,841,645.95
	7	5,001M TO 15,000M	2	12,260.16	$947,784.75	5,522.26	$453,594.69
		TOTAL TYPE 2 DATA	1,283	123,731.61	$13,353,321.19	76,616.37	$8,111,420.18

FOREST: 10 OZARK - ST FRANCES

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	* SOLD VALUE	CUT VOLUME	* CUT VALUE
2	1	NON-CONVERTIBLE	386	.00	$3,852.00	.00	$2,920.00
	3	TO $300	624	2,358.70	$14,103.30	2,771.64	$13,744.49
	4	$301 TO $2,000	312	3,930.56	$48,698.98	2,214.77	$33,006.75
	5	$2,001 TO 2,000M	46	26,651.06	$1,961,685.91	19,463.25	$1,298,280.48
	6	2,001M TO 5,000M	5	14,754.60	$1,256,204.59	6,653.44	$688,664.49
	7	5,001M TO 15,000M		.00	$.00	1,581.66	$140,636.35
		TOTAL TYPE 2 DATA	1,373	47,694.92	$3,284,544.78	32,684.76	$2,177,252.56

FOREST: 11 NFS IN NO CAROLINA

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1,282	.00	$52,763.48	.00	$73,096.39
	3	TO $300	930	8,515.70	$31,693.39	10,146.88	$32,536.94
	4	$301 TO $2,000	571	5,632.40	$46,241.74	8,798.54	$54,158.87
	5	$2,001 TO 2,000M	38	25,251.78	$1,503,392.11	36,845.11	$1,421,210.56
	6	2,001M TO 5,000M	3	8,287.91	$541,065.92	13,926.01	$346,259.43
		TOTAL TYPE 2 DATA	2,824	47,687.79	$2,175,156.64	69,716.54	$1,927,262.19

FOREST: 12 FRANCIS MARION-SUMTR

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	76	.00	$16,330.00	.00	$21,862.38
	3	TO $300	138	2,149.75	$9,458.26	3,233.51	$9,586.85
	4	$301 TO $2,000	49	14,266.15	$52,378.20	13,984.73	$57,202.89
	5	$2,001 TO 2,000M	31	26,774.90	$1,958,080.11	19,197.27	$1,874,957.69
	6	2,001M TO 5,000M	12	30,203.81	$3,491,317.86	35,666.95	$4,374,901.94
		TOTAL TYPE 2 DATA	306	73,394.61	$5,527,564.43	72,082.46	$6,338,511.75

FOREST: 13 NFS IN TEXAS

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	3	TO $300	360	476.67	$5,202.16	504.43	$5,321.86
	4	$301 TO $2,000	217	2,325.25	$216,597.85	2,745.04	$227,931.11
	5	$2,001 TO 2,000M	480	35,701.09	$4,532,211.68	59,979.72	$7,253,611.85
	6	2,001M TO 5,000M	16	48,426.75	$8,307,389.30	33,383.35	$4,723,964.82
	7	5,001M TO 15,000M	1	5,028.59	$1,089,258.67	3,998.38	$515,316.27
		TOTAL TYPE 2 DATA	1,074	91,958.35	$14,150,659.66	100,611.42	$12,726,145.91

FOREST: 14 JEFFERSON

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	147	.00	$2,457.50	.00	$3,793.00
	3	TO $300	973	2,329.61	$26,999.08	2,780.14	$31,522.73
	4	$301 TO $2,000	129	763.02	$18,979.27	2,135.71	$26,958.64
	5	$2,001 TO 2,000M	20	13,993.70	$485,060.91	14,158.51	$454,858.37
		TOTAL TYPE 2 DATA	1,269	17,086.33	$533,496.76	19,074.36	$517,132.74

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FOREST: 02 CHEQUAMEGON

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	391	.00	$11,324.00	.00	$11,691.00
	3	TO $300	114	772.00	$5,021.94	831.50	$5,613.73
	4	$301 TO $2,000	8	502.00	$6,199.06	663.79	$8,679.56
	5	$2,001 TO 2,000M	44	47,047.00	$825,384.22	41,358.01	$645,747.23
	6	2,001M TO 5,000M	6	16,457.50	$480,607.20	27,963.37	$517,827.36
	7	5,001M TO 15,000M		.00	$.00	6,224.00	$59,010.00
		TOTAL TYPE 2 DATA	563	64,778.50	$1,328,536.42	77,040.67	$1,248,568.88

FOREST: 03 CHIPPEWA

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	128	.00	$6,108.00	.00	$6,125.00
	3	TO $300	62	431.08	$4,667.48	754.58	$5,182.25
	4	$301 TO $2,000	24	1,969.00	$45,192.51	1,871.00	$31,915.39
	5	$2,001 TO 2,000M	51	35,523.00	$1,401,097.46	47,394.23	$1,284,216.91
	6	2,001M TO 5,000M	13	30,296.50	$1,325,575.38	39,246.27	$1,002,169.41
	7	5,001M TO 15,000M	1	5,724.50	$141,464.69	2,317.95	$117,112.93
		TOTAL TYPE 2 DATA	279	73,944.08	$2,924,105.52	91,584.03	$2,446,721.89

FOREST: 04 HURON

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	24	.00	$4,140.00	.00	$4,140.00
	3	TO $300	85	1,057.86	$12,426.09	1,066.71	$11,832.50
	4	$301 TO $2,000	24	1,504.60	$15,206.96	2,052.00	$45,318.86
	5	$2,001 TO 2,000M	39	36,179.50	$827,562.01	38,560.30	$970,227.88
	6	2,001M TO 5,000M	1	2,293.50	$56,752.00	3,143.73	$57,427.32
		TOTAL TYPE 2 DATA	173	41,035.46	$916,087.06	44,822.74	$1,088,946.56

FOREST: 05 CLARK

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	3	TO $300	1,245	13,054.63	$66,139.38	13,145.79	$64,463.95
	4	$301 TO $2,000	70	5,564.52	$74,814.36	6,335.12	$82,681.51
	5	$2,001 TO 2,000M	97	43,992.91	$3,286,188.18	34,092.61	$2,694,756.23
		TOTAL TYPE 2 DATA	1,412	62,612.06	$3,427,141.92	53,573.52	$2,841,901.69

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FOREST: 06 NICOLET

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	2,451	.00	$14,327.29	.00	$14,047.29
	3	TO $300	8	102.50	$1,486.88	94.50	$1,484.24
	4	$301 TO $2,000	14	795.91	$16,456.34	449.39	$7,395.61
	5	$2,001 TO 2,000M	29	27,854.00	$862,076.73	27,036.63	$683,751.16
	6	2,001M TO 5,000M	15	42,164.50	$1,270,833.36	47,897.86	$1,197,667.10
	7	5,001M TO 15,000M		.00	$.00	6,280.52	$168,816.94
		TOTAL TYPE 2 DATA	2,517	70,916.91	$2,165,180.60	81,758.90	$2,073,162.34

FOREST: 07 OTTAWA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	391	.00	$2,621.00	.00	$2,405.00
	3	TO $300	9	32.62	$543.64	213.72	$921.84
	4	$301 TO $2,000	4	227.00	$3,247.12	1,362.59	$5,863.80
	5	$2,001 TO 2,000M	33	26,649.10	$772,937.45	34,857.79	$1,166,435.88
	6	2,001M TO 5,000M	12	34,871.00	$1,183,804.60	24,868.14	$696,288.03
	7	5,001M TO 15,000M	1	5,043.50	$9,609.11	.00	$.00
		TOTAL TYPE 2 DATA	450	66,823.22	$1,972,762.92	61,302.24	$1,871,914.55

FOREST: 08 SHAWNEE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	9	.00	$45.00	.00	$45.00
	3	TO $300	68	79.50	$795.00	76.50	$765.00
	5	$2,001 TO 2,000M		.00	$.00	1,016.55	$35,376.09
	6	2,001M TO 5,000M	2	5,625.00	$86,485.98	3,093.50	$47,954.82
		TOTAL TYPE 2 DATA	79	5,704.50	$87,325.98	4,186.55	$84,140.91

FOREST: 09 SUPERIOR

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	45	.00	$2,386.50	.00	$2,286.50
	3	TO $300	66	407.33	$4,602.12	462.99	$4,065.60
	4	$301 TO $2,000	1	125.00	$1,148.60	1,350.33	$11,105.79
	5	$2,001 TO 2,000M	19	29,775.00	$615,556.36	27,661.93	$515,364.36
	6	2,001M TO 5,000M	15	46,174.00	$1,085,407.51	36,552.78	$596,314.98
	7	5,001M TO 15,000M	1	5,943.50	$135,258.55	18,248.47	$252,560.75
		TOTAL TYPE 2 DATA	147	82,424.83	$1,844,359.64	84,276.50	$1,381,697.98

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FOREST: 10 HIAWATHA

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	338	.00	$4,513.00	.00	$4,215.00
	3	TO $300	112	476.27	$6,254.63	539.29	$6,263.96
	4	$301 TO $2,000	164	2,271.20	$36,664.04	3,778.25	$35,148.06
	5	$2,001 TO 2,000M	46	39,980.00	$979,995.15	31,543.66	$735,223.26
	6	2,001M TO 5,000M	15	25,990.53	$816,712.42	26,093.50	$725,326.38
		TOTAL TYPE 2 DATA	675	68,718.00	$1,844,139.24	61,954.70	$1,506,176.66

FOREST: 11 WAYNE

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	9	.00	$1,131.00	.00	$1,316.00
	3	TO $300	159	210.81	$2,327.87	258.14	$2,563.28
	4	$301 TO $2,000	5	79.85	$2,442.92	77.70	$1,187.26
	5	$2,001 TO 2,000M	7	3,473.17	$166,868.56	5,167.93	$393,902.77
		TOTAL TYPE 2 DATA	180	3,763.83	$172,770.35	5,503.77	$398,969.31

FOREST: 19 ALLEGHENY

DATA CLASS	SIZE CLASS	DESCRIPTION	* SALES	SOLD VOLUME	SOLD VALUE	* CUT VOLUME	CUT VALUE
2	3	TO $300	52	1,100.40	$11,409.07	1,008.35	$8,964.72
	4	$301 TO $2,000	18	295.56	$21,846.59	784.53	$19,270.02
	5	$2,001 TO 2,000M	40	23,647.03	$6,068,883.86	30,138.38	$6,115,354.48
	6	2,001M TO 5,000M	13	46,378.95	$14,487,042.54	46,754.16	$11,940,208.56
	7	5,001M TO 15,000M		41.93	$6,491.74	1,538.64	$221,256.10
		TOTAL TYPE 2 DATA	123	71,463.87	$20,595,673.80	80,224.06	$18,305,053.88

FOREST: 20 GREEN MOUNTAIN

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	20	.00	$6,728.70	.00	$6,612.90
	3	TO $300	55	191.47	$2,562.56	99.50	$1,322.00
	4	$301 TO $2,000	3	554.00	$16,955.06	70.33	$1,858.43
	5	$2,001 TO 2,000M	6	6,160.00	$455,945.15	9,700.28	$336,280.00
		TOTAL TYPE 2 DATA	84	6,905.47	$482,191.47	9,870.11	$346,073.33

FOREST: 21 MONONGAHELA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	104	.00	$1,232.00	.00	$1,349.50
	3	TO $300	440	689.50	$9,553.74	719.24	$11,750.36
	4	$301 TO $2,000	2	21.50	$645.00	295.20	$6,107.85
	5	$2,001 TO 2,000M	21	26,049.40	$4,334,879.72	21,545.17	$1,295,646.10
	6	2,001M TO 5,000M	1	3,330.00	$507,631.77	13,126.82	$1,306,046.65
	7	5,001M TO 15,000M	1	6,733.00	$1,626,596.13	884.57	$71,550.62
		TOTAL TYPE 2 DATA	569	36,823.40	$6,480,538.36	36,571.00	$2,692,451.08

FOREST: 22 WHITE MOUNTAIN

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	64	.00	$5,629.69	.00	$5,629.69
	3	TO $300	191	323.05	$3,018.12	331.16	$3,196.41
	4	$301 TO $2,000	3	55.11	$1,348.42	272.04	$12,120.73
	5	$2,001 TO 2,000M	16	18,368.29	$616,494.46	14,874.75	$590,049.65
	6	2,001M TO 5,000M		.00	$.00	7,025.68	$307,813.41
	7	5,001M TO 15,000M		.00	$.00	740.96	$19,188.94
		TOTAL TYPE 2 DATA	274	18,746.45	$626,490.69	23,244.59	$937,998.83

FOREST: 24 MANISTEE

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	4	.00	$275.00	.00	$275.00
	3	TO $300	130	1,864.95	$34,448.28	1,583.67	$30,911.01
	4	$301 TO $2,000	12	666.70	$8,017.02	3,066.70	$103,183.08
	5	$2,001 TO 2,000M	38	33,822.12	$1,339,620.30	27,113.09	$926,630.75
	6	2,001M TO 5,000M		.00	$.00	3,013.02	$90,526.38
		TOTAL TYPE 2 DATA	184	36,353.77	$1,382,360.60	34,776.48	$1,151,526.22

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FOREST: 02 STIKINE AREA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	3	TO $300	1	.57	$32.80	.10	$135.00
	4	$301 TO $2,000	4	161.22	$2,919.95	585.47	$8,930.74
	5	$2,001 TO 2,000M	2	2,550.00	$112,130.29	8,971.78	$384,209.83
	6	2,001M TO 5,000M	1	4,546.00	$30,010.00	8,591.96	$347,587.56
	7	5,001M TO 15,000M	4	31,022.00	$928,416.34	9,061.95	$201,768.05-
	8	15,001M AND OVER	1	30,690.00	$64,307.50	42,611.54	$192,875.88
		TOTAL TYPE 2 DATA	13	68,969.79	$1,137,816.88	69,822.80	$731,970.96

FOREST: 03 CHATHAM AREA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	4	$301 TO $2,000		.00	$.00	123.90	$2,478.00
	7	5,001M TO 15,000M		.00	$.00	8,195.00	$234,489.46
	8	15,001M AND OVER		.00	$.00	104,149.14	$2,048,909.22-
		TOTAL TYPE 2 DATA		.00	$.00	112,468.04	$1,811,941.76-

FOREST: 04 CHUGACH

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1	.00	$10.00	.00	$10.00
	3	TO $300	20	227.50	$2,021.02	73.50	$258.26
	4	$301 TO $2,000	7	1,049.56	$4,995.90	1,083.26	$4,673.40
	5	$2,001 TO 2,000M	3	959.50	$11,576.00	1,288.65	$29,802.26
		TOTAL TYPE 2 DATA	31	2,236.56	$18,602.92	2,445.41	$34,743.92

FOREST: 05 KETCHIKAN AREA

DATA CLASS	SIZE CLASS	DESCRIPTION	SALES	SOLD VOLUME	SOLD VALUE	CUT VOLUME	CUT VALUE
2	1	NON-CONVERTIBLE	1	.00	$400.00	.00	$.00
	3	TO $300	4	116.30	$770.31	113.80	$680.38
	4	$301 TO $2,000	22	981.00	$24,630.65	77.00	$9,145.78
	5	$2,001 TO 2,000M	14	3,553.31	$212,649.56	731.56	$127,266.42
	6	2,001M TO 5,000M	2	7,298.00	$672,238.05	3,802.91	$198,403.85
	8	15,001M AND OVER		.00	$.00	182,681.71	$13,135,180.20-
		TOTAL TYPE 2 DATA	43	11,948.61	$910,688.57	187,406.98	$12,799,683.77-

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