Toward Integrated Resource Management
on the National Forests:
Understanding Forest Service Budget Reform

by

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FOREWORD

Recent "riders" on appropriations bills have highlighted the use of the budget process as a policymaking mechanism in national forest management. Nevertheless, many citizens concerned with the management of these resources remain largely unaware of the role that annual budget development for the Forest Service plays in implementing—or not implementing—the policies contained in national forest plans and the agency's strategic plan.

That role is continuing to change and grow. The Forest Service is redefining the linkage between planning and budgeting to address difficulties encountered in implementing the first generation of national forest plans prepared under the National Forest Management Act. In addition, all federal agencies, including the Forest Service, are under pressure from new laws such as the Government Performance and Results Act and the Chief Financial Officer Act to improve their accountability and performance measurement. A key natural resource policymaking process that was never easy to understand has, for many, become even more confusing and opaque.

The purpose of this report is to help shed light on that process, to facilitate understanding of the implications of recent changes, and to make the process more accessible to those interested in the policies that guide the management of the national forests. This report updates an earlier study, entitled "Resource Planning and Budgeting for National Forest Management," which appeared in the July/August 1992 issue of Public Administration Review. I would like to offer my thanks to Ann Loose and Richard Ullrich, both of whom currently serve on the Program Development and Budget staff of the USDA Forest Service, for providing the volumes of documents on Forest Service budget reform, helping me to understand their significance, and steering me right when important subtleties were overlooked. I hope this report will prove as useful to them and as their assistance was to me.

This report is based, in part, on the results of a study conducted in cooperation with the Forest Policy Center at American Forests. Major support for this effort was provided by the Ford Foundation in its continuing interest in showing the way toward improving both forest stewardship and the economic, social and cultural vitality of rural communities.
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EXECUTIVE SUMMARY

Important changes are under way in the Forest Service’s program development and budget process that will enable the agency to accelerate its implementation of policies requiring an integrated, ecosystem-based approach to resource management. The development of a budget structure and processes that reflect an integrated approach to budgeting and accomplishment reporting—as well as planning—is central to the successful implementation of the Forest Service’s ecosystem management policy, adopted in 1992. Although the land management plans developed by the Forest Service in response to the National Forest Management Act of 1976 (NFMA) reflected this integrated approach, implementation of the plans has been undermined by the fact that the budgeting and reporting systems do not reflect a similarly integrated approach.\(^1\) Ecosystem-based resource management requires an even more thorough integration of management activities than was anticipated in NFMA, making it all the more crucial that this shortcoming in budgeting and reporting systems be addressed.

The FY 1995 President’s Budget proposed a reform of the Forest Service budget structure and related processes to facilitate implementation of ecosystem management, reduce complexity, and improve efficiency of the current system. The Forest Service proposal had four main elements: budget structure consolidation, single-source funding of projects, expanded reprogramming authority, and improved accountability. In the FY 1995 appropriations, Congress provided the Forest Service with a somewhat revised budget structure and other provisions which incorporated some, but not all, of the requested changes.

The eventual goal of Forest Service budget reform is to have a budget structure which fully supports an integrated approach to land management. This means moving away from a budget structure based on separate functions (e.g., timber, wildlife, recreation) to one which groups funds in a manner consistent with integrated resource management. Congress has indicated that agency accountability is the major hurdle that must still be overcome in order to gain greater flexibility in budgeting and to move from an accomplishment reporting system based on dollar expenditures and the attainment of quantitative output targets, to improved reporting systems that consider progress toward desired resource conditions as well.
Proposed changes to federal regulations governing national forest planning suggest a trend toward greater centralization of decisionmaking during annual budget development, and a weaker linkage between national forest plans and annual budgets.

The Forest Service is currently in the process of finalizing its 1995 RPA Program, its strategic plan containing long-term agency priorities as well as implementing actions. These priorities and implementing actions, along with the GPRA performance plans, will form the basis for future Forest Service budget development. One result of this may be that the management of individual national forests across the country will be more consistent in reflecting national goals and priorities. In terms of citizens playing an effective role in national forest management decision making, the value of citizen involvement in Forest Service strategic planning may increase, and the value of citizen involvement in national forest planning may be relatively diminished.
BUDGETING FOR IMPLEMENTATION OF
THE FIRST GENERATION OF NATIONAL FOREST PLANS

The budget development and appropriations process for federal agencies is about more than money. That the budget process is one of the most powerful and effective policymaking tools available is well known to government insiders, but much less understood by citizens outside the “iron triangle” of agency leaders, Congressional legislators focused on the operations of a particular agency, and interest groups that are the main beneficiaries of the agency’s programs. Many citizens who do become involved in policy issues focus all of their attention on the more overt policymaking processes involved with moving legislation through the Congressional authorizing committees, when much of the “real action” is taking place in the often arcane and confusing process of negotiating the agency’s annual budget.

During the past two decades, citizens concerned with the management of the national forests have focused much of their attention on the process by which ten-year land and resource management plans are developed for each national forest. This national forest planning process, required under the National Forest Management Act of 1976 (NFMA), calls for a level of public involvement in Forest Service decision making that is extraordinary among the federal agencies, even considering the public review requirements of the National Environmental Policy Act (NEPA) affecting all agencies. Reflecting citizens’ deepening concern with the general direction of the Forest Service’s management of the national forests, Congress passed NFMA to establish a process by which individuals and local communities could play a greater role in deciding how a given national forest will be managed. Citizens have taken this requirement seriously. Since 1976, management plans for the 156 national forests have been scrutinized, negotiated, appealed, and litigated to bring them into line with often differing visions for the future of these forests.

National forest planning, and agency-wide strategic planning, are overt policymaking process in which citizens have become involved. These planning processes have served as the crucibles for addressing many of the fundamental differences in view over issues such as timber supply, biodiversity, timber and grazing subsidization, wilderness preservation, roadbuilding, habitat protection for wildlife and fish, mineral extraction, and maintaining the economic viability of rural, forest-dependent communities. Political stalemate on these policy issues has, in some instances, invoked specific actions through the alternative policymaking process of budgeting and appropriations. Congressional “earmarking” of funds to be spent for specific actions, and prohibitions on the spending of federal funds for other actions, have been used to either force or delay resource management activities on the national forests. In other instances, the lines between the three branches of government have been blurred by appropriations “riders” temporarily suspending certain laws, or declaring certain planning documents to be “legally sufficient” and thus not subject to judicial review of any kind.

Far more subtle, but with potentially greater effect over time, is the changing nature of the linkage between planning and the development of the annual budgets that specify how the strategic and forest-level plans will, or
will not, be implemented. Effective policymaking does not end with successful policy formulation; policy implementation, evaluation, and possible revision are also essential considerations.\textsuperscript{2} The budget and appropriations process might be viewed partly as an extension of planning, though it is clearly less open and inviting to citizen involvement. The mechanisms by which agency plans influence the development of Forest Service's annual budget are key factors in determining the extent to which the statements of policy in the plans do, in fact, set management direction for the national forests.

The first section of this report summarizes the Forest Service's legal mandates for national forest planning and strategic planning, and the way the agency initially linked these planning processes to its annual budget process. This section discusses the growing tension between integrated resource management planning, and a budget process that is not integrated. Integrated resource management planning refers to a comprehensive approach to land management that considers the interaction among management activities focused on wildlife, recreation, timber, range, water, and other resources. Also discussed are the problems this precipitated for forest plan implementation, and accurate accounting for budget expenditures and program accomplishments.

The second section of the report examines the Forest Service's efforts at budget reform to (1) improve the integration between planning and budgeting and (2) to address issues involving budget accountability and accomplishment reporting. Also discussed are several changes in policy that have increased the need and urgency of budget reform. These include new Forest Service policies on ecosystem-based approaches to resource management, which require an even higher degree of integration in resource management than was anticipated in NFMA. They also include new policies affecting all federal agencies, requiring greater budget accountability and a more results-oriented approach to setting management goals and reporting performance.

Background

The National Forest System (NFS) is administered by the Forest Service, the largest agency in the U.S. Department of Agriculture. Encompassing more than 191 million acres of federal land in all regions of the United States, the 156 individual national forests are important both locally and nationally for commodities such as timber, minerals and livestock, recreation, and for a variety of environmental and ecological services, such as soil conservation, watershed protection, and habitat for fish and wildlife, including many threatened and endangered animal and plant species. The Forest Service is highly decentralized, with line officers and an interdisciplinary professional staff in the agency headquarters in Washington, DC, regional foresters for nine administrative regions, 119 forest supervisors' offices and 617 ranger districts. Line officers are responsible for planning, program management and budgeting within their units (see Figure 1). This decentralized management approach is widely regarded as one of the keys to the agency's success, effectiveness and esprit-de-corps, and it is an agency tradition that continues to be cherished and protected.\textsuperscript{3}

The Forest Service has a legal mandate to manage the national forests for an array of different uses, including timber production, livestock grazing, minerals, recreation, water and wilderness.\textsuperscript{4} Beginning in the early 1970s, the Forest Service came under increasing public criticism for its practice of clearcutting. The
underlying issue, however, is the balance the agency has sought to maintain between the different uses and values of the forests themselves. The Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA) required the Forest Service to develop a long-range national-level strategic plan to clearly establish the goals and objectives for which the national forests are to be managed. This strategic plan, known as the RPA Program, is updated every five years. Prepared explicitly for the Congress, the Program includes estimates of the costs (i.e. budget requirements) for its implementation. The National Forest Management Act of 1976 (NFMA) extended long-range planning to the local level, requiring the preparation of a detailed, ten-year land and resource management plan for each national forest. NFMA directly addressed public concerns by prescribing in unusual detail what management practices could be used and how balance between the different resource uses should be achieved. The public was assured a role in the planning and decision-making process, with provisions for public participation and opportunities for administrative appeals of agency decisions that went significantly beyond those required of other federal agencies through the National Environmental Policy Act (NEPA) and the federal Administrative Procedures Act. Like the RPA Program, the national forest plans contained estimates of the budget levels that would be required to implement them.

The development of national forest plans under NFMA has been extremely controversial, and much of the Forest Service's credibility with Congress and the American public is riding on the agency's ability to successfully implement this law. National forest planning has taken years longer and cost considerably more than expected. The process has surfaced a number of other difficult issues, from wilderness designation to endangered species protection, that have had to come back to Congress for resolution. In many instances, the plan for a given national forest has been hammered out through years of public hearings, environmental analyses, administrative appeals, litigation, and mediated negotiations. The Forest Service's success in delivering what has been agreed upon in the forest plans will be monitored closely by the array of individuals and organizations with an interest in how the national forests are managed. Agency budgets and congressional appropriations will obviously play a key role in determining the balance of program activities that will take place on the national forests, facilitating—or frustrating—the implementation of the plans.

Budget development

Throughout most of the agency's history, annual budget development was done through the traditional incremental budget approach, in which the budget proposal for each new year is simply an incremental expansion of the prior year's budget, or "base." The various experiments in federal budgeting during the 1960s--Planning, Programing and Budgeting (PPB), Management By Objectives (MBO), and Zero-Based Budgeting (ZBB)—left the Forest Service with a hybrid budget process that reflected the essential components of all three.

The Forest Service budget process has retained the three broad concepts underlying the PPB approach:

- a definition of the organization's objectives in specific, operational terms, and generation of alternative programs for meeting those objectives;
- an annual cycle which involves the
generation and modification of program proposals, evaluation of the proposals using various analytical tools, and selection of appropriate proposals for funding; and

- a management reporting system which monitors accomplishment of the funded programs, as well as providing input for program generation.\(^9\)

This budget process persisted through the early 1990s, and governed annual budget development and accomplishment reporting during the period in which the Forest Service was implementing the first set of national forest plans developed under NFMA. A description is included here to illustrate the growing difficulty the Forest Service had in implementing integrated resource management plans through a budget process that had become fragmented and disjointed.

In the budget cycle used through the 1980s and into the 1990s, each forest supervisor submitted up to five budget alternatives, each corresponding to a different level of overall funding.\(^10\) The lowest budget alternative retained elements of the ZBB approach in that it was based on a spending level significantly below the current level, and both old and new programs came under scrutiny regardless of the funding previously committed to them. The fatal flaw in ZBB was the tremendous analytical demand of annually justifying each and every program from the zero base. The low-budget alternative for each national forest was based on custodial management—the minimum expenditure necessary for the agency to fulfill the resource protection requirements of the law—thus dispensing with a large portion of the often needless analysis under ZBB.\(^11\) For each of the budget alternatives, the forest supervisor also negotiated the program activities that would take place. A vestige of MBO, this became the basis of a commitment, at whichever budget level was subsequently provided, on which the forest supervisor’s performance was evaluated. The same process took place at each administrative level up to the Washington headquarters, where the regional budget alternatives were crafted into a single Forest Service budget request.

The Forest Service’s planning mandates, enacted by Congress during the 1970s, served to reinforce this hybrid budget process. RPA was conceived, in part, as a budget guidance device and helped comprise the first of the three components of the PPB approach.\(^12\) RPA planning provided the justification for the Forest Service’s long-term strategic goals, showing the near-term objectives and budget levels necessary to achieve them. NFMA provided for a similar approach to program planning on a forest-by-forest basis, giving a much more specific operational basis for achieving agency goals and objectives than could be provided through national-level strategic planning.

For a brief period during the late 1970s, the RPA Program served explicitly as the basis for annual budget development within the Forest Service. Each forest supervisor was required to submit at least one budget alternative which responded to the goals and objectives in the Program. The Forest Service was strongly encouraged in this approach to budget development by several consecutive years of substantial increases in congressional appropriations for national forest management activities, particularly for traditionally underfunded non-market resource programs such as recreation and wildlife. Many in the agency directly attributed these increases to the new opportunities that RPA planning had given them to justify forest management activities and better
focus the attention of the appropriations committees on Forest Service programs. However, an examination of other agencies’ budgets for the same period suggests that most of these increases are attributable to the general emphasis on natural resources and environment programs in federal budgets prepared under the Carter administration.14

With the advent of the Reagan administration in 1981, any illusion of influence by RPA Program budget targets quickly evaporated. Not only did budget levels for many resource programs decline sharply, but the balance in program emphasis shifted strongly toward commodity production and away from the emphasis depicted in the Program.15 The RPA goals and budget targets became increasingly irrelevant to the budget process and ceased to be the basis for the development of Forest Service annual budget proposals.16

_National forest plans as a basis for annual budget proposals_

Beginning in fiscal year 1986, the forest plans developed under NFMA became a basis for annual Forest Service budget requests for the National Forest System. As in RPA planning, however, the estimated funding needed to fully implement most of the forest plans was substantially higher than current budget trends. The planning direction throughout most of the NFS was to not consider budget constraints in developing the plans. Within the Forest Service, it was seen as inappropriate for resource managers to try to second-guess political decisions on future budgets. Using budget constraints in the planning process was also seen as impeding planners and managers in identifying needs, concerns and opportunities that might entail significant funding increases or redistributions of funding among the various resource programs. The Forest Service’s focus, despite the unfavorable experience with this approach in RPA planning, continued to be on describing the optimal resource management strategy assuming that budgets would be unconstrained.

This approach obviously posed difficulties for subsequently developing realistic annual budget proposals based on the plans. This was to be dealt with through the hybrid PPB/ZBB/MBO program budgeting process that evolved within the Forest Service and was later reinforced by the agency’s planning mandates. A series of budget alternatives was developed each year at the forest level, each corresponding to a different level of funding and activity—from the custodial management level to a level that would permit full implementation of the forest plan. Unfortunately, the budget estimates for fully implementing the plans were in many cases so much higher than then-current budget levels that it was often difficult for field personnel to scale down program plans to the necessary budget levels while still maintaining the essential program balance and management emphasis established through forest planning.

_Translation of integrated budgets into detailed congressional format_

Much was lost in the translation of the budget alternatives coming from the Forest Service field offices into the detailed budget format required by Congress. The budget alternatives, like the actual management of the national forests, were based on projects designed to simultaneously achieve objectives in several different programs. This coordinated approach, known as integrated resource management, is required by the National Forest Management Act.17 The Forest Service budget proposal to Congress, however, had to display the agency’s
activities in terms of more than 70 budget line items representing a dozen or so individual resource programs. These programs were further divided into several very specific types of activities. For example, timber sales invariably required substantial involvement of specialists in watershed management, soils, wildlife, and other disciplines. The timber program was shown separate from these other program areas, however, and was further broken down into timber resource inventory planning, silvicultural examinations, timber stand improvement, timber sale preparation, harvest administration, and reforestation. Through the negotiations with the Secretary of Agriculture, OMB, and Congress, most of the attention became focused on just a few budget line items that were particularly important in economic terms or were controversial. Usually, negotiations focused almost exclusively on the funding for timber sales and the volume of timber that would be offered for sale, and on activities facilitating timber harvesting such as road construction.

Through all this, the negotiators often lost sight of the interrelatedness of the myriad budget line items. Proposed funding levels were increased for some items, and reduced for others, with little recognition that each piece was part of an integrated whole. Once all the pork-barreling, backscratching, and one-upmanship were over and the appropriations bill was signed by the President, the final result often bore only a passing resemblance to the agency’s original budget proposal. Two years after field officials submitted budget alternatives based on their forest plans, they got back a package of appropriations that often reflected a mix of funding quite different from what had been requested. Given the requirements of appropriations law, they had little choice but to apply the funds as they were allocated, whether or not the management activities to be carried out were consistent with the program balance in the forest plan.

Budget Execution and Reporting

To the extent that this highly fragmented package of appropriations could be translated back into something that reflected an integrated resource management approach, it was done on an ad hoc basis by the resource managers themselves on individual ranger districts. Therein lay one of the key problems not only for implementation of national forest planning but for the integrity of the Forest Service’s fiscal accountability and Congress’ capability to oversee the agency’s activities.

Complexity of current accounting requirements for field offices

The line officers of the Forest Service, down to the 617 district rangers, had to track all of their expenditures through the Program Accounting and Management Attainment Reporting System (PAMARS). PAMARS was designed to do precisely what is described as the third and final component of PPB: monitor the accomplishment of the funded programs and provide input for subsequent program generation. Field officials had to keep funds carefully separated by budget line item, setting up 70 or more individual accounts to which they charged the year’s expenditures. Individual accounts were established with specific balances on the basis of planned activities and available funds. All expenditures for personnel, materials, and equipment had to be allocated to one of these accounts. At the end of the fiscal year each ranger district had to "zero out" each one of these accounts to within a very narrow margin.

There was some degree of flexibility in the system for achieving a better match between
funds and needs, but it was not sufficient to fully address the chronic differences between the mix of funds needed to effectively implement forest plans and that actually provided through appropriations. Understanding the difficulty for any agency to precisely predict its needs two years in advance, Congress granted the Forest Service authority to "reprogram" funds from one budget line item to another. The authority was quite limited, however. Within the annual budget for the National Forest System, which ranged to nearly $2 billion, the Chief of the Forest Service had the authority to reprogram no more than $250,000 or ten percent, whichever is less, between budget line items. The Regional Foresters had no reprogramming authority at all, except on construction projects, so that essentially all reprogramming requests had to be dealt with at the highest level of the Forest Service. Any reprogramming needs that exceeded this limitation had to go to both the House and Senate appropriations committees for prior approval. Officially, Congress had to approve the reprogramming request before the district ranger could legally obligate funds based on the request. In practice, local managers seldom used the agency’s reprogramming authority to resolve mismatches between the mix of program funds allocated to them and the mix needed to carry out planned activities.

Reliability of cost accounting reports

Then as now, a major proportion of field-level expenditures are for personnel. As Forest Service responsibilities in resource management have broadened, it has become very difficult to accurately allocate the time of many different individuals, engaged in many different projects, each of which is comprised of elements of several different resource programs (and thus appropriations accounts). For all but the largest ranger districts in the Pacific Northwest and California, where ranger district personnel are highly specialized, a staff officer typically has responsibility for several different resource programs. Until the practice was specifically discouraged in the late 1980s, it was common for personnel to charge their time as planned at the start of the fiscal year, rather than against the programs in which each individual’s time was actually spent.

This practice, termed "accounting as planned rather than as worked" by the General Accounting Office, had serious implications for the reliability of the financial accounting figures supplied to Congress. The accounting records produced by the ranger districts were submitted to the supervisors' offices, and aggregated at the regional and national levels. Eventually, they became the basis for the annual report of the Forest Service to Congress, one of the most important tools available to Congress in exercising its oversight responsibility over the Forest Service. Though appearing to be both detailed and precise, it became clear that these accounting records were of dubious value to Congress in conducting oversight on the management of the national forests. In response to Congressional concern over the reliability of its accounting information, top officials of the Forest Service issued sternly worded directives advising field officials to be especially conscientious in accounting for their activities on a "charge as worked" basis. The importance this had in restoring the Forest Service's credibility with Congress can hardly be overstated, and there has been substantial progress in improving the accuracy of cost accounting on the national forests.

But this directive did not change the fundamental situation that had given rise to the problem—the lack of consistency between the mix of funding in Congressional appropriations and
that needed to achieve the strategic objectives in the Congressionally-mandated RPA Program and national forest plans. In fact, this loss of a certain degree of de facto flexibility for local managers to apply funds as needed further increased the likelihood that there would be a public backlash against the Forest Service for its failure to implement resource management plans as anticipated. Agency officials had long recognized the fact that the timber program, because it provides both local employment and federal revenue-sharing with the states, always received adequate funding from Congress. So much so that many activities only tenuously related to timber management, and typically underfunded, were paid for with timber appropriations. A sudden shift to keeping expenditures scrupulously separate could amount to a sudden decrease in available funds for just the sorts of activities for which the public had sought greater emphasis in the forest plans.

Simplifying budget structure to facilitate forest plan implementation: the "end-results budgeting" pilot study

Much of the Forest Service's difficulty in coordinating its budgets and program plans—with resulting problems in fiscal integrity—were attributed to the fragmentation and unwieldiness of the budget and accounting structure. Thus, a second response of top agency officials has been to approach Congress about consolidating the Forest Service budget into a few inclusive budget line items, and concentrating instead on establishing and monitoring desired output levels for both non-market and market resources. The underlying objective was to encourage Congress to recognize the need for an integrated approach to funding as well as planning national forest resource management activities.

The main thrust of a 1988 initiative, referred to as "end-results budgeting," proposed collapsing the 43 budget line items for National Forest System activities into only six budget line items. Funding for virtually all of the resource programs on the national forests (timber, range, recreation, etc.) would be lumped under one "Operations & Maintenance" budget line item so that funds could be allocated to the field on an integrated basis, and with fewer institutional obstacles impeding the movement of funds from one resource program to another. But there are few prerogatives of Congress that are more highly cherished—and closely guarded—than its "power of the purse." Knowing that Congress would regard this as a reduction in its control over the Forest Service, the agency offered to develop a new system for direction and accountability, based on setting and monitoring resource production targets. Production targets would be established for non-commodity as well as commodity resources. Quarterly progress reports would keep the Congress apprised of the agency's progress in achieving the assigned targets. Under such a system, the Forest Service contended, there would be no need for field officials to fudge how their time was charged and their expenditures reported; the accuracy of the resulting accounting records would naturally improve, producing valuable marginal (or unit) cost information for better Congressional oversight and Forest Service managerial control.

For several years in the mid-1980s, the Forest Service conducted a pilot program to test the concept of end-results budgeting on several national forests, one research station, and one entire region. Asked by the appropriations committees to evaluate the outcome of the pilot program, GAO expressed support for Forest Service plans to begin implementation of the new budgeting system nationwide at the start of fiscal year 1989. In its report to the House Interior
Appropriations Subcommittee, GAO noted a number of significant advantages of the proposed system for both the Forest Service and the Congress itself. GAO confirmed the Forest Service claim of increased overall cost efficiency on the pilot forests through better program integration. GAO indicated that "the amount of additional time that managers said could now be spent in the field rather than on budget and financial matters ranged from 10 to 20 days a year," and noted that such "reductions in administrative time at a ranger district could mean important increases in resource management productivity of the Forest Service as a whole." But GAO's most compelling finding was that, by adopting a budgeting system that ostensibly diminished direct Congressional control over the Forest Service, the increased reliability of the accounting reports actually improved the effectiveness of Congressional oversight of the Forest Service. GAO recalled their earlier finding that district rangers' "normal reaction to being held responsible for numerous accounts at year-end led to a system whereby the amount charged to an account was often based on the amount budgeted for that account rather than the actual work chargeable to the account," but it confirmed Forest Service reports that this practice was almost entirely eliminated on the pilot forests testing the end-results budgeting approach. This led GAO to conclude:

Although less financial information will be displayed in the proposed budget structure, the level of detailed information on actual expenditures will be the same as currently provided through the Forest Service's accounting system. Moreover, the Congress could potentially receive, under the end-results budget proposal, budget information that is more accurate than the information it now receives.

Though stated diplomatically, GAO was essentially telling Congress that the accounting information they were receiving under the present system was telling them very little about what was actually going on in the national forests and that, by relinquishing what was in fact not much more than an illusion of oversight capability, they could gain a significant measure of real control over the agency's activities.

A subsequent Forest Service internal review of the pilot program continued to find accountability problems, however, and concluded that the agency was not yet prepared to implement this kind of approach to budgeting and reporting at a national scale. While the administrative units participating in the pilot study were given authority to reallocate funds as necessary, recordkeeping on how the funds were actually reallocated, and why, were weak and incomplete. The study concluded that clearer direction was needed regarding recordkeeping and reporting. Extending the pilot program was suggested as a way of discerning patterns of fund reallocation. For example, determining whether certain budget line items were being consistently increased or decreased year after year would help address the question of whether the increased authority was being used to respond to unforeseen situations, or to change Congressional intent regarding spending priorities. The key recommendations for strengthening the budget process included further simplification of the budget structure in terms of the number of budget line items, and streamlining reprogramming procedures to facilitate their use by field managers.
BUDGET REFORM: IMPROVING PRODUCTIVITY AND ACCOUNTABILITY

Ecosystem-based approaches to land management and the need for even greater program integration

While the Forest Service was preparing to submit its end-results budgeting proposal to Congress, a number of other important events intervened, each with significant implications for the agency's planning, budgeting, and accomplishment reporting. In 1992, the Forest Service was cited by the National Performance Review, a White House-led study of ways in which to improve the efficiency of federal government programs, as an example of an agency whose budget structure impeded productive management and efficient use of taxpayer dollars. In combination with the 1990 Chief Financial Officer Act (CFO), the Government Performance and Results Act of 1993 (GPRA) was intended to improve government efficiency, performance, and fiscal accountability, and the Forest Service was designated a lead agency to pioneer the implementation of these laws throughout the federal government.

In 1994, the Forest Service "Course to the Future" committed the agency to an ecosystem-based approach to management of the national forests and grasslands. Specifically, the Forest Service's new priorities were to (1) protect ecosystems, (2) restore deteriorated ecosystems, (3) provide multiple benefits for people within the capabilities of ecosystems and (4) improve organizational effectiveness. These themes also provided the framework for the draft 1995 RPA Program, the Forest Service's strategic plan. This ecosystem management approach necessitated a far more integrative approach to land and resource management than did earlier laws and policies such as NFMA or the Multiple-Use Sustained Yield Act. A budget process that was too fragmented to support implementation of 1980s-era national forest plans would have even greater shortcomings as a key organizational process underpinning ecosystem management.

Forest Service proposed FY 1995 budget reform

In the President's Budget for fiscal year 1995, the Forest Service proposed significant changes in its budget structure and processes "to facilitate implementation of ecosystem management, reduce complexity, and improve the efficiency of the current system." These changes were intended to provide a stronger budget basis for integrated resource management by (1) condensing the number of budget line items and consolidating them around groups of related activities, (2) giving field managers greater flexibility for reprogramming funds where needed without prior approval from Congress, and (3) combining several new large-scale activities needed for an ecosystem-based approach to land management under a single ecosystem management line item.

Budget consolidation. Under the Forest Service proposal, the number of budget line items would be reduced from 72 to 48 (see Figures 2 and 3) to simplify accounting, increase flexibility in managing funds, and reduce the
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* Under the "benefitting function" concept, the following will be considered support in this proposed structure:
  
NFS, Research, S&PF, Protection & L&WCF appropriations - General Administration;
NFS BLI/EBLLs and Federal Lands Fire Mgmt EBLL - Resource Coordination costs
need for reprogramming. More than just a condensation, the proposed budget structure would be reconfigured to distinguish between operations/maintenance (O&M) activities and capital investment activities for major resource programs (e.g., recreation, timber) to clarify budget allocations and facilitate performance monitoring.

Ecosystem management line item. An entirely new budget line item would be added for Ecosystem Planning, Inventory, and Monitoring to fund all planning, inventory, and monitoring activities above the level of individual projects. This would include large-scale eco-region assessments such as the Columbia River Basin eco-region assessment and the Southern Appalachian eco-region assessment. This would also include most of the funds used to develop national forest plans under NFMA and prepare the environmental impact statements that accompany these plans. This is a substantial cost whose full extent is not readily apparent because it is spread among several major resource programs.

Reprogramming authority. The Forest Service proposed to increase the authority of field managers to reprogram up to 15 percent of the funds in a given expanded budget line item without having to seek prior approval from Congress. The existing authority was limited to 10 percent or $250,000, whichever is less. Managers would have to provide written justifications and clear records of any reprogramming, indicating how the fund shift was consistent with Congressional intent. This proposed new authority was meant to give field managers greater flexibility in applying funds in the most effective and efficient manner, and adjusting to conditions that may have changed significantly since the formulation of the budget request two years prior. This was one of the most important steps in the proposed budget reform toward giving field managers the ability to adjust the mix of funds to what is needed to execute their annual program of work and implement their forest plan.

Funding of resource support activities. Another important move toward integrated resource management was the Forest Service's proposal to fund all activities associated with a given project (a so-called "benefiting function") from one source. Previously, a project such as a timber sale might require expenditures of Soil & Water Protection funds for a watershed survey, Wildlife & Fish funds for mitigation of effects on wildlife habitat, and Heritage (cultural resources management) funds for an inventory of archaeological sites in the proposed timber sale area. This arrangement often created difficulty when funds for these other resource programs were insufficient to provide the necessary support for the Timber program as well as carry on their own program activities. Under the Forest Service's proposal, all activities in support of such a timber sale would be paid for from Timber program funds. While this might increase the level of funding necessary to carry out the Timber program, it would also ensure that the Timber program would not be hampered by insufficient support funds from other resource programs.

Accountability. In deference to Congress' continued desire for detailed information on particular programs of interest, the Forest Service offered to continue providing accounting information at the same level of detail as before (i.e., for all 72 original budget line items) even though there would be no attempt to control funds beyond the proposed 48 budget line items. While a commendable goal, it is unclear that such an arrangement would have worked well. Requiring field managers to continue
accounting on the basis of the original 72 budget line items hardly seems to be an easing of the recordkeeping demands that helped precipitate the proposed budget reform. Where such recordkeeping is simply informational and not a matter of fund control, the accuracy and completeness of the detailed accounting information could come into question as well. This was one of the major problems the Forest Service itself identified in the end-results budgeting pilot study several years before, in spite of GAO’s generally positive evaluation of the pilot results.

Congressional action on FY 1995 proposal

In its action on Forest Service appropriations for FY 1995, Congress accepted important portions of the agency’s proposal, but left others for future consideration. Congress granted the Forest Service additional budget flexibility in return for improved accountability, and left the door open for even greater flexibility in the future. This quid pro quo gives the Forest Service an important incentive to continue development of useful performance measures and improve the accuracy and completeness of its financial accounting.

On the proposed budget restructuring, Congress opted for a simple consolidation of line items from 72 to 48, but gave the Forest Service significantly increased flexibility to shift funds within these new line items. Within the budget for the National Forest System, a new line item was created for Ecosystem Planning, Inventory, and Monitoring, giving the Forest Service a powerful new mechanism to manage its lands with a greater understanding of long term effects at the eco-region scale. New line items were added for Forestland management, Land Ownership Management, and Infrastructure Management, consolidating all programs and activities relating to timber sales, special use permits, land surveys and exchanges, and the management of physical facilities such as buildings and roads.

Perhaps the greatest additional flexibility for the Forest Service to implement an integrated resource management approach will come through its significantly expanded reprogramming authority. For NFS, Research, and State & Private Forestry appropriations, the reprogramming control will be at the level of the newly consolidated budget line items ("BLI") rather than at the next level of detail (the "expanded budget line items," or "EBLI") as was previously required. Moreover, approval from Congress is needed only if the proposed reprogramming exceeds 10 percent of a BLI or $3 million, whichever is less. Previously, Congressional approval was needed to reprogram more than 10 percent of one of the expanded budget line items (EBLI) or $250,000, whichever was less. This provides Forest Service managers with significantly expanded authority, allowing funds to be shifted without Congressional approval among the activities now subsumed within the newly-consolidated budget line items. Congress has relinquished its previous control at the EBLI level, and considerably relaxed its hold on the Forest Service even at the BLI level.

It is important to note that, while Congress has decreased its requirement for prior approval of the reprogramming of appropriated funds, it maintains its strict oversight of these changes through new reporting requirements. By November 1, 1994, the agency was to provide Congress with a report showing revisions to the mix of funds from what was originally presented in the President’s Budget. This established the Forest Service’s reporting baseline. For every year thereafter, the agency must submit a mid-year report by May 1 showing actual costs as of
March 31 (with a projection for the rest of the year), with detail down to the EBLI level. An update of actual costs as of July 31 is due by September 1. And finally, an end-of-year report, due by November 1, becomes the basis for the next year's baseline report, theoretically due at the same time. Although fund control is at the BLI level, Congress clearly intended that the Forest Service report its actual expenditures—and any reprogramming—at a finer level of detail.

The reprogramming guidelines are intended to allow for adjustments necessary to close the gap between the time the budget is formulated and the start of the fiscal year. . . . The Committee wishes to reiterate to the Forest Service the importance of presenting clearly in the budget justification the same level of detailed information that has been provided under the old structure.38

Improving Forest Service accountability and performance measurement

The Forest Service budget reforms enacted by Congress for FY 1995 were premised upon an expectation of improved accounting/reporting and performance measurement. The House Committee report accompanying the Forest Service’s FY 1995 appropriations stated that "The Committee has agreed to these modifications in budget structure and reporting requirements in order to facilitate the move to ecosystem management. However, it must be stressed that these changes will require significant improvements in the accuracy of accounting and reporting, and in the types of performance measures used, if the increased flexibility provided by these changes is to be continued and possibly expanded in the future."39

One of the key recommendations from the National Performance Review was for agencies to develop performance measures based on accomplishment of their overall mission. These "policy outcomes" are regarded as a more meaningful measure of performance than dollar "inputs" to agency budgets or quantitative program "outputs" such as board feet of timber sold, miles of trail maintained, or units of livestock grazed. However, "outcome" measures can be highly subjective and difficult to independently verify. For example, whether the ecological condition of a given acre of national forest is better or worse than in the previous year is far more difficult to determine than that a certain volume of timber was harvested, a certain number of hikers visited, or a certain number of songbirds were counted.

For these reasons, the development of adequate, meaningful measures of performance has been among the most difficult challenges to budget reform the Forest Service must overcome. The Forest Service’s constituent groups with interests in a particular resource program, such as wildlife, have long regarded the expenditure of funds in that program area as the ultimate measure of performance. Often these groups will testify before the Congressional appropriations subcommittee to advocate for increased funding for a specific program. Obtaining adequate funding for their favorite program, and ensuring that the agency spends these funds as directed, is an important measure of their own success. Even though many of these constituent groups are ostensibly most concerned with improving resource conditions on the ground, they have made clear their reluctance to give up on dollar "inputs" to their chosen program as the primary
mechanism for holding the Forest Service accountable. For the foreseeable future, it is likely that the Forest Service's performance will be assessed by its constituents on the basis of some combination of dollar inputs to particular resource programs, quantitative program outputs, and policy outcomes.

The Forest Service is in the process of implementing a financial and accomplishment reporting system that would include performance measures based on broad "outcomes." This effort, known as All Resources Reporting (ARR), is designed to clearly show the relationship of expenditures associated with management activities at the field level with revenues, program accomplishments, and socioeconomic effects on regions and communities. Performance measures include both accomplishments (program outputs) and results (policy outcomes). A first statement would capture the costs associated with resource programs, and the intermediate outputs of the programs. A second statement would capture the final output results of integrated resource management.

An important objective in the development of these performance measures is that they be verifiable. The agency is currently developing standards for documentation in both measurement and reporting so that the information can provide the basis for an independent audit, to the field level if necessary. Agency performance at the corporate level will not be overlooked, however. The Forest Service is also developing a set of "corporate performance measures" based on the agency mission and strategic plan. These measures may be based, in part, on subjective data from surveys of constituent groups and other individuals and organizations outside the Forest Service.

The relationship between budgeting and planning processes in the next generation of national forest plans will be significantly affected by the 1995 budget reform and associated changes in the way the Forest Service establishes program goals, measures its performance, and reports accomplishments and expenditures. Since the start of the budget reform process, implementation of GPRA and the development of new federal regulations to guide national forest planning have fundamentally changed the role the forest plans play in annual budget development.

Budget development

In the future, the Forest Service annual budget proposal will be much more a reflection of agency's "corporate level" goals and priorities, and much less of a reflection of what the field managers estimate is necessary to implement the forest plans. Proposed revisions to the federal regulations that guide national forest planning do not indicate that the national forest plans should form a basis for annual budget development as in the past, but data from forest plan monitoring and evaluation is expected to be an important source of information for general consideration in program development and budgeting.40

At one point in the budget reform process, it was anticipated that there would be a "programming step" that would create a multi-year rolling schedule of program activities and associated dollars needed to implement the forest plan.41 This programming step would have served as the critical link between national forest plans and the budget process. It was anticipated that a rolling schedule of program activities would be maintained by field managers on an ongoing basis and would provide the starting point for annual budget formulation. Since it
would be continually updated, it would reflect any changes in policy or local conditions they may have occurred since the completion of the forest plan, or even since the previous year’s budget. This information would have provided the basis for responding to the annual goals, performance indicators, and overall budget constraints determined by the agency’s leaders. Field staff would provide agency leaders with their assessment of the level of funding needed to achieve the stated goals, as well as the level of program accomplishment that can be expected within the stated budget constraints, and suggest ways in which agency leaders’ desired goals and budget constraints can be reconciled.

However, the proposed regulations describe a much more centralized approach to budget development in the future. The priorities established in the RPA Program, the agency’s strategic plan, will play a much greater role than the forest plans in this process. The Forest Service’s annual budget proposal will be developed on the basis organization-wide program goals, which are themselves based on longer-term national priorities established in the RPA Program. The RPA Program goals will also be reflected in the budget emphases in the annual GPRA performance plan. The GPRA performance plan is a statement of the goals the agency intends to achieve in the budget year. It lists those indicators which will be used to measure success and what level of accomplishment will constitute success. Under the proposed regulations, the RPA Program priorities will also play a much greater role in the development and implementation of the forest plans themselves. The agency leadership will establish organization-wide processes and procedures as necessary to ensure consideration of the major elements of the RPA Program in forest plans.42

Under the proposed planning regulations, the most direct link between forest plans and budgeting is a strategy that must be developed to guide the monitoring and evaluation of forest plan implementation. The monitoring and evaluation strategy must include instructions for storing and disseminating information of use in the program development and budget formulation process, such as updated information on resource capabilities, project opportunities, activity costs, or economic trends.43 Budgeted funds for monitoring and evaluation have seldom been adequate, and the regulations instruct field managers to develop strategies that explicitly consider the availability of funds. However, in instances where monitoring and evaluation activities are essential to ensuring mitigation of possible environmental effects of a project, the project may not be initiated unless there is a reasonable expectation that adequate funding will be available to conduct the monitoring and evaluation activities.44

Budget execution and reporting

The set of program accomplishment goals that emerges from the compilation of information in the RPA Program, the GPRA performance plan, and the national forest plans will later provide an essential guidance in the allocation of funds following the enactment of the agency’s appropriations.

The 1995 budget reform provides substantial new flexibility for adjusting the mix of funds to account for unforeseen circumstances that have occurred between budget formulation and fund allocation. The ability to make such adjustments still becomes limited at the field level, however, because of the $3 million cap on reprogramming. It is easier for agency leaders to ensure that the many independent decisions of
field managers do not collectively exceed the 15 percent limit than any specific dollar limit. Because mid-level Forest Service managers will have to take a conservative approach to ensure that the agency as a whole does not exceed the current statutory dollar limit on reprogramming, it is likely the agency will be unable to fully utilize its 15 percent reprogramming authority.

The Annual Report of the Forest Service, required since 1974 by RPA, is being restructured to meet the increased need for financial accountability and performance evaluation. The annual report has already been modified to include the additional performance information required by the Chief Financial Officer Act (CFO). The Forest Service is in the process of incorporating multi-year trend information on key performance indicators to demonstrate its accomplishments relative to the annual GPRA performance plan as well as the RPA Program goals. The Forest Service's expansion and restructuring of its Annual Report is integrating into a single document the reporting requirements of the Resources Planning Act (RPA), Chief Financial Officer Act of 1990 (CFO), and the Government Performance and Results Act of 1993 (GPRA). Structurally, this report consists of (1) an overview providing information on the agency's accomplishments relative to the strategic goals set out in the RPA Program, (2) performance information required by CFO, (3) the GPRA performance report appendix, comparing actual accomplishments to planned accomplishments in the annual GPRA Performance Plan, and (4) an appendix of tables providing historic and trend information used by program managers and interested publics.

Implementation of FY 1995 budget reform

The Forest Service's budget structure and processes have a profoundly important effect on the ability of that agency to carry out its mission and effectively implement its governing statutes and administrative policies. This is especially true for the Multiple-Use Sustained-Yield Act, the National Forest Management Act, and more recent administrative policies to facilitate the shift toward integrated, ecosystem-based resource management. The purposes of the Forest Service's FY 1995 budget reform proposal to Congress were to allow the agency to:

- Respond to field concerns about the complexity and inefficiencies associated with the existing structure and reprogramming procedures
- Facilitate implementation of integrated, ecosystem-based approaches to land and resource management at the field level
- Improve resource managers' ability to respond to shifts in program emphasis; unforeseen natural events such as fires, hurricanes, and disease or insect infestations; and changing ecological, economic, or social conditions at the field level
- Respond more effectively to the recommendations from the National Performance Review, and to the requirements of the Government Performance and Results Act.

In response to this proposal, Congress has provided the Forest Service with a simplified budget structure and significantly increased spending flexibility to help ensure that needed funding is available in the correct proportions for
implementation of integrated management activities.

The Congressionally-approved structure does not go as far towards an integrated ecosystem-based approach as that proposed in the President’s Budget for FY 1995. In notes accompanying its FY 1995 budget reform proposal to Congress, the Forest Service offered a glimpse of three alternative possibilities for the long-term restructuring of its budget to support integrated resource management (see Figure 4). Option B reflects the kind of approach actually proposed by the Forest Service in the FY 1995 budget reform, reconfiguring the budget structure to provide the agency’s main appropriations along the lines of operations and maintenance (O&M), capital investments, roads, and lands. Congress rejected this approach in favor of simply consolidating budget line items within the agency’s existing appropriations structure. Option C would maintain the agency’s existing appropriations structure (NFS, Research, State & Private Forestry, etc.), but consolidate all activities associated with National Forest System management under four main "themes" rather than descriptions of physical activities. Option A is perhaps closest to being a logical extension of the budget reforms approved by Congress for FY 1995. The existing appropriations structure is maintained, with most of the functions under each main appropriation grouped in either O&M or capital investments. The number of budget line items would decrease to 11 from the current 48.

However, before additional major changes are proposed, the Forest Service must fully incorporate the results of the 1995 budget reform in its program development and budget process, and assess for Congress the effectiveness of these changes in providing the institutional framework for an integrated, ecosystem-based approach to resource management.

Concerns over the definition of Ecosystem Planning, Inventory, and Monitoring must be resolved. This new budget line item encompasses nearly all of the costs associated with national forest land and resource management planning, environmental analysis for all activities above the project level, and a rapidly growing program of inventory and monitoring. If it is not to become a catch-all with a budget that dwarfs all other resource programs, clearer definitional boundaries need to be established. In the meantime, most of the prior existing resource programs will have to continue contributing to planning, inventory, and monitoring activities. At what level they will contribute, and in what proportions, are issues that have yet to be resolved.

Nationwide implementation of the All Resources Accounting is an important step toward achieving the increased accountability objectives established by Congress. Performance measures which reflect the results, or outcomes, of the interaction among multiple resource programs rather than outputs from individual resource programs are critical if the Forest Service is to continue implementing an ecosystem approach to land management. All Resources Reporting will help summarize these outcomes. Combined with annual GPRA performance goals based upon the agency strategic goals described in the RPA Program, it will provide a level of accountability which will effectively complement the greater flexibility granted by Congress.

Given the time and effort that will have to go into the Forest Service’s reconfiguring of budget development and reporting procedures to implement the FY 1995 budget reforms, it would be premature to propose further major changes. However, removing the $3 million statutory limit
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on reprogramming authority and simply leaving it at 15 percent of a budget line item would dramatically improve the effectiveness of the Forest Service budget reform at the field level where it matters most. There is little additional risk that such a change would diminish the Forest Service's accountability to Congress. The quarterly reprogramming reports required by Congress allow agency leaders to keep tabs throughout the year on the extent of reprogramming that has taken place so that adjustments can be made through feedback to field managers. This effectively prevents the agency as a whole from finding itself in the third quarter with actual reprogramming so far out of bounds that it cannot be brought back within a statutory limit of 15 percent by year's end.

CONCLUSION

The eventual goal for Forest Service budget reform is a budget structure and process that is fully consistent with an integrated, ecosystem-based approach to resource management. This means continuing the evolution from a budget structure which keeps resource management functions like timber, wildlife, and watershed protection separate from one another to a structure that groups these functions the way they must be grouped in the management context at the field level. The Congressionally-directed changes in FY 1995 support this movement towards an integrated approach to budgeting as well as planning, and with some relatively minor additional adjustments in the near term these changes should provide Forest Service field managers with greater flexibility in responding to unanticipated conditions and events.

Proposed changes to federal regulations governing national forest planning suggest a trend toward greater centralization of decisionmaking during annual budget development, and a weaker linkage between national forest plans and annual budgets.

The Forest Service is currently in the process of finalizing its 1995 RPA Program, its strategic plan containing long-term agency priorities as well as implementing actions. These priorities and implementing actions, along with the GPRA performance plans, will form the basis for future Forest Service budget development. One result of this may be that the management of individual national forests across the country will be more consistent in reflecting national goals and priorities. In terms of citizens playing an effective role in national forest management decision making, the value of citizen involvement in Forest Service strategic planning may increase, and the value of citizen involvement in national forest planning may be relatively diminished.

Whether these changes will bring the Forest Service closer to its goal of integrated, ecosystem-based approaches to resource management has yet to be determined. Monitoring agency performance through new tools such as the GPRA performance plans, but also through evaluating changing activities and conditions in the field, should help frame what further budget reform may be needed. Whatever else may happen, the importance of the budget process as a policymaking mechanism in national forest management will certainly not diminish any time in the near future.
REFERENCES


10. The initial stages of budget development vary somewhat from one Forest Service administrative region to another. In some regions, the budget alternatives are developed in the regional forester's office on the basis of current and planned activities, and then negotiated with the forest supervisors prior to being submitted to the Washington Office.

11. Recently, there has been substantial disagreement within the Forest Service over just what is meant by the term "custodial management" or "stewardship." Given this difficulty in definition of such a qualitative term, the current direction is to set this budget alternative at ten percent below the prior year President's Budget.


15. Ibid., pp. 60-63.


20. Ibid.


24. Ibid.


27. An internal Forest Service evaluation of the end-results budgeting pilot program raised concerns about the possible misinterpretation or misuse of the broader spending authority granted to field units under the program. The report stated that "the agency must guard against perceptions or appearances that we 'just do what we want'" regardless of Congressional intent. The report asserted that the flexibility to deviate from Congressional budget allocations was to allow agency officials to respond to changed conditions or unforeseen situations, not to achieve local objectives at the expense of meeting Congressional intent. See: USDA Forest Service, *Evaluation Report: Eastern Region Pilot Budgeting Process*. Unpublished internal report (Washington, DC: USDA Forest Service, 1992), 136 pp.

28. Ibid.

29. Ibid., p. 6.


32. Ibid., p. 52.


43. Ibid., §219.12(a)(1)(viii).

44. Ibid., §219.12(f).


About the Pinchot Institute

The Pinchot Institute for Conservation is an independent, non-profit organization dedicated to leadership in conservation thought, policy, and action. The Pinchot Institute was dedicated in 1963 by President John F. Kennedy at Grey Towers National Historic Landmark in Milford, Pennsylvania, historic home of conservation leader Gifford Pinchot, to facilitate communication and closer cooperation among resource managers, scientists, policymakers, and the American public. The Institute continues Pinchot’s legacy of conservation leadership as a center for policy development in support of sustainable forest management.

Programs and activities

- **Policy research and analysis.** The Pinchot Institute serves as a bridge between the scientific and policymaking communities in forest resource management. The Institute provides independent policy research and timely, objective analysis targeted to the current information needs of policymakers and resource managers.

- **Convening and facilitation.** The Institute serves as a convener and facilitator, fostering collaborative approaches to resolving key issues in forest policy. The Institute brings together leaders in forest management, research, and education from federal and state agencies, universities, industry, and conservation organizations to address new challenges and discover new solutions for advancing sustainable forest management.

- **Leadership development.** Through its program on leadership in natural resource conservation, the Institute conducts research and provides training for resource management professionals and community leaders in participatory decision making and conservation leadership.

Current programs

*Institutional and policy changes to implement sustainable forest management.* Much of the effort to date in sustainable forestry has focused on policy development, with far less attention devoted to the mechanisms by which these policies will be implemented, or potentially thwarted. Policies for integrated approaches to resource management will make little difference on the ground until the appropriate organizational structures and administrative processes are developed. These include the development of processes for conservation-oriented strategic goal setting and performance measurement, and integrated resource management planning, budgeting and fiscal accountability. These considerations are complex and intensely politicized, and the Pinchot Institute can play a critical, constructive role through both independent analysis and facilitation.

*Forest stewardship and sustainable rural development.* The restoration and maintenance of forest ecosystems for multiple objectives requires a variety of continuing land treatments that can be the basis of stable employment and income in rural communities. There is a need for policies aimed specifically at facilitating the development of local capacity to carry out such land treatments through the kind of small entrepreneurial firms that characterize rural communities. The Pinchot Institute is working with policymakers, federal and state land management agencies and with a network of community-based rural development practitioners to identify and address key policy issues such as contracting, bonding requirements, capital financing, and training in the development of specific strategies to advance both forest stewardship and sustainable rural development.

*Developing collaborative models of conservation leadership.* The Pinchot Institute is committed to the development of effective natural resource conservation leadership among both beginning and mid-career professionals, in public agencies, private organizations, and conservation NGOs. The Pinchot Institute offers leadership workshops and executive development seminars in participatory decision models that are beginning to redefine the relationship between land management agencies and the communities they serve. The Institute’s leadership development program is integrated with the training and conservation fellowship programs held at Grey Towers National Historic Landmark, primarily for mid-level managers in federal natural resource management agencies.

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