

**STATEMENT OF**  
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**UNITED STATES DEPARTMENT OF AGRICULTURE**

**Before the**  
**Committee on Small Business**  
**United States Senate**

**Regarding Impacts to Small Businesses from Forest Service Regulations**

**October 4, 2000**

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to discuss impacts on small businesses from Forest Service regulations. Today I would like to discuss our various programs that benefit small businesses and the potential effects on small businesses from the proposed rules for roadless area conservation, national forest management planning and our road management policy.

The Forest Service has a long-standing commitment to work with small businesses on the local level. A majority of National Forest System lands are located in rural communities. As part of a decentralized organization, our employees live in and are part of these very same communities. Therefore, we are uniquely aware of the need to support vibrant, productive small businesses. We currently work with over 5,000 small business entities nationwide to carry out Forest Service programs.

Within the agency, our State and Private Forestry organization provides expertise and resources to facilitate and foster sustainable community development, which benefits small businesses. One example of a program carried out by State and Private Forestry is the Economic Action Program, which is designed to help rural communities and businesses benefit from the work the agency does on federal lands. Two components of this program are rural development and economic

recovery. The Forest Service Economic Action Program plays a valuable role helping communities strengthen and diversify their economies through the wise, more complete use of forest resources.

Examples of the technical and financial assistance provided under the Economic Action Program include business planning for new start-up firms for small diameter tree harvesting, processing, and marketing to demonstrate innovative and cost efficient uses for small diameter timber. Other examples include providing access to new technology; trade networks, and training; and financial assistance opportunities.

In addition, our Research and Development organization has had a long history of technical innovations that ultimately, support small business development. The Forest Service has entered into many cooperative research and development agreements with a variety of small businesses in many technical areas. For example, our forest product laboratory developed technology for circular finger jointing to increase the use of small diameter material for use in construction.

Within the National Forest System organization, we have various programs that benefit small businesses while addressing impacts that may occur from land management decisions. One enterprising effort in the small business arena has been the partnership developed between the Forest Service and the Colorado Small Business Development Center (SBDC). During the last few years the Forest Service, the Colorado Outfitter and Guide Association, and the Colorado SBDC have been working together to develop and implement a business plan geared toward business entities operating on National Forest System lands. The Forest Service considers this business plan to be a national prototype that the agency can use with small businesses in other states. Through the cooperative efforts of the agency and the Colorado Small Business Development Center, Forest Service employees are working more closely with small business entities, and frequently, we recommend the services of the local Colorado SBDC to businesses that wish to operate on National Forest System lands.

We also are participating in regional efforts like the Four Corners Sustainable Forests Partnership. One objective of this partnership is to strengthen and diversify rural economies by supporting community-led projects that achieve forest restoration and create high-value manufacturing opportunities with the by-products. Already this partnership is assisting several small businesses

through job training, technology transfer and market development to improve the economics of small diameter timber utilization.

Within the National Forest System, we have also initiated other efforts that support small business interests. The Forest Service recently revised its regulations governing special uses in order to streamline the proposal and application process. This revision provides the framework for the agency to more clearly and effectively identify appropriate uses on National Forest System lands and allows us to be more responsive to all entities seeking a special use authorization.

The Forest Service also works closely with outfitting and guiding businesses on the National Forest System lands. The objective of the Forest Service's national policy is to facilitate high quality commercial outfitting and guiding services that ensure public health and safety, and environmentally sound operations, while fostering small businesses.

On another front, the Forest Service has developed, in cooperation with the Small Business Administration (SBA), a Small Business Timber Sale Set-Aside Program. It is designed to ensure that small business timber purchasers have the opportunity to purchase a fair proportion of the National Forest System timber offered for sale. The Forest Service adopted the current Set-Aside Program following consultation with the SBA and notice and comment on the proposal published on the Federal Register publication on July 26, 1990.

We also have the Special Salvage Timber Sale Program (SSTS) that operates as a joint program administered by the Forest Service and the SBA (13 CFR 121.6 (c)). This program is independent of the regular set-aside program (section 92), and timber volumes from sales set aside under the SSTS program are not included in the analysis for the regular program. This program provides additional opportunities for small businesses.

### **New Opportunities**

In addition to our current programs, new opportunities for small business may come with implementing the recommendations in the Report from Secretaries Glickman and Babbitt to the President on "Managing the Impact of Wildfires on Communities and the Environment (Report)." In areas impacted by the wildfires this year, the Forest Service rural development program is providing immediate economic assistance to rural communities. In receiving grant or loan applications

under this program, we will fully consider the impact of the season's wildfires on communities seeking assistance.

In addition to these immediate actions, the Report recommended making stabilization and restoration investments in areas that have been damaged by fires and which are at risk of erosion, invasive species germination, or water supply contamination. These investments should be made in a manner that provides maximum benefit to hard-hit communities and utilizes local contractors to the maximum extent possible.

The Report is also recommending that forest treatment activities be increased to reduce the risk of fire to communities. These activities can be labor intensive and, once again, the Forest Service intends to involve local communities and the local workforce in implementing these activities.

Part of our actions to implement recommendations in the Report will be to develop and expand markets for traditionally underutilized wood as a tool to enhance efficient use of the removed fuels. Actions will include funding for technical assistance and grants to help develop businesses. Funds will be targeted on technical assistance, training, business plan development, feasibility studies, seed funds for selected capital investments, marketing strategies, identification of value-added income producing opportunities, and applied research.

### **Proposed rules**

To help identify effects of proposed rules on small entities, the agency follows the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), which directs agencies to prepare and make available for public comment an initial regulatory flexibility analysis for rulemakings will not have a significant economic impact on a substantial number of small entities. If the agency determines that a rulemaking will not have such an impact, the agency must make and publish a certification of no significant impact, along with a statement that provides the factual basis for the certification. All of these are subject to the notice and comment requirements of 5 U.S.C. 553.

The proposed national forest management planning rule and the proposed road management policy have been considered in light of the Regulatory Flexibility Act, as amended (5 U.S.C. 601 et seq.), and it is expected that these rules will

not have a significant economic impact on a substantial number of small entities.

Based on the recommendations of an eminent Committee of Scientists, the Forest Service is proposing to revise the existing Forest Service regulations implementing the forest and grassland planning requirements of the National Forest Management Act of 1976. It will base national forest management on the concepts of sustainability and collaboration, and it will integrate science more effectively into the planning process.

The proposed planning rule imposes no requirements on either small or large entities. Rather, the rule sets out the process the Forest Service will follow in planning for the management of the National Forest System. The rule should increase opportunities for small businesses to become involved in both site-specific and national forest and grassland plan decisions. Under the rule, small businesses and other entities may raise issues on opportunities they would like the Forest Service to consider. Moreover, by streamlining the planning process, small businesses should see more timely site-specific decisions that affect outputs of products and services.

The proposed road management rule and policy would revise Forest Service direction on planning and managing the National Forest transportation system. The road management policy is designed to make the 380,000 miles of road in the existing Forest Service road system more safe, responsive to public needs, environmentally sound, and affordable to manage. It places new emphasis on decommissioning, maintaining, and reconstructing of existing roads rather than on building new roads; it requires national forests to conduct an analysis of their existing road system; and it provides additional procedural protections for roadless areas. The proposed rule and policy do not make any decisions on which roads to upgrade, maintain, or decommission. Together, the proposed rule and road management policy will lead to better informed decisions about the national forest transportation system.

In May, 2000 the Forest Service published a proposed roadless area conservation rule and draft environmental impact statement evaluating options for conserving inventoried roadless and other unroaded areas on the National Forest System lands. The proposed rule would: 1) limit road construction or reconstruction in unroaded portions of inventoried roadless areas except in certain circumstances; and 2) require evaluation, during forest plan revision, of

whether and how certain roadless area characteristics in inventoried roadless areas and other unroaded areas should be protected in the context of overall multiple-use objectives.

Given the significant public interest in the rulemaking and the comments received on this specific issue during the scoping process, the agency prepared and made available for public comment an initial regulatory flexibility analysis. The Forest Service requested comments from businesses, communities, trade associations and other interested parties that had information or knew of information sources that would be useful in analyzing the potential economic effects of the proposed rule on small entities.

Since the inception of the rulemaking process, the Forest Service has aggressively sought out the participation of other Federal agencies through an interagency roadless policy team that includes, among many others, the Small Business Administration's (SBA) Office of Advocacy. This active exchange with the SBA and other Federal agencies has assisted the Forest Service in better understanding the concerns of small entities. Most importantly, these concerns have been published and there has been an invitation for public comment. We believe that this is precisely the kind of attention to the concerns of small businesses, communities and other small entities that the Act was intended to foster.

The Forest Service has undertaken a substantial effort to both consider and disclose the potential implications of the proposed roadless conservation rule for small entities. The Forest Service is currently reviewing comments and preparing a final regulatory flexibility analysis to respond to public comments, correct assumptions and include additional data. The final regulatory flexibility analysis is planned for release later this fall in conjunction with the final rule.

### **Summary**

National Forest System lands are experiencing an ever-increasing demand for a variety of uses from a growing and increasingly diverse population. There is a continuous demand for commodity production along with an increasing demand for recreation, water, wildlife, and fish, and other tangible and intangible goods and services. We realize that there are divergent needs and requests to use National Forest System lands. Therefore, we try to work with small businesses at the local level, as well as with the Small Business Administration, to evaluate and resolve the impact of competing uses on small businesses.

We do not expect that the proposed planning rule or the proposed road management policy will have a significant impact on small entities. Impacts from the proposed roadless area conservation rule will be identified in the final regulatory flexibility analysis and the final environmental impact statement.

Even though there may not be significant impacts to small entities, some local communities may experience some hardships. We plan to focus our efforts in these few communities to help develop community-led efforts to mitigate impacts and help them diversify their economies.

Overall, the opportunities for job creation and new stewardship industries are immense. Maintaining our existing roads, facilities, and recreation infrastructure, reducing fire risk and restoring our watersheds could lead to thousands of high paying private sector jobs that emphasize ecosystem restoration and forest stewardship.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions.

