







## Introduction

In 2010 the Forest Service announced a Transition Framework for the Tongass National Forest, proposing a “new path forward in the region that enhances economic opportunities to communities while conserving the Tongass National Forest.”

This important announcement, from an agency historically focused on the production of old growth timber, recognized the decades-long decline of the timber industry in southeast Alaska and the subsequent rise of other economic sectors, such as tourism and fishing, which rely on intact and pristine Tongass National Forest resources.

The Transition Framework sought to support the well-being of the region’s communities and economy by shifting to young growth harvests and restoration as well as investing more heavily in other program areas like recreation, wildlife, fish, and watershed protection.

This report examines whether such a transition has begun. It provides detailed budget and staffing information for the Tongass National Forest, examines how these resources were used programmatically, and reviews whether there has been a shift in budget and staffing in line with the proposed Transition Framework.

The report also explores whether Tongass National Forest resources now are being utilized to support significant and promising southeast Alaska economic sectors; and whether the Tongass National Forest timber program has moved beyond a historic emphasis on harvesting old growth timber and below-cost timber sales.





















## Budget and Staffing Analysis

This section reviews findings from the analysis of the Tongass National Forest's budget and staffing during the Transition Framework period and evaluates whether discernable changes were made in either budgets or staffing.

### Budget Analysis

The table and figure below summarize findings from the budget analysis.

#### Tongass National Forest Budget by Program, FY2009 to FY2013 and 5-Yr. Avg.

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	5-Yr. Avg.
<b>Total Budget</b>	<b>\$ 74,773,208</b>	<b>\$ 55,826,372</b>	<b>\$ 56,841,568</b>	<b>\$ 56,850,896</b>	<b>\$ 55,302,207</b>	<b>\$ 59,918,850</b>
<i>Timber Accounts</i>						
NF Forest Products [NFTM]	\$ 14,179,865	\$ 11,307,823	\$ 11,609,957	\$ 10,858,311	\$ 10,621,183	\$ 11,715,428
K-V projects [CWKV + CWK2]	\$ 95,000	\$ 98,000	\$ 207,050	\$ 164,730	\$ 442,000	\$ 201,356
Reforestation Trust Fund [RTRT]	\$ 1,382,107	\$ 1,434,000	\$ 1,420,172	\$ 1,421,253	\$ 1,567,942	\$ 1,445,095
Salvage Sales [SSSS]	\$ 200,000	\$ 200,000	\$ 500,000	\$ 800,000	\$ 789,000	\$ 497,800
<b>Subtotal</b>	<b>\$ 15,856,972</b>	<b>\$ 13,039,823</b>	<b>\$ 13,737,179</b>	<b>\$ 13,244,294</b>	<b>\$ 13,420,125</b>	<b>\$ 13,859,679</b>
<i>Timber-related programs</i>						
Roads [CMRD]	\$ 9,732,200	\$ 6,363,750	\$ 5,549,666	\$ 12,214,050	\$ 8,208,324	\$ 8,413,598
<b>Subtotal</b>	<b>\$ 9,732,200</b>	<b>\$ 6,363,750</b>	<b>\$ 5,549,666</b>	<b>\$ 12,214,050</b>	<b>\$ 8,208,324</b>	<b>\$ 8,413,598</b>
<b>Timber Total</b>	<b>\$ 25,589,172</b>	<b>\$ 19,403,573</b>	<b>\$ 19,286,845</b>	<b>\$ 25,458,344</b>	<b>\$ 21,628,449</b>	<b>\$ 22,273,277</b>
<b>Timber Share</b>	<b>34%</b>	<b>35%</b>	<b>34%</b>	<b>45%</b>	<b>39%</b>	<b>37%</b>
<i>Recreation Accounts</i>						
Recreation & Wilderness [NFRW]	\$ 5,015,500	\$ 4,249,015	\$ 4,086,561	\$ 3,875,730	\$ 3,775,277	\$ 4,200,417
Deferred Maint. Recreation [FDRF]		\$ 731,201				\$ 146,240
Trails [CMTL]	\$ 1,987,785	\$ 1,251,374	\$ 1,650,300	\$ 1,284,095	\$ 1,271,005	\$ 1,488,912
Recreation Receipts	\$ 2,312,532	\$ 3,005,430	\$ 3,245,632	\$ 3,036,745	\$ 3,516,487	\$ 3,023,365
<b>Recreation Total</b>	<b>\$ 9,315,817</b>	<b>\$ 9,237,020</b>	<b>\$ 8,982,493</b>	<b>\$ 8,196,570</b>	<b>\$ 8,562,769</b>	<b>\$ 8,858,934</b>
<b>Recreation Share</b>	<b>12%</b>	<b>17%</b>	<b>16%</b>	<b>14%</b>	<b>15%</b>	<b>15%</b>
<i>Wildlife and Fish Accounts</i>						
<b>W &amp; F [NFWF &amp; NFWF Subsistence] Total</b>	<b>\$ 4,550,435</b>	<b>\$ 4,012,222</b>	<b>\$ 4,405,136</b>	<b>\$ 4,247,316</b>	<b>\$ 4,088,231</b>	<b>\$ 4,260,668</b>
<b>Wildlife &amp; Fisheries Share</b>	<b>6%</b>	<b>7%</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>
<i>Watershed Protection Accounts</i>						
Vegetation & Watershed [NFWW]	\$ 2,701,736	\$ 2,706,380	\$ 2,963,618	\$ 2,660,900	\$ 2,931,650	\$ 2,792,857
Legacy roads & trails [CMLG]	\$ 896,000	\$ 2,503,870	\$ 683,773	\$ 146,230	\$ 926,180	\$ 1,031,211
<b>Watershed Protection Total</b>	<b>\$ 3,597,736</b>	<b>\$ 5,210,250</b>	<b>\$ 3,647,391</b>	<b>\$ 2,807,130</b>	<b>\$ 3,857,830</b>	<b>\$ 3,824,067</b>
<b>Watershed Protection Share</b>	<b>5%</b>	<b>9%</b>	<b>6%</b>	<b>5%</b>	<b>7%</b>	<b>6%</b>

Source: U.S. Forest Service

Note: This table does not display Regional Office budget allocations that support timber, even though the Tongass National Forest has accounted for 90 percent or more of the timber harvested in Region 10, which includes only the Tongass and Chugach national forests.







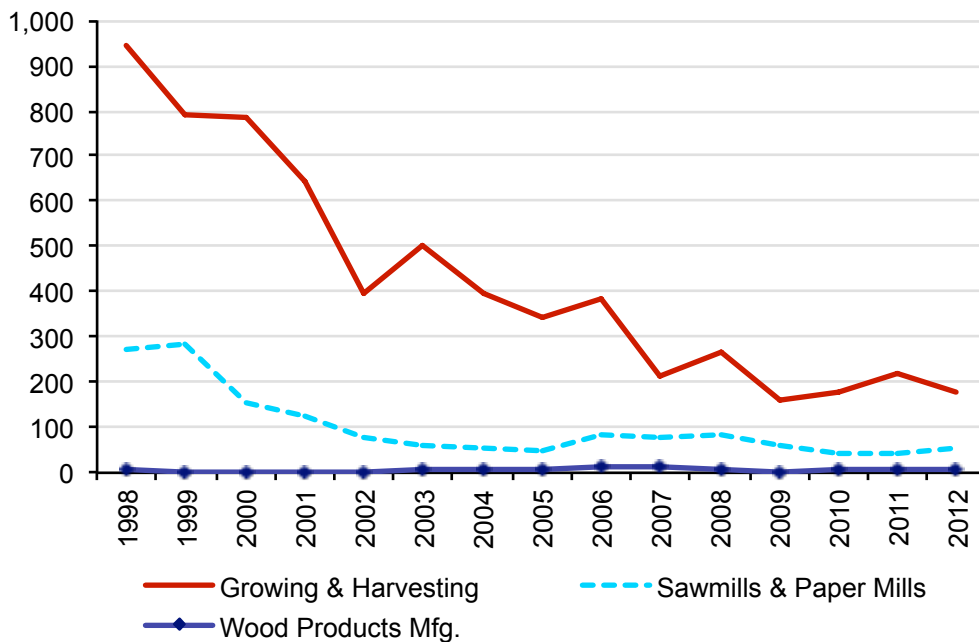






Data from the U.S. Department of Commerce show similar trends and values. According to this source, southeast Alaska timber industry employment—in growing and harvesting, sawmills, and wood products manufacturing from timber cut on state, private, and federal lands combined—declined from 1,222 jobs in 1998 to 240 jobs in 2012, or 1.1 percent of total private employment that year. The largest declines were sustained in growing and harvesting jobs. Regional self-employed trends in timber-related activities are difficult to determine because of data limitations, but there were 41 self-employed individuals in the timber sector in 2012, or 0.5 percent of total self-employed people in the region that year. Private sector timber jobs and self-employed individuals together accounted for 0.9 percent of private jobs and self-employed in southeast Alaska in 2012. (County Business Patterns, Nonemployer Statistics)

**Private Sector Employment Trends in Timber by Major Category, Southeast Alaska, 1998-2012**



Source: County Business Patterns

These figures exaggerate the size of the timber sector that relies specifically on Tongass National Forest resources. A portion of the timber jobs in the region are not related to the Tongass National Forest, since the Tongass National Forest is not the only timber producer in southeast Alaska. In the Big Thorne Project Final Environmental Impact Statement, the Forest Service estimated that Tongass National Forest-related private employment was 109 in 2011. (Big Thorne Project Final EIS, 3-19) This is less than half of the total size of the timber industry in southeast Alaska as reported from other sources.

The cause of the decline in timber industry employment in southeast Alaska is disputed. Industry and federal and state government sources assert that declining timber sales from the Tongass National Forest are the cause. (See, e.g., Alaska Timber Jobs Task Force, *Report to Governor Sean Parnell*.) Others (Colt, *et al.*) have noted that the decline was largely due to the closure of the two large pulp mills in southeast Alaska, both of which relied exclusively on Tongass National Forest timber, but whose closures was the result of declining Japanese pulp markets, not

declining Tongass National Forest timber supplies. Environmental sources charge that estimated timber demand from the Tongass National Forest has been persistently overestimated, and that restrictions on log exports (to promote local wood processing jobs) have been eased to find markets for Tongass National Forest timber. (See, *e.g.*, *Tongass Timber Economics 101*.) Others (Colt, *et al.*) have noted that Alaska is a high-cost production area and is far from markets, making recovery and/or growth of the timber industry difficult.

The relative importance of the Tongass National Forest for timber supply is also unclear. One industry source (Resource Development Council) noted that the federal government administers about half of Alaska's forests, with the state government and Native corporations each administering about a quarter of the forests. A state source (AK Dept. of Commerce) stated that the federal government administers 65 percent of Alaska's forests, with 25 percent owned by the state and only 10 percent owned by Native corporations. Another industry source (Alaska Forestry Association) stated that the Tongass National Forest contains 93 percent of the timberland in southeast Alaska. In contrast, Sealaska, a Native corporation, maintains that it is the dominant timber producer in southeast Alaska, although Native corporations are not bound by the log export restrictions imposed on most logs from federal lands, and thus may provide little timber for domestic processing.

The conclusion from these data is that the timber industry in southeast Alaska has experienced a decades-long decline and today is a small part of the regional economy, accounting for no more than one percent of southeast Alaska employment while receiving the lion's share of Tongass National Forest budget and staffing resources.

The decline of the timber industry has been difficult for the region, but it has not kept the overall southeast Alaska economy from growing. According to the U.S. Department of Commerce, from 1998 to 2012 regional timber jobs declined by more than 80 percent (-982 jobs), while all other private sector jobs grew by nearly seven percent (+1,384 jobs). (County Business Patterns)

















## References

Alaska Forestry Association, *Alaska Timber Industry History: Southeast Alaska*, available at [www.akforest.org/Alaska%20Timber%20Industry%20History.pdf](http://www.akforest.org/Alaska%20Timber%20Industry%20History.pdf).

Alaska Timber Jobs Task Force, *Report to Governor Sean Parnell, Administrative Order 258: Final Report*, June 2012, available at [http://forestry.alaska.gov/aktimber\\_jobs\\_taskforce.htm](http://forestry.alaska.gov/aktimber_jobs_taskforce.htm).

John H. Beuter, *Overview of Below-Cost Timber Sale Issue*, American Forest Resource Alliance, Technical Bulletin No. 90-02, November 30, 1990.

Thomas J. Barlow, Gloria E. Helfand, Trent W. Orr, and Thomas B. Stoel, Jr., *Giving Away the National Forests: An Analysis of U.S. Forest Service Timber Sales Below Cost*, Natural Resources Defense Council (NRDC), June 1980.

Steve Colt, Darcy Dugan, and Ginny Fay, Institute of Social and Economic Research, Univ. of Alaska, *The Regional Economy of Southeast Alaska: Final Report*, for the Alaska Conservation Foundation, March 1, 2007.

CRS Report 84-799 ENR. Ross W. Gorte, *Summary of Recent Reports on Forest Service Timber Sale Costs and Revenues*, November 8, 1984.

CRS Report 94-698 ENR. Ross W. Gorte, *What Are Below-Cost Timber Sales?*, September 2, 1994.

CRS Report 97-706 ENR. Ross W. Gorte, *Forest Roads: Construction and Financing*, July 16, 1997.

CRS Report RL 32485. Ross W. Gorte, *Below-Cost Timber Sales: An Overview*, July 21, 2004.

CRS Report 40537. Clinton T. Brass, Carol Hardy Vincent, Pamela J. Jackson, Jennifer E. Lake, Karen Spar, and Robert Keith, *American Recovery and Reinvestment Act of 2009 (P.L. 111-5): Summary and Legislative History*, April 20, 2009.

CRS Report RL30335. Ross W. Gorte, Carol Hardy Vincent, and M. Lynne Corn, *Federal Land Management Agencies' Permanently Appropriated Accounts*, Oct. 5, 2010.

CRS Report RL33730. Carol Hardy Vincent, *Recreation Fees Under the Federal Land Recreation Enhancement Act*, October 21, 2010.

E&E News, *Agency Awards Controversial Old-Growth Logging Contract in Tongass*, October 1, 2014.

Headwaters Economics, Economic Profile System, available at <http://headwaterseconomics.org/tools/eps-hdt>.

Juneau Economic Development Council (JEDC), Southeast Alaska Cluster Initiative, available at <http://www.jedc.org/seclusterinitiative>.

McDowell Group, 2012, *Economic Impacts of Visitors to Southeast Alaska, 2010-11*, available at [http://www.alaskawild.org/wp-content/uploads/mcdowell\\_report\\_final.pdf](http://www.alaskawild.org/wp-content/uploads/mcdowell_report_final.pdf).

McDowell Group, 2013, *Economic Value of the Alaska Seafood Industry*, available at <http://pressroom.alaskaseafood.org/wp-content/uploads/2013/08/AK-Seafood-Impact-Report.pdf>.

McDowell Group, 2014, *Economic Impacts of Alaska's Visitor Industry, 2012-13 Update*, available at [http://commerce.alaska.gov/dnn/Portals/6/pub/TourismResearch/AVSP/Visitor%20Industry%20Impacts%202013%201\\_30.pdf](http://commerce.alaska.gov/dnn/Portals/6/pub/TourismResearch/AVSP/Visitor%20Industry%20Impacts%202013%201_30.pdf).

Joseph R. Mehrkens, *Tongass Timber Economics 101*, Greater Southeast Alaska Conservation Community, available at <http://www.gsac.net/issues/tongass-timber-economics-101>.

Resource Development Council, *Alaska's Forest Industry*, available at <http://www.akrdc.org/issues/forestry/overview.html>.

Sealaska, *Timber*, available at <http://www.sealaska.com/page/timber>.

Southeast Conference, *Southeast Alaska by the Numbers, 2014*, available at <http://www.seconference.org/sites/default/files/Southeast%20Alaska%20by%20the%20numbers%202014%20FINAL.pdf>.

State of Alaska Department of Commerce, Community & Economic Development, *Forest Products*, available at <http://commerce.alaska.gov/dnn/ded/DEV/ForestProducts/SourcesofTimberSupply.aspx>.

TCW Economics, *Economic Contributions and Impacts of Salmonid Resources in Southeast Alaska*, 2010, available at <http://www.americansalmonforest.org/uploads/3/9/0/1/39018435/econreportfull.pdf>.

U.S. Department of Agriculture, Forest Service, *Timber Products Outputs and Timber Harvests in Alaska: Projections for 2005-2025 (Draft)*, available at <http://www.fs.fed.us/pnw/pubs/brackley/index.shtml>.

U.S. Department of Agriculture, Forest Service (Rhonda Mazza, tech. ed.), *Economic Growth and Change in Southeast Alaska*, Report PNW-GTR-611, July 2004, available at [www.fe.fed.us/pnw/pubs/pnw\\_gtr611.pdf](http://www.fe.fed.us/pnw/pubs/pnw_gtr611.pdf).

U.S. Department of Agriculture, Forest Service, *Economic Analysis of Southeast Alaska: Envisioning a Sustainable Economy with Thriving Communities*, R10-MB-725, May 2010.

U.S. Department of Agriculture, Forest Service, *USDA Pursues Jobs, Community Stability While Developing New Approach to Forest Management in Southeast Alaska*, Release No. 0288.10, May 26, 2010, available at <http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2010/05/0288.xml>.

U.S. Department of Agriculture, Forest Service, *USDA Investment Strategy in Support of Rural Communities in Southeast Alaska 2011-2013*, R10-MB-734, November 2011, available at [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprdb5352925.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5352925.pdf).

U.S. Department of Agriculture, Forest Service, *Trajectory to Young Growth on the Tongass National Forest*, January 2013, available at [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprdb5445758.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5445758.pdf).

U.S. Department of Agriculture, Forest Service, *Leaders Intent: Forest Stewardship and Young Growth Management on the Tongass National Forest*, January 2013, available at [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprdb5408229.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5408229.pdf).

U.S. Department of Agriculture, Forest Service, *USDA Economic Diversification in Southeast Alaska, Briefing Paper*, December 2013, available at [http://www.fs.usda.gov/detail/r10/home/?cid=FSBDEV2\\_038855](http://www.fs.usda.gov/detail/r10/home/?cid=FSBDEV2_038855).

U.S. Department of Agriculture, Forest Service, *Recreation Program Fee Accomplishment Report*, 2013, available at: [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprd3801961.docx](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprd3801961.docx).

U.S. Department of Agriculture, Forest Service, *Leaders Intent: Recreation, Wilderness and heritage Program Management in the Alaska Region*, February 6, 2014, available at [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprd3792642.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprd3792642.pdf).

U.S. Department of Agriculture, Forest Service, *State of the Tongass National Forest FY2013*, R10-MB-786, April 2014, available at [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprd3799223.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprd3799223.pdf).

U.S. Department of Agriculture, Forest Service, *Fiscal Year 2015 Budget Justification*, available at <http://www.fs.fed.us/aboutus/budget/>.

U.S. Department of Agriculture, Forest Service, Tongass National Forest, *5-Year Timber Sale Plan*, no longer available online; see <http://www.fs.usda.gov/projects/tongass/landmanagement/projects>.

U.S. Department of Commerce, Census Bureau, Nonemployer Statistics, 2014.

U.S. Department of Commerce, Census Bureau, County Business Patterns, 2014.

U.S. Department of Commerce, Bureau of Economic Analysis, 2014.

