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Accounting and Information
Management Division

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August 24, 2000

The Honorable Helen Chenoweth-Hage
Chairman, Subcommittee on Forests
and Forest Health
Committee on Resources
House of Representatives

Subject: Forest Service: Funding Allocations to Region 4

Dear Madam Chairman:

This letter summarizes the information provided during today's briefing to your office. The enclosed briefing slides (see enclosure I) highlight the results of our work on funding allocations made by the Forest Service's Washington Office (WO) headquarters to the Intermountain Region (Region 4). Region 4 is one of nine regional offices and covers the states of Nevada and Utah and parts of the states of Idaho, Wyoming, and California. Specifically, you asked us to obtain information on (1) funds allocated to Region 4 during fiscal years 1995-2000 for budget line items under the National Forest System (NFS) appropriation, (2) reasons for trends and year-to-year changes in NFS' funding allocations to Region 4, (3) how budget line item amounts in the budget requests Region 4 submitted for fiscal years 1998-2000 differed from the final allocations it received, and (4) funds allocated to all regions during fiscal years 1995-2000 for the Fire Preparedness budget line item under the Wildland Fire Management appropriation.

Each year the Congress appropriates monies to fund the Forest Service's programs and activities as part of the appropriations act for the Department of the Interior and related agencies. In the conference report on the Forest Service's appropriation, funds within the NFS and Wildland Fire Management appropriations are itemized into budget line items. The fiscal year 1999 conference report itemized about 20 budget line items for the NFS appropriation and 2 budget line items—Fire Preparedness and Fire Operations—for the Wildland Fire Management appropriation.

Upon appropriation, the Forest Service removes "off-the-top" funds needed to operate the WO and specifies funding that will be used for earmarks, national commitments, technical support units, and special projects. The WO then allocates the remaining funds (referred to as "net available") by budget line item to its nine regional offices. Since fiscal year 1997, net available funds from the NFS

appropriation have usually been allocated to regional offices on the basis of budget allocation criteria the Forest Service developed for each budget line item. For example, the criteria for allocating funds from the Recreation Management budget line item to each region include recreation use in millions of visitor days; developed site capacity; acres of nonwilderness national forests and grasslands; miles of nonwilderness trails; and number of special use permits for ski areas, marinas, and cabins. Finally, a region may receive additional funding if projects funded from congressional earmarks, national commitments, and special projects are located in its region.

Since fiscal year 1980, the Forest Service has allocated Fire Preparedness funds using a computer model that is designed to determine—on the basis of historical data such as fire activity, weather, and suppression costs—the most efficient funding level for a firefighting organization. This funding level is based on a calculation that will minimize the suppression costs and the loss of natural resources on forestlands. The Department of the Interior’s Bureau of Land Management has also used this computer model since 1986.

We prepared a schedule showing funds allocated to Region 4 during fiscal years 1995-2000 for budget line items under the NFS appropriation. (See attachment 1 in enclosure I.) The source for these data is the Forest Service’s annual Final Planning and Budget Advice (PBA), which is an internal budget document released to the regional offices after passage of the Department of the Interior and related agencies appropriations act. Regional offices use the funding allocations reported in the Final PBA to finalize their program planning for the year. Although our review analyzed regional funding as reported in the Final PBA, regional offices also have use of carry-over funds from prior years and may receive additional funding during the remainder of the fiscal year as a result of supplemental appropriations, release of funds kept in reserve, and other factors.

We selected for review 10 NFS budget line items that showed trends or noticeable year-to-year changes. Based on our review, we identified the following factors that explain trends and year-to-year changes in funding allocations received by Region 4: changes in budget line item structure and funding; increases in funding for off-the-top national and agencywide projects and earmarks; off-the-top national projects and earmarks that benefit particular regions in certain years but not others; “bridge” adjustments limiting funding increases or decreases from one year to the next to generally no more than 10 percent; a shift in funding certain centralized services, such as the National Finance Center, from regions to WO; revisions to budget allocation criteria; and year-to-year changes in data associated with some line item criteria.

We found that Region 4’s funding allocations for some budget line items declined because increased amounts were allocated for off-the-top items, especially in fiscal year 2000. However, it should be recognized that off-the-top initiatives and projects provide direct and indirect benefits to regional offices and national forests, as shown in the three following examples. First, some off-the-top projects are located in and carried out by specific regions, including Region 4. Funds for these projects are

added to a region's criteria-based allocation. Second, some off-the-top projects, such as financial management initiatives, will benefit all regions by providing the more accurate data necessary for decision-making and improved accountability over agency assets. And, third, off-the-top funding includes funds for certain field locations, such as the four mapping and engineering centers, which provide technical support to all regional offices. Furthermore, WO management emphasized that allocation criteria alone do not always adequately reflect different, often non-quantifiable elements in each region. Therefore, before final funding allocations are issued to the regions, they are reviewed and adjusted, if necessary, based upon management's judgment, as situations or circumstances warrant.

We compared Region 4's fiscal years 1998-2000 budget requests with headquarters' final allocations to Region 4 for those years. (See attachment 2 in enclosure I.) The region generally received less than it requested, especially in fiscal year 2000. However, for several reasons, the comparisons are of limited value in evaluating the extent to which the apparent reduced level of funding allocated to Region 4 is meeting the funding needs indicated by its budget request. In particular, in fiscal years 1998-2000, the budget line item funding levels included in Region 4's budget request were developed not by the region but by WO. During these years, the Forest Service used a "top-down" approach for preparing its budget. Under this approach, regional input to the budget process described how the budget line item funding levels provided by WO would affect the region's ability to meet performance targets.

We obtained data from the Forest Service on allocations made to all regional offices from fiscal years 1995-2000 for the Fire Preparedness budget line item. (See attachment 3 in the enclosure I.) Allocations for Fire Preparedness are made by a computer-based model--the National Fire Management Analysis System (NFMAS)—that performs a cost/benefit analysis of different funding levels and determines the most efficient level (MEL) of preparedness. Regions enter their data, such as the cost of firefighting equipment and the value per acre of land damaged by fire, into the model. The Forest Service has used NFMAS since 1980, and the Bureau of Land Management has also used it since 1986. Like NFS allocations, Fire Preparedness allocations to regional offices are reported in the Final PBA.

Finally, fundamental changes are occurring in the Forest Service's accounting and budget processes that will affect future funding allocations to regional offices. Three of the more important changes include (1) plans to develop a new funding allocation process in response to National Academy of Public Administration and our criticisms of the current process,¹ (2) efforts to revise the Forest Service's budget structure by reducing and realigning NFS budget line items, and (3) implementation of a new process for funding projects that cut across Forest Service's resource-specific programs.

¹*Restoring Managerial Accountability to the United States Forest Service*, Report by a Panel of the National Academy of Public Administration for the United States Forest Service (Aug. 1999), and *Forest Service: A Framework for Improving Accountability* (GAO/RCED/AIMD-00-2, Oct. 13, 1999).

Agency Comments

We requested comments on a draft of this letter and the attached briefing slides from the Chief of the Forest Service. Responding for the agency, the Forest Service's Chief Financial Officer stated that the report accurately portrays the existing process for allocating funds to regional offices. In addition, as she requested, we have added a statement to this letter making it clear that WO management has stressed that oversight and review are an important element of the funding allocation process. (The Forest Service's comments are presented in enclosure II.)

Scope and Methodology

To obtain information on funds allocated to Region 4 for budget line items under the NFS appropriation, we (1) reviewed the process the Forest Service uses to allocate funds to its regional offices and (2) recorded funds allocated to Region 4 as reported in the Forest Service's annual Final PBA for fiscal years 1995-2000.

To determine the reasons for trends and year-to-year changes in NFS' funding allocations to Region 4, we selected 10 budget line items that showed noticeable trends and changes, obtained supporting documentation on allocation criteria and methodology used to compute annual allocations to Region 4, analyzed trends and year-to-year changes in Region 4's funding to identify reasons for these trends and changes, and discussed those reasons with budget coordinators who are responsible for administering the allocation process.

To determine how the budget line item amounts in Region 4's budget requests differed from final allocations received by Region 4, we obtained Region 4's budget requests and final allocations for fiscal years 1998, 1999, and 2000; compared amounts for each budget line item included in Region 4's budget request with final amounts allocated to Region 4; and discussed the differences with Region 4 and headquarters budget and accounting staff.

To obtain information on amounts allocated to all regions under the Fire Preparedness budget line item, we reviewed the process the Forest Service uses to allocate Fire Preparedness funds to its regional offices and obtained data on funds allocated to all regions for fiscal years 1995-2000 from the budget coordinator responsible for administering this allocation process.

We conducted our work in accordance with generally accepted government auditing standards from January 2000 through early August 2000.

As we arranged with your office, unless you publicly announce its contents earlier, we plan no further distributions of this report until 30 days from the date of this letter. At that time, we will send copies of this letter to the Honorable Adam Smith, the Ranking Minority Member of your Subcommittee; appropriate congressional committees; Senator Mike Crapo; the Honorable Daniel R. Glickman, Secretary of

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Agriculture; the Honorable Mike Dombeck, Chief, Forest Service; and other interested parties. We will make copies available to others upon request.

If you or our staff have any questions about this letter or the briefing, please contact me at (202) 512-9508 or McCoy Williams, Assistant Director, at (202) 512-6906. Lou Schuster was a major contributor to this report.

Sincerely yours,

A handwritten signature in cursive script that reads "Linda M. Calbom".

Linda M. Calbom
Director, Resources, Community,
and Economic Development, Accounting
and Financial Management Issues

Enclosures

Enclosure I



**Forest Service Funding Allocations
to Intermountain Region 4**

Briefing to the
Subcommittee on Forests and Forest Health
House Committee on Resources

August 24, 2000



- The Subcommittee asked us to obtain information on:
 - Funds allocated to Forest Service's Intermountain Region (Region 4) during fiscal years 1995-2000 for budget line items under the National Forest System (NFS) appropriation.
 - Reasons for noticeable trends and year-to-year changes in NFS' funding allocations to Region 4.
 - How budget line item amounts in Region 4's budget requests for fiscal years 1998-2000 differed from final allocations it received.
 - Funds allocated to all regions for fiscal years 1995-2000 for the Fire Preparedness (FP) budget line item under the Wildland Fire Management appropriation.



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Scope and Methodology

- To obtain information on funds allocated to Region 4 for budget line items under the NFS appropriation, we
 - reviewed the process the Forest Service uses to allocate funds to its regional offices and
 - scheduled data on funds allocated to Region 4 as reported in the Forest Service's annual Final Planning and Budget Advice (Final PBA) for fiscal years 1995-2000.



Scope and Methodology

- To determine the reasons for noticeable trends and year-to-year changes in NFS' funding allocations, we
 - selected 10 budget line items that showed noticeable trends and changes,
 - obtained supporting documentation on allocation criteria and methodology used to compute annual allocations to each region,
 - analyzed year-to-year changes to identify reasons for trends and changes, and
 - discussed reasons for trends and changes with budget coordinators responsible for administering the allocation process.



Scope and Methodology

- To determine how the budget line item amounts in Region 4's budget requests differed from final allocations it received, we
 - obtained Region 4's budget requests and final allocations for fiscal years 1998, 1999, and 2000;
 - compared amounts for each budget line item included in Region 4's budget request with final amounts allocated to Region 4; and
 - discussed the differences with Region 4 and headquarters budget and accounting staff.



Scope and Methodology

- To obtain information on amounts allocated to all regions under the Fire Preparedness budget line item, we
 - reviewed the process the Forest Service uses to allocate Fire Preparedness funds to its regional offices and
 - obtained data on funds allocated to all regions for fiscal years 1995-2000 from the budget coordinator responsible for administering the allocation process.



Scope and Methodology

- We obtained and incorporated agency comments as appropriate.
- We conducted our work in accordance with generally accepted government auditing standards from January 2000 through August 2000.



- NFS is the largest Forest Service appropriation.
 - It has totaled about \$1.3 billion annually in recent years.
 - It has been divided into 20 or more budget line items that fund nine Forest Service programs. (Budget line items are intended to provide a meaningful representation of the operations financed by the appropriations.)
 - The annual conference report on the Forest Service's appropriation itemizes the NFS total appropriation among budget line items.
 - Although the budget line item amounts designated in the conference report are not in the appropriation act, the Forest Service told us that it honors the intent of the conferees with respect to funding priorities in dollar amounts expressed in the conference report.



- Wildland Fire Management (WFM) is the second largest Forest Service appropriation.
 - In FY 1999 and FY 2000, it totaled about \$560 million, excluding emergency appropriations.
 - It includes two budget line items: Fire Operations and Fire Preparedness.
 - Fire Operations covers actions taken to control and extinguish wildfires.
 - Fire Preparedness covers planning and purchasing activities taken before the onset of a fire season.
 - The annual conference report itemizes the WFM total appropriation between Fire Operations and Fire Preparedness.



- Although funding for Fire Operations and Fire Preparedness is designated in the conference report and not in the appropriation act, the Forest Service told us that it honors the intent of the conferees with respect to funding priorities in dollar amounts expressed in the conference report.
- In line with the requester's objectives, we obtained allocation data only for Fire Preparedness.



- Following passage of its appropriation act, the Forest Service headquarters—the Washington Office (WO)—allocates Fire Preparedness and NFS funds by budget line item to itself, nine regional offices, and various research facilities in a budget document called the Final Planning and Budget Advice (PBA).
 - Regional offices use the funding allocations reported in the Final PBA to finalize their program planning for the year.
 - Regional offices also have use of carry-over funds from prior years.
 - Available budget line item amounts may change after release of the Final PBA as a result of supplemental appropriations, release of funds kept in reserve, and other factors.



- In addition to the cost of headquarters' personnel and operations, monies allocated to WO fund:
 - Technical support facilities in field locations, such as the Boise Interagency Fire Center and the Remote Sensing Applications Center in Salt Lake City.
 - National initiatives, such as implementation of the new Foundation Financial Information System.
 - Centralized agency costs, such as rent, communications, and payroll and accounting processing at USDA's National Finance Center.
- Region 4—the Intermountain Region—is one of nine Forest Service regions and covers the states of Nevada and Utah and parts of Idaho, Wyoming, and California.



NFS Allocations to Region 4

- NFS' Budget Line Item Allocations to Region 4 for Fiscal Years 1995-2000.
 - See attachment 1.
- The following three slides explain the basic process that the Forest Service uses to allocate the NFS appropriation among budget line items and illustrate how the Forest Service applied the process to the Recreation Management budget line item in FY 1999.



NFS Allocations to Region 4

- Basic allocation process for NFS' budget line items:
 - Start with the fiscal year conference report's itemization of the NFS appropriation for each budget line item.
 - Less "off-the-top" items:
 - WO management and overhead, national initiatives, special projects, technical support, and funds held in reserve.
 - Earmarks and conference report's funding priorities.
 - Balance is called "net available."
 - Net available is allocated to regions based on criteria developed for each budget line item (referred to as "criteria-based" allocation).
 - Funding for region-specific projects included in off-the-top items are added to the criteria-based allocation to arrive at a region's total budget line item allocation.



NFS Allocations to Region 4

- We selected the Recreation Management budget line item to illustrate the Forest Service's allocation process.
- Criteria are selected to represent program variables. For Recreation Management, criteria include
 - recreation use in millions of visitor days, by region;
 - developed site capacity in persons at one time, by region;
 - acres of nonwilderness national forests and grasslands, by region;
 - existing miles of nonwilderness trails, by region; and
 - number of special use permits for ski areas, marinas, cabins, etc., by region.
- Criteria are weighted to reflect cost, complexity, and/or relative importance of each criterion.
- The above criteria resulted in a FY 1999 criteria-based allocation rate of 13% to Region 4 for Recreation Management.



NFS Allocations to Region 4

• **FY 1999 Recreation Management Allocation to Region 4**

• Recreation Management Amount from conference report	\$ 144,953,000¹
• Less WO Overhead, Management, & Internal Projects	(4,683,000)
• Less WO External Offices & Projects	(4,173,000)
• Less National Commitments	(4,090,000)
• Less Reserve	(500,000)
• Less Director Priorities	(3,762,000)
• Less Earmarks and Conferees' Funding Priorities	(3,630,000)
• Add Back Earmarks and Funding Priorities "Within Allocation"	<u>2,100,000</u>
• Net Available for Regional Allocation	\$ 126,215,000
• 13% Criteria-based Allocation for Region 4	16,408,000
• Add Off-the-Top Funding for Region 4 Projects	155,000
• Miscellaneous Adjustments	<u>50,000</u>
• Total Recreation Management Funds to Region 4	\$ 16,613,000¹

- Prior to FY 2000, Forest Service program managers had the flexibility to include amounts for certain earmarks and funding priorities either in the "off-the-top" category or "within" the net available for regional allocation.

¹ Amounts taken from FY 1999 columns in attachment I.



• **Examples of Off-the-Top Initiatives and Projects**

- National Commitments
 - Financial management projects
 - Agencywide license for IBM software
- Director's Priorities
 - National Cave Coordinator in Region 3
 - National Avalanche Center in Region 4
- WO External Offices
 - Four field engineering centers
- WO Internal Projects
 - Printing of Golden Passports for field offices
- Conference Report's Funding Priorities
 - \$2 million for the aspen program in Colorado
 - \$500,000 for spruce budworm work on the Gifford Pinchot national forest



NFS Allocations to Region 4

- Forest Service program managers recognize that their allocation criteria cannot always adequately reflect different, often nonquantifiable, elements in each region. Therefore, regional criteria-based allocations can be adjusted based on management’s judgment as situations or circumstances warrant.
 - Off-the-top initiatives and projects have direct and indirect benefits for Forest Service regions and field offices.
 - Some off-the-top projects are located in specific regions. Funds for these projects are added to a region’s criteria-based allocation.
 - Some off-the-top projects, such as financial management initiatives, benefit all regions.
 - The WO allocation includes funds for certain field locations, such as the four engineering centers, which provide technical support to all regional offices.
-



Reasons for Funding Changes

- Based on our review of 10 budget line items, we identified the following factors that explain trends and year-to-year changes in funding allocations received by Region 4:
 - changes in budget line item structure and funding,
 - increases in funding for off-the-top national and agencywide projects and earmarks,
 - off-the-top national projects and earmarks that benefit particular regions in certain years but not in others,
 - “bridge” adjustments limiting funding increases or decreases from one year to the next to generally no more than 10 percent,
 - shift in funding certain centralized services from regions to WO,
 - revisions to criteria, and
 - year-to-year changes in data associated with some budget line item criteria.



Reasons for Funding Changes

- Factors considered in selecting budget line items for our review:
 - noticeable trends or year-to-year changes in budget line item dollar amounts or percentage share allocated to Region 4;
 - trends or changes that result in both increases and decreases in allocations made to Region 4.
 - road, facility, and trail maintenance budget line items specifically requested by Subcommittee;
 - budget line items selected should account for at least 60% of total NFS allocation to Region 4 in FY 2000; and
 - variety of program areas.
- Focused more on recent years—FYs 1998-2000.
 - In initial stages of our work, we noted that documents and knowledge on details of allocations made in earlier years appeared limited.
 - The criteria-based allocation methodology was not fully phased in until fiscal year 1997.



Reasons for Funding Changes

- Budget line items selected for our review:
 - Land Management Planning
 - Inventory and Monitoring
 - Recreation Management
 - Watershed Improvements
 - Minerals and Geology Management
 - Road Maintenance, Non-Recreation-Facility Maintenance, Recreation Facility Maintenance, and Trail Maintenance
 - General Administration
- Budget line items selected accounted for 60% of total funding allocation received by Region 4 in FY 2000 for budget line items shown on the schedule in attachment 1.



Reasons for Funding Changes

- **Land Management Planning:** The allocation to Region 4 *declined* by \$847,000 from FY 1999 to FY 2000 although the amount itemized in the conference reports *stayed about the same*.
 - The primary reason for the decline in Region 4's (and other regions') allocation was that two major new national initiatives funded in FY 2000 were taken off the top.
 - Rule Making Process for Protection of Roadless Areas. Land Management Planning provided \$3,438,000 to fund this initiative.
 - Finalizing Forest Service Planning Regulations. Land Management Planning provided \$3,150,000.
 - These two initiatives reduced the FY 2000 funding allocation to Region 4 by about \$969,000 based on the application of allocation criteria.
 - Another factor that offset this reduction was a \$335,000 reduction in Region 4's FY 1999 allocation as a result of a bridge adjustment. (Without the bridge, Region 4's decline would have been \$1,182,000 instead of \$847,000.) No bridge was applied in FY 2000.



Reasons for Funding Changes

- **Inventory and Monitoring:** The allocation to Region 4 declined from \$9,954,000 in FY 1999 to \$8,525,000 in FY 2000, a decline of \$1,429,000 or 14 percent. Two factors contributed to most of the decline:
 - Off-the-top items increased by about \$4,500,000 in FY 2000, including an additional \$2,250,000 above FY 1999 funding levels for the development and deployment of the Natural Resource Information System, a major national initiative. The increase in off-the-top funding reduced funding to Region 4 by \$675,000 based on Region 4's criteria-based allocation of 15 percent.
 - In FY 2000, funding to Region 4 for technical support provided by Forest Service Research Stations was reduced by \$528,000. WO allocated this funding directly to the Research Stations.



Reasons for Funding Changes

- **Recreation Management:** The allocation to Region 4 declined from \$20,341,000 in FY 1998 to \$16,613,000 in FY 1999, a decline of \$3,728,000 or 18 percent.
 - Primary reason: the FY 1999 conference report's creation of two new budget line items—Recreation Facility Maintenance and Trail Maintenance—for activities which had been included with the Recreation Management budget line item.
 - In FY 2000, the conference report moved all maintenance budget line items out of the NFS appropriation and into a newly created Reconstruction and Maintenance appropriation.



Reasons for Funding Changes

- **Watershed Improvements:** The allocation to Region 4 more than doubled from FY 1999 to FY 2000, from \$2,515,000 to \$6,019,000. Various reasons:
 - The conference report increased the amount itemized for Watershed Improvements, which resulted in an increase of \$1,967,000 in the net available for allocation to the regions. Based on its criteria-based allocation of 14.5 percent, Region 4 received an additional \$285,000.
 - Region 4 obtained increased funding of \$2,740,000 from national commitments for projects in the region. These included the Abandoned Mine Lands Watershed Cleanup Initiative, the Hazardous Materials Management Program, and the Watershed Restoration Project.



Reasons for Funding Changes

- **Watershed Improvements (continued):**
 - Revised allocation criteria were implemented in FY 1999. To limit the impact of the revised criteria on a region's FY 1999 allocation relative to its FY 1998 allocation, a "bridge" policy was adopted and applied to all regions. Together, the revised criteria and the bridge policy reduced Region 4's FY 1999 allocation by \$588,000.



Reasons for Funding Changes

- **Minerals and Geology Management:** Region 4's allocation for this budget line item is larger than any other region's. The allocation to Region 4 increased by \$517,000 in FY 1999 and decreased by \$697,000 in FY 2000.
 - The FY 1999 increase resulted primarily from an increase in Region 4's criteria-based allocation from 19.6% to 20.7%. The percent actually increased to 22.4%, but a "bridge" adjustment reduced it to 20.7%. (Although the criteria for this budget line item have not changed, current data associated with each criterion are updated annually, which can increase or decrease a region's percent.)
 - The FY 2000 decrease resulted primarily from a decrease in Region 4's criteria-based allocation from 20.7% to 19.8% and an increase in off-the-top funding that reduced the net available for regional allocation by \$771,000.



Reasons for Funding Changes

- **Maintenance budget line items**

- **Road Maintenance:** The dollar amount of Region 4's allocation increased steadily from FYs 1995-2000, more than doubling from \$5,936,000 in FY 1995 to \$12,623,000 in FY 2000.
 - The conference report's amount itemized for Road Maintenance increased from \$83,860,000 in FY 1995 to \$111,240,000 in FY 2000.
 - Region 4's final criteria-based allocation percents increased steadily from 8.3 % in FY 1996 to 12.1 % in FY 2000 due, in part, to bridge adjustments made in FY 1997 and FY 1998 and revised criteria implemented in FY 1999.
- Relatively small amounts are taken off the top for Road Maintenance compared with other budget line items.



Reasons for Funding Changes

- **Non-Recreation-Facility Maintenance:** Total percentage allocations to Region 4 show a small steady decline from 10.4% in FY 1996 to 9.7% in FY 2000, generally due to relatively small increases in dollar amounts for off-the-top items.
- **Recreation Facility Maintenance and Trail Maintenance:** These two budget line items were created in the FY 1999 conference report. The percentage of Region 4's allocation for these two budget line items showed little change from FY 1999 to FY 2000 because only small amounts were designated for off-the-top items and because management's intent was to allocate funds to regions based on their actual average FY 1996 and FY 1997 expenditures.



Reasons for Funding Changes

- **General Administration:** The allocation to Region 4 decreased from \$21,923,000 in FY 1999 to \$16,523,000 in FY 2000, a decrease of \$5,400,000 or 25 percent.
 - The General Administration allocation decreased for all regions in FY 2000 because the Forest Service changed its funding approach for centralized services, including accounting and computing services provided by USDA's National Finance Center. In FY 1999, the regions' allocations included funding for these centralized services, while in FY 2000 the services were funded entirely out of WO's budget. The new approach reduced Region 4's allocation by an estimated \$3,500,000.



Reasons for Funding Changes

- **General Administration (continued):**
 - Other reasons for the decline to Region 4 and all the other regions included off-the-top increases in addition to a decrease in the General Administration itemization amount in the FY 2000 conference report. These two factors reduced Region 4's allocation by an estimated \$1,382,000.



Reasons for Funding Changes

- **Changes to allocation process:**

- The Forest Service plans to implement a new allocation process in FY 2002.
 - The National Academy of Public Administration (NAPA) and GAO have criticized the Forest Service's formula-based allocation process as not tied to agency goals and objectives. NAPA and GAO recommended a process based on strategic planning and agency priorities.
- The FY 2000 conference report directed the Forest Service to first allocate earmarks and funding priorities to the benefiting region(s) and then allocate the remaining net available amount to the regions. This eliminated the Forest Service practice of including some earmarks and funding priorities in the regional net available amount.



- Comparison of Region 4's budget requests for FYs 1998-2000 with WO's final allocations for those years shows that the region generally received less than requested. This is especially noticeable in FY 2000. (See attachment 2.)



- However, for several reasons the comparisons are of limited value in evaluating the extent to which the apparent reduced level of funding allocated to Region 4 is meeting its funding needs.
 - From FYs 1998-2000, the budget line item funding levels included in Region 4's budget request were developed not by the region but by WO. During those years the Forest Service used a "top-down" approach for preparing its budget. Under this approach, Region 4's input to the budget process described how the budget line item funding levels provided by WO would affect the region's ability to meet performance targets.



- As discussed in our reports,² prior to FY 2000, budgeted amounts allocated to regions had no relationship with how the funds were actually spent, given the Forest Service practice in those years of charging budget line items “as budgeted” rather than “as worked.”
- The funding levels included in Region 4’s budget submission were generally based on the prior year’s budget. The funding levels included in Region 4’s final allocation from WO are based on the current year’s conference report itemization of budget line items.

²See *Forest Service: A Framework for Improving Accountability*, (GAO/RCED/AIMD-00-2, Oct. 13, 1999) and *Forest Service Management: Little Has Changed as a Result of the Fiscal Year 1995 Budget Reforms*, (GAO/RCED-99-2, Dec. 2, 1998).



- The funding levels included in Region 4's budget request were prepared early in the budget process when limited information was available on funding needs for national initiatives and other off-the-top items.
 - As a result, the budget request during these years assumes that relatively small amounts are taken off the top, which results in relatively larger shares that are available for allocation to the regions.
- On the other hand, the final allocations are made following the current year's appropriation when near-final dollar amounts for off-the-top items are known.
 - In FY 1999 and FY 2000 off-the-top items increased, resulting in relatively smaller shares being allocated to the regions.
- Consequently, the final allocations tend to be less than the budget request during those years.



FP Allocations to Regions

- Fire Preparedness (FP) allocations to all regions for Fiscal Years 1995-2000. (See attachment 3.)
- Allocations for FP are made by a computer-based model—the National Fire Management Analysis System (NFMAS)—that performs a cost/benefit analysis of different funding levels and determines the most efficient level (MEL) of preparedness. Like NFS allocations, FP allocations to regional offices are reported in the Final Planning and Budget Advice.
 - Regions enter their data, such as the cost of fire-fighting equipment and the value per acre of land damaged by fire, into the model.
 - As shown in attachment 3, Congress has funded less than the MEL, but each region receives its proportional allocation.
 - The Forest Service has used NFMAS since 1980. The Bureau of Land Management has also used NFMAS since 1986.



FP Allocations to Regions

- The Forest Service budget coordinator for FP notes the following as key factors that significantly increased the national MEL request amounts for FYs 1998-2000.
 - In prior years, other program areas had helped fund FP resources when they were used during the nonpeak fire-fighting season for non-fire-fighting activities, such as trail maintenance. With limited budgets, other programs can no longer help fund FP resources.
 - As the Forest Service downsized and FP staffing stayed about the same, the relative size of FP increased. As a result, the FP must take on a greater share of the WO overhead costs.
- Region 4's share declined slightly as a result of the NFMAS analysis and ranking of national forests MEL requirements.



Changing Processes

- Fundamental changes are occurring in Forest Service's accounting and budget processes that will affect future funding allocations to regional offices.
 - Implementation of a new accounting system in FY 2000.
 - Plans to develop a new funding allocation process in response to NAPA and GAO criticisms.
 - Initiatives to revise the Forest Service's budget structure by reducing and realigning NFS' budget line items are underway.
 - A new approach for defining and accounting for indirect costs was implemented during FY 2000.



Changing Processes

- Change in how projects that cut across Forest Service’s resource-specific programs are funded. The change replaced the “benefiting function” concept with the “primary purpose” principle during FY 2000.
 - Under the benefiting function concept, all programs that benefit from a project help fund that project through each program’s budget line item(s).
 - Under the primary purpose principle, the program that is a project’s primary purpose funds the entire project through its budget line item(s).
 - Attachment 4 shows Region 4 FY 2000 NFS funding allocations that have been revised to reflect implementation of the primary purpose principle.

Region 4: National Forest System Final PBA Allocations vs. Total Available, FY 1995 Through FY 2000

(Dollars in thousands)

Budget Line Item	FY 1995			FY 1996			FY 1997			FY 1998			FY 1999			FY 2000		
	R-4 Allocation	Total Available	R-4 %	R-4 Allocation	Total Available	R-4 %	R-4 Allocation	Total Available	R-4 %	R-4 Allocation	Total Available	R-4 %	R-4 Allocation	Total Available	R-4 %	R-4 Allocation	Total Available	R-4 %
Ecosystem Planning, Inv. & Monitor.	18,968	149,815	12.7%	15,794	130,000	12.1%	15,583	130,088	12.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
Land Management Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%	4,297	36,174	11.9%	4,862	40,000	12.2%	4,015	39,738	10.1%
Inventory and Monitoring	0	0	0.0%	0	0	0.0%	0	0	0.0%	9,415	91,964	10.2%	9,954	80,714	12.3%	8,525	87,771	9.7%
Subtotal: Ecosystem Management	18,968	149,815	12.7%	15,794	130,000	12.1%	15,583	130,088	12.0%	13,712	128,138	10.7%	14,816	120,714	12.3%	12,540	127,509	9.8%
Recreation Management	16,431	159,426	10.3%	18,329	164,250	11.2%	19,239	164,314	11.7%	20,341	170,318	11.9%	16,613	144,953	11.5%	17,191	158,258	10.9%
Wilderness Management	4,805	46,588	10.3%	3,373	33,250	10.1%	3,610	33,267	10.9%	4,055	34,069	11.9%	3,565	29,584	12.1%	3,546	29,953	11.8%
Heritage Resources	1,230	14,589	8.4%	1,208	13,565	8.9%	1,586	13,570	11.7%	1,616	13,906	11.6%	1,614	13,050	12.4%	1,537	13,137	11.7%
Subtotal: Recreation Use	22,466	220,603	10.2%	22,910	211,065	10.9%	24,435	211,151	11.6%	26,012	218,293	11.9%	21,792	187,587	11.6%	22,274	201,348	11.1%
Wildlife Habitat Management	2,386	30,184	7.9%	2,602	28,250	9.2%	2,420	28,263	8.6%	3,511	31,263	11.2%	3,531	32,097	11.0%	3,406	32,750	10.4%
Inland Fish Habitat Management	2,176	15,368	14.2%	1,601	14,500	11.0%	1,596	14,756	10.8%	2,238	17,787	12.6%	2,132	19,017	11.2%	2,430	23,188	10.5%
Anadromous Fish Habitat Management	1,930	24,141	8.0%	1,885	21,000	9.0%	1,798	21,029	8.6%	1,974	22,021	9.0%	2,139	22,714	9.4%	2,263	25,920	8.7%
TE&S Habitat Management	1,782	23,563	7.6%	1,782	21,750	8.2%	2,020	21,763	9.3%	2,243	25,763	8.7%	2,219	26,548	8.4%	2,323	26,755	8.7%
Subtotal: Wildlife & Fish Habitat Mgmt.	8,274	93,256	8.9%	7,870	85,500	9.2%	7,834	85,811	9.1%	9,966	96,834	10.3%	10,021	100,376	10.0%	10,422	108,613	9.6%
Grazing Management	2,810	12,510	22.5%	3,695	16,000	23.1%	5,280	22,506	23.5%	5,619	27,540	20.4%	6,206	28,517	21.8%	6,086	28,792	21.1%
Rangeland Vegetation Management	789	5,995	13.2%	1,923	11,000	17.5%	2,755	15,506	17.8%	3,100	17,807	17.4%	4,668	28,533	16.4%	5,239	29,654	17.7%
Subtotal: Rangeland Management	3,599	18,505	19.4%	5,618	27,000	20.8%	8,035	38,012	21.1%	8,719	45,347	19.2%	10,874	57,050	19.1%	11,325	58,446	19.4%
Timber Sales Management	10,483	181,050	5.8%	10,363	188,582	5.5%	12,267	196,000	6.3%	10,452	209,000	5.0%	11,432	226,900	5.0%	12,084	223,060	5.4%
Forestland Vegetation Management	4,093	60,247	6.8%	3,355	51,740	6.5%	4,669	55,768	8.4%	5,301	65,765	8.1%	4,975	58,300	8.5%	5,433	62,958	8.6%
Subtotal: Forestland Management	14,576	241,297	6.0%	13,718	240,322	5.7%	16,936	251,768	6.7%	15,753	274,765	5.7%	16,407	285,200	5.8%	17,517	286,018	6.1%
Soil, Water and Air Operations	2,497	23,865	10.5%	2,409	22,000	11.0%	2,527	22,111	11.4%	2,388	25,645	9.3%	2,270	25,932	8.8%	2,945	26,755	11.0%
Watershed Improvements	1,631	24,480	6.7%	975	20,000	4.9%	1,233	20,003	6.2%	1,501	25,584	5.9%	2,515	30,165	8.3%	6,019	36,608	16.4%
Subtotal: Soil, Water and Air	4,128	48,345	8.5%	3,384	42,000	8.1%	3,760	42,114	8.9%	3,889	51,229	7.6%	4,785	56,097	8.5%	8,964	63,363	14.1%
Minerals and Geology Management	6,972	39,011	17.9%	6,075	35,000	17.4%	5,428	35,767	15.2%	6,360	36,000	17.7%	6,877	37,050	18.6%	6,180	36,956	16.7%
Real Estate Management	3,564	45,660	7.8%	4,059	43,000	9.4%	3,703	43,047	8.6%	3,683	47,047	7.8%	3,121	46,133	6.8%	3,626	47,242	7.7%
Landline Location	1,287	15,952	8.1%	919	14,000	6.6%	1,034	14,006	7.4%	1,220	15,006	8.1%	1,449	15,006	9.7%	1,457	15,367	9.5%
Subtotal: Land Ownership Mgmt.	4,851	61,612	7.9%	4,978	57,000	8.7%	4,737	57,053	8.3%	4,903	62,053	7.9%	4,570	61,139	7.5%	5,083	62,609	8.1%
Road Maintenance	5,936	83,860	7.1%	6,532	81,000	8.1%	6,926	81,019	8.5%	7,697	84,974	9.1%	{11,638}	{99,884}	{11.7%}	{12,623}	{111,240}	{11.3%}
Non-Recreation Facility Maintenance	2,230	26,321	8.5%	2,393	23,000	10.4%	2,329	23,008	10.1%	2,426	24,277	10.0%	2,702	27,654	9.8%	{2,790}	{28,243}	{9.9%}
Recreation Facility Maintenance	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	3,189	24,570	13.0%	{3,483}	{27,404}	{12.7%}
Trail Maintenance	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	2,159	18,445	11.7%	{2,313}	{20,454}	{11.3%}
Subtotal: Infrastructure Maintenance	8,166	110,181	7.4%	8,925	104,000	8.6%	9,255	104,027	8.9%	10,123	109,251	9.3%	8,050	70,669	11.4%	21,210	187,341	{11.3%}
<i>{Subtotal, w/non-add BLI's}</i>	<i>{8,166}</i>	<i>{110,121}</i>	<i>{7.4%}</i>	<i>{8,925}</i>	<i>{104,000}</i>	<i>{8.6%}</i>	<i>{9,255}</i>	<i>{104,027}</i>	<i>{8.9%}</i>	<i>{10,123}</i>	<i>{109,251}</i>	<i>{9.3%}</i>	<i>{19,688}</i>	<i>{170,553}</i>	<i>{11.5%}</i>	<i>{21,210}</i>	<i>{187,341}</i>	<i>{11.3%}</i>
Law Enforcement Operations	1,386	63,535	2.2%	1,323	59,591	2.2%	1,355	59,637	2.3%	1,311	63,967	2.0%	690	66,288	1.0%	691	67,960	1.0%
General Administration	22,451	295,483	7.6%	21,396	264,775	8.1%	23,015	259,353	8.9%	22,841	262,500	8.7%	21,923	256,400	8.6%	16,523	248,362	6.7%
TOTAL: NATIONAL FOREST SYSTEM	115,837	1,341,643	8.6%	111,991	1,256,253	8.9%	120,373	1,274,781	9.4%	123,589	1,348,377	9.2%	120,805	1,298,570	9.3%	111,519	1,261,184	8.8%
<i>{TOTAL: w/non-add BLI's}</i>	<i>{115,837}</i>	<i>{1,341,643}</i>	<i>{8.6%}</i>	<i>{111,991}</i>	<i>{1,256,253}</i>	<i>{8.9%}</i>	<i>{120,373}</i>	<i>{1,274,781}</i>	<i>{9.4%}</i>	<i>{123,589}</i>	<i>{1,348,377}</i>	<i>{9.2%}</i>	<i>{132,443}</i>	<i>{1,398,454}</i>	<i>{9.5%}</i>	<i>{132,729}</i>	<i>{1,448,525}</i>	<i>{9.2%}</i>

Source: Annual Final Planning and Budget Advice

{ } Non-Add BLI's. Funds appropriated in the Reconstruction and Construction Account.

Region 4: Comparison of FY 1998 Budget Request With Final Allocation

Attachment 2

(Dollars in thousands)

Budget Line Item (BLI)	Budget request			Final allocation	Final allocation less		
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Land Mgmt: Planning, Invent., & Monitor (NFEM)	15,516	16,836	19,542	13,712	(1,804)	(3,124)	(5,830)
Recreation Management (NFRM)	17,769	19,887	20,720	20,341	2,572	454	(379)
Wilderness Management (NFWM)	3,296	3,682	5,045	4,055	759	373	(990)
Heritage Resources (NFHR)	1,172	1,320	1,476	1,616	444	296	140
Wildlife Habitat Mgmt. (NFWL)	2,406	2,660	2,660	3,511	1,105	851	851
Inland Fish Habitat Mgmt. (NFIF)	1,561	1,750	2,092	2,238	677	488	146
Anadromous Fish Habitat Mgmt. (NFAF)	1,627	1,822	2,565	1,974	347	152	(591)
TE&S Habitat Mgmt. (NFTE)	2,092	2,488	3,525	2,243	151	(245)	(1,282)
Grazing Mgmt. (NFRG)	4,229	5,414	7,403	5,619	1,390	205	(1,784)
Rangeland Vegetation Mgmt. (NFRV)	1,522	1,743	3,168	3,100	1,578	1,357	(68)
Timber Sales Mgmt. (NFTM)	9,312	10,425	10,532	10,452	1,140	27	(80)
Forestland Vegetation Mgmt. (NFFV)	3,268	3,656	4,275	5,301	2,033	1,645	1,026
Soil, Water, and Air Operations (NFSO)	2,008	2,278	3,705	2,388	380	110	(1,317)
Watershed Improvements (NFSI)	1,071	1,193	1,446	1,501	430	308	55
Minerals and Geology Mgmt. (NFMG)	5,925	5,925	7,160	6,360	435	435	(800)
Real Estate Mgmt. (NFLA)	3,512	3,990	3,990	3,683	171	(307)	(307)
Landline Location (NFLL)	797	797	1,127	1,220	423	423	93
Road Maintenance (NFRD)	6,457	7,194	8,071	7,697	1,240	503	(374)
Facility Maintenance (NFFA)	1,957	1,956	2,994	2,426	469	470	(568)
Law Enforcement Operations (NFLE)	1,257	1,323	1,495	1,311	54	(12)	(184)
General Administration (NFGA)	20,326	23,192	26,863	22,841	2,515	(351)	(4,022)
<i>Total</i>	107,080	119,531	139,854	123,589	16,509	4,058	(16,265)

Source: FY 1998 Final Planning and Budget Advice and Region 4's FY 1998 Budget Request

Note: Forest Service's WO designated three budget levels as follows: Level 1 is FY96 Final Appropriation minus 10%.

Level 2 is FY96 Final Appropriation Level. Level 3 is about 15% Level 2.

Region 4: Comparison of FY 1999 Budget Request With Final Allocation

Attachment 2 (continued)

(Dollars in thousands)

Budget Line Item (BLI)	Budget request			Final allocation	Final allocation less		
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Land Mgmt: Planning, Invent., & Monitor (NFEM)	14,387	15,939	16,795	14,816	429	(1,123)	(1,979)
Recreation Management (NFRM)	16,565	19,003	19,416	21,479	4,914	2,476	2,063
Wilderness Management (NFWM)	3,852	4,391	5,914	4,048	196	(343)	(1,866)
Heritage Resources (NFHR)	1,151	1,318	1,441	1,614	463	296	173
Wildlife Habitat Mgmt. (NFWL)	2,378	2,697	2,707	3,531	1,153	834	824
Inland Fish Habitat Mgmt. (NFIF)	1,573	1,814	2,145	2,132	559	318	(13)
Anadromous Fish Habitat Mgmt. (NFAF)	1,235	1,420	1,909	2,139	904	719	230
TE&S Habitat Mgmt. (NFTE)	2,248	2,746	3,852	2,219	(29)	(527)	(1,633)
Grazing Mgmt. (NFRG)	5,296	6,729	7,277	6,206	910	(523)	(1,071)
Rangeland Vegetation Mgmt. (NFRV)	2,445	2,831	3,201	4,668	2,223	1,837	1,467
Timber Sales Mgmt. (NFTM)	8,910	10,180	10,215	11,432	2,522	1,252	1,217
Forestland Vegetation Mgmt. (NFFV)	3,916	4,472	5,123	4,975	1,059	503	(148)
Soil, Water, and Air Operations (NFSO)	2,980	3,443	4,937	2,270	(710)	(1,173)	(2,667)
Watershed Improvements (NFSI)	4,653	5,290	6,298	2,515	(2,138)	(2,775)	(3,783)
Minerals and Geology Mgmt. (NFMG)	3,962	4,329	4,825	6,877	2,915	2,548	2,052
Real Estate Mgmt. (NFLA)	3,087	3,583	3,596	3,121	34	(462)	(475)
Landline Location (NFLL)	1,544	1,623	1,653	1,449	(95)	(174)	(204)
Road Maintenance (NFRD)	7,231	8,211	9,037	11,638	4,407	3,427	2,601
Facility Maintenance (NFFA)	2,282	2,358	3,062	2,702	420	344	(360)
Law Enforcement Operations (NFLE)	1,220	1,349	1,558	690	(530)	(659)	(868)
General Administration (NFGA)	21,219	24,318	27,105	21,923	704	(2,395)	(5,182)
<i>Total</i>	112,134	128,044	142,066	132,444	20,310	4,400	(9,622)

Source: FY 1999 Final Planning and Budget Advice and Region 4's FY 1999 Budget Request

Level 1 is FY97 Final Appropriation minus 10%. Level 2 is FY 97 Final Appropriation Level.

Level 3 is FY97 Final Appropriation plus 15%.

Note: NFRM Final Allocation includes \$3,189 for recreation facility maintenance and \$1,677 for recreation trails in nonwilderness areas.

Note: NFWM Final Allocation includes \$483 for recreation trails in wilderness areas

Region 4: Comparison of FY 2000 Budget Request With Final Allocation

Attachment 2 (continued)

(Dollars in thousands)

Budget Line Item (BLI)	Budget request		Final allocation	Final allocation less	
	Current services	Agency request		Current services	Agency request
Land Mgmt: Planning, Invent., & Monitor (NFEM)	13,441	14,785	12,540	(901)	(2,245)
Recreation Management (NFRM)	22,530	24,783	22,409	(121)	(2,374)
Wilderness Management (NFWM)	4,261	4,687	4,124	(137)	(563)
Heritage Resources (NFHR)	1,572	1,729	1,537	(35)	(192)
Wildlife Habitat Mgmt. (NFWL)	3,876	4,264	3,406	(470)	(858)
Inland Fish Habitat Mgmt. (NFIF)	2,669	2,936	2,430	(239)	(506)
Anadromous Fish Habitat Mgmt. (NFAF)	1,795	1,975	2,263	468	288
TE&S Habitat Mgmt. (NFTE)	2,481	2,729	2,323	(158)	(406)
Grazing Mgmt. (NFRG)	6,103	6,713	6,086	(17)	(627)
Rangeland Vegetation Mgmt. (NFRV)	6,076	6,684	5,239	(837)	(1,445)
Timber Sales Mgmt. (NFTM)	11,000	12,100	12,084	1,084	(16)
Forestland Vegetation Mgmt. (NFFV)	7,786	8,565	5,433	(2,353)	(3,132)
Soil, Water, and Air Operations (NFSO)	3,328	3,661	2,945	(383)	(716)
Watershed Improvements (NFSI)	1,965	2,162	6,019	4,054	3,857
Minerals and Geology Mgmt. (NFMG)	6,646	7,311	6,180	(466)	(1,131)
Real Estate Mgmt. (NFLA)	3,600	3,960	3,626	26	(334)
Landline Location (NFLL)	1,380	1,518	1,457	77	(61)
Road Maintenance (NFRD)	12,824	14,106	12,623	(201)	(1,483)
Facility Maintenance (NFFA)	2,915	3,207	2,791	(124)	(416)
Law Enforcement Operations (NFLE)	310	340	691	381	351
General Administration (NFGA)	22,910	25,200	16,523	(6,387)	(8,677)
Total	139,468	153,415	132,729	(6,739)	(20,686)

Source: FY 2000 Final Planning and Budget Advice and Region 4's FY 2000 Budget Request

Notes: (1) Forest Service WO designated "Current Services" as equal to FY99 President's Budget and "Agency Request" as "Current Service" level plus 10%.

(2) Final allocation amounts for the Trail Maintenance BLI are divided 75% to Recreation Management and 25% to Wilderness Management.

(3) Final allocation amounts for the Recreation Facility Maintenance BLI is included in the Recreation Management BLI.

Enclosure I

Fire Preparedness: Final Allocations to All Regions, FY 1995 Through FY 2000

(Dollars in millions)

1995 Final Program Budget Advice

Region	Regional MEL request	National MEL request	Congressional appropriation	Congressional appropriation as a % of national MEL	Regional allocation	Regional allocation as a % of regional MEL	Regional allocation as a % of the congressional appropriation
1	\$27.9	\$311.4	\$285.1	91.6%	\$26.8	96.1%	9.4%
2	12.1	311.4	285.1	91.6%	10.7	88.4%	3.8%
3	32.8	311.4	285.1	91.6%	29.8	90.9%	10.5%
4	27.4	311.4	285.1	91.6%	25.9	94.5%	9.1%
5	104.3	311.4	285.1	91.6%	94.5	90.6%	33.1%
6	48.7	311.4	285.1	91.6%	44.9	92.2%	15.7%
8	18.5	311.4	285.1	91.6%	17.2	93.0%	6.0%
9	8.9	311.4	285.1	91.6%	7.8	87.6%	2.7%
10	1.4	311.4	285.1	91.6%	1.4	100.0%	0.5%
<i>Total</i>	\$282.0				\$259.0		90.8%

1996 Program Budget Advice

Region	Regional MEL request	National MEL request	Congressional appropriation	Congressional appropriation as a % of national MEL	Regional allocation	Regional allocation as a % of regional MEL	Regional allocation as a % of the congressional appropriation
1	\$28.0	\$328.0	\$295.3	90.0%	\$25.8	92.1%	8.7%
2	11.2	328.0	295.3	90.0%	10.3	92.0%	3.5%
3	32.9	328.0	295.3	90.0%	29.2	88.8%	9.9%
4	29.1	328.0	295.3	90.0%	24.6	84.5%	8.3%
5	115.8	328.0	295.3	90.0%	89.7	77.5%	30.4%
6	46.7	328.0	295.3	90.0%	40.9	87.6%	13.9%
8	17.4	328.0	295.3	90.0%	17.4	100.0%	5.9%
9	6.6	328.0	295.3	90.0%	6.4	97.0%	2.2%
10	1.3	328.0	295.3	90.0%	1.3	100.0%	0.4%
<i>Total</i>	\$289.0				\$245.6		83.2%

1997 Final Program Budget Advice

Region	Regional MEL request	National MEL request	Congressional appropriation	Congressional appropriation as a % of national MEL	Regional allocation	Regional allocation as a % of regional MEL	Regional allocation as a % of the congressional appropriation
1	27.8	341.0	319.3	93.6%	\$25.9	93.2%	8.1%
2	12.7	341.0	319.3	93.6%	10.7	84.3%	3.4%
3	32.0	341.0	319.3	93.6%	30.3	94.7%	9.5%
4	31.2	341.0	319.3	93.6%	29.0	92.9%	9.1%
5	105.0	341.0	319.3	93.6%	96.3	91.7%	30.2%
6	50.3	341.0	319.3	93.6%	45.7	90.9%	14.3%
8	21.1	341.0	319.3	93.6%	17.6	83.4%	5.5%
9	8.0	341.0	319.3	93.6%	6.6	82.5%	2.1%
10	1.3	341.0	319.3	93.6%	1.3	100.0%	0.4%
<i>Total</i>	\$289.4				\$263.4		82.5%

1998 Final Program Budget Advice

Region	Regional MEL request	National MEL request	Congressional appropriation	Congressional appropriation as a % of national MEL	Regional allocation	Regional allocation as a % of regional MEL	Regional allocation as a % of the congressional appropriation
1	\$39.9	\$390.0	\$319.3	81.9%	\$32.2	80.7%	10.1%
2	13.2	390.0	319.3	81.9%	12.3	93.2%	3.9%
3	40.8	390.0	319.3	81.9%	36.3	89.0%	11.4%
4	40.1	390.0	319.3	81.9%	32.0	79.8%	10.0%
5	132.0	390.0	319.3	81.9%	102.5	77.7%	32.1%
6	55.8	390.0	319.3	81.9%	47.3	84.8%	14.8%
8	22.8	390.0	319.3	81.9%	18.3	80.3%	5.7%
9	8.1	390.0	319.3	81.9%	7.4	91.4%	2.3%
10	1.4	390.0	319.3	81.9%	1.3	92.9%	0.4%
<i>Total</i>	\$354.1				\$289.6		90.7%

1999 Final Program Budget Advice

Region	Regional MEL request	National MEL request	Congressional appropriation	Congressional appropriation as a % of national MEL	Regional allocation	Regional allocation as a % of regional MEL	Regional allocation as a % of the congressional appropriation
1	42.8	430.0	324.9	75.6%	\$33.1	77.3%	10.2%
2	20.2	430.0	324.9	75.6%	14.5	71.8%	4.5%
3	46.1	430.0	324.9	75.6%	35.9	77.9%	11.0%
4	44.2	430.0	324.9	75.6%	32.3	73.1%	9.9%
5	149.2	430.0	324.9	75.6%	103.3	69.2%	31.8%
6	62.4	430.0	324.9	75.6%	48.2	77.2%	14.8%
8	27.0	430.0	324.9	75.6%	18.6	68.9%	5.7%
9	8.3	430.0	324.9	75.6%	7.2	86.7%	2.2%
10	1.5	430.0	324.9	75.6%	1.3	86.7%	0.4%
<i>Total</i>	\$401.7				\$294.4		90.6%

2000 Final Program Budget Advice

Region	Regional MEL request	National MEL request	Congressional appropriation	Congressional appropriation as a % of national MEL	Regional allocation	Regional allocation as a % of regional MEL	Regional allocation as a % of the congressional appropriation
1	\$45.7	\$483.0	\$359.8	74.5%	\$34.4	75.3%	9.6%
2	24.0	483.0	359.8	74.5%	20.2	84.2%	5.6%
3	57.8	483.0	359.8	74.5%	39.3	68.0%	10.9%
4	48.5	483.0	359.8	74.5%	33.8	69.7%	9.4%
5	157.2	483.0	359.8	74.5%	112.1	71.3%	31.2%
6	68.5	483.0	359.8	74.5%	53.1	77.5%	14.8%
8	34.5	483.0	359.8	74.5%	20.2	58.6%	5.6%
9	11.5	483.0	359.8	74.5%	8.8	76.5%	2.4%
10	1.5	483.0	359.8	74.5%	1.4	93.3%	0.4%
<i>Total</i>	\$449.2				\$323.3		89.9%

Source: Final Planning and Budget Advice and additional data provided by Fire Preparedness Budget Coordinator.

**Region 4: National Forest System FY 2000 Final PBA Allocations
Under Benefiting Function and Primary Purpose**

Attachment 4

(Dollars in thousands)

Budget Line Item	-----FY 2000-----			-----FY 2000-----		
	Benefiting Function			Primary Purpose		
	R-4 Allocation	Total Available	R-4 %	R-4 Allocation	Total Available	R-4 %
Ecosystem Planning, Inv. & Monitor.	0	0	0.0%	0	0	0.0%
Land Management Planning	4,015	39,738	10.1%	5,848	39,738	14.7%
Inventory and Monitoring	8,525	87,771	9.7%	8,121	87,771	9.3%
Subtotal: Ecosystem Management	12,540	127,509	9.8%	13,969	127,509	11.0%
Recreation Management	17,191	158,258	10.9%	17,415	158,258	11.0%
Wilderness Management	3,546	29,953	11.8%	3,481	29,953	11.6%
Heritage Resources	1,537	13,137	11.7%	1,567	13,137	11.9%
Subtotal: Recreation Use	22,274	201,348	11.1%	22,463	201,348	11.2%
Wildlife Habitat Management	3,406	32,750	10.4%	3,148	32,750	9.6%
Inland Fish Habitat Management	2,430	23,188	10.5%	2,151	23,188	9.3%
Anadromous Fish Habitat Management	2,263	25,920	8.7%	1,553	25,920	6.0%
TE&S Habitat Management	2,323	26,755	8.7%	2,589	26,755	9.7%
Subtotal: Wildlife & Fish Habitat Mgmt	10,422	108,613	9.6%	9,441	108,613	8.7%
Grazing Management	6,086	28,792	21.1%	6,136	28,792	21.3%
Rangeland Vegetation Management	5,239	29,654	17.7%	5,298	29,654	17.9%
Subtotal: Rangeland Management	11,325	58,446	19.4%	11,434	58,446	19.6%
Timber Sales Management	12,084	223,060	5.4%	11,830	223,060	5.3%
Forestland Vegetation Management	5,433	62,958	8.6%	5,360	62,958	8.5%
Subtotal: Forestland Management	17,517	286,018	6.1%	17,190	286,018	6.0%
Soil, Water and Air Operations	2,945	26,755	11.0%	4,386	26,755	16.4%
Watershed Improvements	6,019	36,608	16.4%	5,695	36,608	15.6%
Subtotal: Soil, Water and Air	8,964	63,363	14.1%	10,081	63,363	15.9%
Minerals and Geology Management	6,180	36,956	16.7%	5,997	36,956	16.2%
Real Estate Management	3,626	47,242	7.7%	4,917	47,242	10.4%
Landline Location	1,457	15,367	9.5%	1,569	15,367	10.2%
Subtotal: Land Ownership Mgmt.	5,083	62,609	8.1%	6,486	62,609	10.4%
Road Maintenance	{12,623}	{111,240}	{11.3%}	{12258}	{111,240}	{11.0%}
Non-Recreation Facility Maintenance	{2,790}	{28,243}	{9.9%}	{2318}	{28,243}	{8.2%}
Recreation Facility Maintenance	{3,483}	{27,404}	{12.7%}	{2892}	{27,404}	{10.5%}
Trail Maintenance	{2,313}	{20,454}	{11.3%}	{2724}	{20,454}	{13.3%}
Subtotal: Infrastructure Maintenance	21,210	187,341	{11.3%}	20,192	187,341	{10.8%}
Subtotal: w/non-add BLI's	{21,210}	{187,341}	{11.3%}	{20192}	{187,341}	{10.8%}
Law Enforcement Operations	691	67,960	1.0%	1,103	67,960	1.6%
General Administration	16,523	248,362	6.7%	15,476	248,362	6.2%
TOTAL: NATIONAL FOREST SYSTEM	111,519	1,261,184	8.8%	113,640	1,261,184	9.0%
{TOTAL: w/non-add BLI's}	{132,729}	{1,448,525}	{9.2%}	{133,832}	{1,448,525}	{9.2%}

{ } Non-Add EBLI's. Funds appropriated in the Reconstruction and Construction Account.

Source: Benefiting Function allocations obtained from FY 2000 Final Planning and Budget Advice,

Primary Purpose allocations obtained from Region 4's Fiscal and Budget Team.

Enclosure II



United States
Department of
Agriculture

Forest
Service

Washington Office

14th & Independence SW
P.O. Box 96090
Washington, DC 20090-6090

File Code: 1420

Date: AUG 18 2000

Mr. Jeffrey C. Steinhoff, Assistant Comptroller General
Accounting and Information Management Division
U. S. General Accounting Office
441 G Street, NW
Washington, D. C. 20548

Dear Mr. Steinhoff:

Thank you for the opportunity to review and comment on the draft report, "Forest Service Funding Allocations to Intermountain Region 4" (GAO/RCED-00-279R, code 913883).

The report is very well written and accurately portrays the existing process. However, I would offer some additional clarification regarding management oversight and approval of the numbers that are generated by the allocation criteria.

Insert at the top of page 4 in the summary:

The leadership in the Washington Office recognize that allocation criteria alone, does not always adequately reflect different, often no quantifiable elements in each region. Therefore, prior to final funding allocations being issued to the regions, the allocations are reviewed and adjusted, if necessary, based upon management's judgment as situations or circumstances warrant.

This statement, with some slight modifications is from page 18 of the PowerPoint presentation. However, it is critical that it be brought forward to the summary.

If you have additional questions, please contact the Agency's External Audit Liaison, Linda Washington at (202) 205-3761.

Sincerely,

VINCETTE L. GOERL
Chief Financial Officer
Deputy Chief, Office of Finance



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Now on page 3.

Now on page 24.