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Table of Contents

Message from the Chief	3
Preface	7
Executive Summary	9
Review of TSPIRS and FY 1997 Changes	15
Review of TSPIRS	15
FY 1997 Changes	20
Accomplishments of FY 1997 Forest Management Program	23
Volume Accomplishments	23
Stewardship Harvesting Accomplishments	25
Other Direct Program Accomplishments	28
Indirect Program Accomplishments	34
Economic Effects of FY 1996 Forest Management Program	37
Employment Effects	37
Income and Federal Income Tax Effects	38
Present Net Value of Estimated Resource Effects	40
Financial Results of FY 1996 Forest Management Program	43
Overall Revenues and Expenses	43
Revenues and Expenses by Program Component	47
Analysis of Financial Results	50
Significance of the Financial Results	56
USDA Forest Service Contact	61
Glossary	63
Appendixes	69
A) Employment, Income, and Program Level Account by Region and Forest	69

B) Economic Account by Region and Forest	99
C) Total Revenues and Expenses by Region	111
D) Program Component Revenues and Expenses by Region and Forest	117
E) Map of Regions and Forests	141

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Message from the Chief

Dear National Forest Owner:

Enclosed is the *Forest Management Program Annual Report* for fiscal year (FY) 1997. This marks the 9th year the Forest Service has published this document, which is largely a summary of data compiled by the Timber Sale Program Information Reporting System (TSPIRS). As with previous editions in this series, this year's report documents program accomplishments, estimates various program-related economic effects, and applies accrual accounting principles to identify the revenues earned and expenses incurred in association with the Forest Service timber program.

Last year's report highlighted several changes that have been occurring within the forest management program, which have dramatically affected its financial profitability. These included:

- A substantial decline in the amount of timber being offered, sold, and harvested each year. The current harvest levels are near 4 billion board feet (BBF) each year, down from the 1980's levels of 12 BBF.
- A shift in the type of timber sales being made. In the past, the primary purpose for most sales was to help meet the nation's demand for wood. Today, more-and-more sales are being designed to help attain various stewardship objectives that are best achieved through harvest. These objectives include thinning dense forest stands to restore historic ecological conditions, reducing excessive forest fuels, and creating desired wildlife habitat. Since FY 1993 when TSPIRS first began to track different types of sales, the proportion of total harvest volume being removed for timber commodity purposes has fallen from 71 to 52 percent, while the proportion being removed for forest stewardship purposes has grown from 23 to 40 percent.
- A dramatic decline in the use of clearcut harvesting. Since FY 1992 when the agency imposed new restrictions on the use of this controversial practice, the number of acres being harvested by this means has declined from about 163 thousand acres to less than 46 thousand acres annually. Clearcutting has decreased in relative as well as absolute terms, dropping from 22 percent of all acres harvested in FY 1992 to only 10 percent last year.
- A shift in the types of products being harvested. As recently as FY 1989, live trees, and large diameter trees, made up roughly 80 percent of the overall sales program. Because of the ongoing trend towards stewardship purpose sales, this proportion has been declining over time. In FY 1997, dead and dying trees, and small diameter trees, represented over 40 percent of our total sales program.

The preceding changes have occurred primarily in response to two factors. First, our scientific understanding continues to evolve on how to best manage for healthy, diverse, and productive forest ecosystems. Secondly, public attitudes have shifted concerning the types of benefits desired from public forests. For many years, timber was the principal benefit that most Americans obtained from their national forests. This material was used to manufacture lumber, plywood, paper, and a multitude of other desired products. Consistent with this demand, national forest timber sales were expanded, and decisions regarding sale design stressed the efficient recovery of timber of high commercial value.

Today, most Americans recognize that timber is just one of many values that they can obtain from their national forests. Other values currently desired include opportunities for various types of outdoor recreation, clean water, abundant fish and wildlife habitat, healthy ecosystems, and aesthetically pleasing landscapes. While carefully planned timber sales can be compatible with these other benefits, integrating these multiple objectives has resulted in a substantial decline in the amount of national forest timber being sold – and an increase in sale preparation and administration costs.

The preceding changes have been discussed at greater length in a paper entitled “*Changing Economics of the National Forest Timber Sale Program*” - a copy of which may be viewed at the Forest Service homepage (<http://www.fs.fed.us>). This article illustrates the nature of the on-the-ground improvements that national forest managers are trying to implement via timber sales. This is done using a series of photos from the Lick Creek Experimental Forest located on the Bitterroot National Forest near Missoula, Montana.

A new factor that had a major effect on the profitability of our timber sale program in FY 1997 was a change in accounting procedures applicable to “road prism” costs. These are the costs that are associated with constructing a road’s underlying foundation, or “bed.” In the past, because the Federal government did not have an accounting standard that addressed how these costs should be treated, “generally accepted accounting principles” (GAAP) used by the private sector were applied. Consistent with these principles, road prism costs were not written-off, but were permanently capitalized into land values. This treatment was predicated on the assumption that if the prisms were properly maintained, they would have an infinite useful life. Under private sector accounting standards, to recognize an expense, an asset must be used up in some manner, or must deteriorate.

Recently, however, the Federal Accounting Standards Advisory Board (FASAB), who develops generally accepted accounting principles for Federal agencies, put forth a broad array of new accounting standards – one of which pertains to the treatment of road prism costs. This new standard provides that instead of being permanently capitalized, such costs should be annually expensed. Beginning in FY 1997, TSPIRS financial statements will recognize road prism costs as an annual timber program cost. In FY 1997, these costs alone totaled \$51.4 million – \$36.3 million attributable to timber commodity sales, and \$15.1 million to forest stewardship purpose sales. No road costs, and thus no prism costs, are assigned to the personal use sales program.

The rationale for the new accounting standard is discussed later in this report. This change in capturing road prism costs comes at the same time the Forest Service is proposing new policy to resolve road management issues. Our enormous backlog of forest road maintenance needs provides ample evidence of the problems. Viewed from this perspective, it is appropriate that we recognize road prism costs in our TSPIRS financial statements.

Overall, our forest management program lost \$88.6 million last year. By comparison, the FY 1996 loss was \$14.7 million. Timber commodity purpose sales remained profitable last year, yielding a net revenue of \$7.2 million as compared to \$77.6 million in FY 1996. In strictly financial terms, forest stewardship and personal use purpose sales were both as unprofitable last year, similar to FY 1996. Specifically, these program components lost \$57.4 million and \$38.4 million, respectively. This report examines in some depth how the new road prism accounting procedures affected these financial results.

As you evaluate the financial performance of the timber sales program, I urge you to keep several important points in mind. These are discussed in the report, but I will highlight three here.

- 1) The national forests have a very different mandate from private timber companies. – As a matter of law and policy the national forests are not managed like private timber companies. These distinctions profoundly effect both revenues received and costs incurred. We typically grow timber for longer periods of time, maintain higher stocking levels, pay more attention to natural and uneven-aged management, place greater emphasis on the non-timber values of forest lands, and adhere to administrative processes and procedures that are far more open and publicly accessible. Now, even our accounting standards differ from those of a private enterprise. Recognizing these differences, one must ask – to what extent should profitability considerations dictate when national forest timber may be sold and harvested?

- 2) Timber sales are often the most effective method, both ecologically and economically, of achieving desired management objectives. – The focus of our forest management program is shifting from an emphasis on fiber production to an emphasis on using timber sales as a tool for achieving various stewardship objectives that require managing vegetation. Our experience suggests that timber sales are often the “least net cost” method of attaining such objectives.
- 3) Timber sales provide many benefits beyond the revenues earned. – Our forest management program provides a multitude of benefits beyond the revenues it produces. From an economic perspective these include the job opportunities it creates, the income it generates for individuals and businesses, and the incremental tax receipts that various levels of government collect from taxing this income. From an ecological perspective, they include the full array of long-term management goals achievable through stewardship harvesting – such as improved forest ecosystem health, reduced risk of catastrophic fire, and improved water quality.

In future years, the focus of our forest management program will shift even further towards using timber sales to accomplish ecological objectives. The Forest Service will continue to provide an ecologically sustainable supply of timber to provide jobs and lend economic stability to local communities. However, profitability, measured strictly in year-end financial terms, will likely continue to decline. Nonetheless, it is our firm belief that the long-term benefits provided to society – measured in terms of such things as clean water, abundant fish and wildlife habitats, diverse recreational opportunities, aesthetic values, improved soil productivity, and contributions to local communities – will far outweigh any short-term losses in financial profitability.

The Forest Service Natural Resource Agenda places emphasis on ecological sustainability. As the agency implements its forest management activities in the years ahead, we will continue to report on year-end profitability. But more importantly, we will also track and document the ecological benefits provided by our forest management program. Additionally, we will work with local communities, counties, interest groups, Congress, and others to fund needed restoration activities on forested landscapes that will provide jobs and economic opportunities while helping to meet ecological objectives.

In closing, we offer this report with the hope that you will find it informative, and that it will help to deepen your understanding of the results and complexities associated with managing diverse forest ecosystems on the National Forests.

MIKE DOMBECK
Chief

Preface

This report is produced each year to provide Congress and the public with accomplishment, economic, and financial information about the Forest Service's forest management program. The format of this year's report is somewhat different, but the information provided is essentially the same as in previous years. After presenting an Executive Summary highlighting significant observations and findings, the body of the report is organized into four main chapters:

- **Review of TSPIRS and FY 1997 Changes.** This chapter describes the origin and structure of TSPIRS, briefly explains what each part of the reporting system is intended to do, and discusses any procedural changes implemented during the reporting year.
- **Accomplishments of the FY 1997 Forest Management Program.** This chapter documents various accomplishments of the forest management program. Among the direct accomplishments discussed are the volume of national forest timber offered, sold, and harvested; the amount of free-use firewood provided; the number of Christmas trees provided; the value of nonconvertible products provided; the acreage of national forest land regenerated; the number of acres of timber stand improvement treatments completed; and the mileage of timber access roads constructed and/or reconstructed. Resource management activities accomplished using funds collected from timber purchasers are also documented.
- **Economic Effects of the FY 1997 Forest Management Program.** This chapter displays the economic effects directly or indirectly attributable to the forest management program during the reporting year. Consistent with past practice, three types of economic effects are documented: employment effects, regional income and Federal income tax effects, and the "present net value" (PNV) of the estimated resource effects.
- **Financial Results of the FY 1997 Forest Management Program.** This chapter displays the revenues received and expenses incurred due to forest management during the reporting year. This year's report also includes an analysis of past revenue, cost, and net revenue (i.e., profit) trends.

Most of the data presented in this report has been aggregated to the national level; however, several appendixes provide more detailed information by region; forest; and, in some instances, state. The report includes a glossary of technical terms, a map showing the boundaries of all administrative regions and national forests, and instructions about how to obtain additional information.

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Executive Summary

The Forest Service administers approximately 192 million acres of public land -- 187 million acres designated as national forests and 4 million acres designated as national grasslands. This report provides information about the agency's forest management program activities in FY 1997. Key points discussed in the report include the following:

Accounting Changes in FY 1997

- In FY 1997, a major change was made in the way the TSPIRS financial account handles "road prism" costs. These include the costs associated with constructing the roadbeds that are part of all timber access roads. In the past, consistent with generally accepted accounting principles (GAAP) applicable to the private sector, these costs were capitalized into the value of the underlying land. Henceforth, consistent with a new accounting standard specifically applicable to Federal agencies, these costs will be annually expensed. To draw meaningful comparisons between past and future TSPIRS financial results, some prior results are restated.

Selected Accomplishments in FY 1997

- In FY 1997, the size of the national forest timber sale program continued to show signs of stabilizing. The volume offered was essentially unchanged from FY 1996, while the volume sold increased slightly. Harvest volume continued to fall during the year, but only by a modest amount. Specific accomplishments were:
 - Volume offered = 4.00 billion board feet (BBF)
 - Volume sold = 3.69 BBF
 - Volume harvested = 3.28 BBF
- In FY 1997, the volume of national forest timber harvested for timber commodity purposes continued to fall, while the volume harvested for forest stewardship purposes continued to grow; the volume harvested for personal use purposes was also up slightly during the year. The specific proportions were:
 - Timber commodity = 52 percent,
 - Forest stewardship = 40 percent, and
 - Personal use = 8 percent.

This represents a significant change from FY 1993 when TSPIRS first recognized different sale purpose categories. In that year the proportions were:

- Timber commodity = 71 percent
- Forest stewardship = 24 percent
- Personal use = 5 percent

Pursuant to meeting our planning responsibilities under the Government Performance and Results Act (GPRA), we have estimated that by FY 1999 the focus of our timber sales program will have shifted as indicated below:

- Sustainable ecosystems = 54 percent
- Commodity production = 46 percent
- Of the total volume of timber harvested for stewardship purposes in FY 1997, the vast majority was offered for the following reasons:
 - Forest ecosystem health = 74.8 percent
 - Wildlife habitat management = 9.5 percent
 - T&E species habitat management = 6.1 percent

The acreages that were treated in connection with the preceding resource objectives are estimated to be:

- Forest ecosystem health = 134,400 acres
- Wildlife habitat management = 19,200 acres
- T&E species habitat management = 13,400 acres
- Other direct accomplishments of the FY 1997 forest management program were:
 - Seedlings produced = 56 million
 - Seed produced = 11,000 pounds
 - Acres harvested = 457,848
 - Acres regenerated = 328,109
 - Acres treated for timber stand improvement = 260,639
 - Free-use firewood provided = 27 MMBF
 - Christmas trees sold = 249,714
 - Other nonconvertible products sold = \$2.0 million
 - Families served through personal use sales = 221,200
 - Miles of existing forest roads reconstructed = 3,517
 - Miles of new forest roads constructed = 396
 - Miles of forest roads obliterated = 1,787
- In FY 1997, other accomplishments indirectly attributable to the forest management program in the sense that they were funded using either Knutson-Vandenberg (K-V) or Brush Disposal (BD) funds collected from timber purchasers included the following:

Wildlife and Fish:

- Acres of habitat restored/enhanced = 312,900
- Habitat improvement structures built = 32,954
- Miles of habitat restored/enhanced = 729

Range:

- Acres of forage improvement = 12,500
- Forage improvement structures built = 328

Soil and Water:

- Acres of resource improvements = 17,500

Fuels Management:

- Acres treated = 131,565

Economic Effects in FY 1997

- In FY 1997, the harvest of national forest timber directly or indirectly created the following economic effects:
 - Local community jobs = 55,535
 - Regional income = \$2 billion
 - Federal income tax receipts = \$309 million
- In FY 1997, the net present value of the long-term economic benefits and costs expected to result from the harvesting of national forest timber was estimated to be \$345 million.
- In FY 1997, as mandated by law, \$220.0 million in gross timber sale receipts were returned to the states and counties where national forest timber had been harvested – for use in benefiting local schools and roads. Timber-related “owl payments” to those states and counties where national forest timber harvests have been reduced to protect habitat for the northern spotted owl were \$89.9 million, or over two-fifths (41 percent) of this total.

To facilitate financial planning by those states and counties that have traditionally depended on these Federal payments to help fund improvements to schools and roads, the Forest Service has proposed stabilizing the payment amounts at a fixed and permanent level. Under this proposal, states and counties would receive the greater of: 1) the receipt-share payment they received in FY 1997, or 2) 76 percent of the average payment they received during the 5-year period from 1986 to 1990. It has been estimated that this proposal would return an additional \$37 million to the states and counties in FY 1999.

Financial Results in FY 1997

- In FY 1997, all components of the national forest timber sale program, considered in combination, lost \$88.6 million. By comparison, the overall loss in FY 1996 was \$14.7 million. Absent the new “road prism” accounting standard that was discussed earlier, the loss would have been \$37.1 million.
- In FY 1997, the various components of the forest management program produced the following net revenues:
 - Timber commodity = +\$7.2 million
 - Forest stewardship = -\$57.4 million
 - Personal use = -\$38.4 million

Absent the accounting change in the treatment of road prism costs, these net revenues would have been:

- Timber commodity = +\$43.5 million
- Forest stewardship = -\$42.3 million
- Personal use = -\$38.4 million (unchanged)

Analysis of Financial Results

- In recent years, a variety of factors have been instrumental in reducing the profitability of the national forest timber sales program.

On the revenue side, substantially less volume is being sold than in the past. Also, the timber now being sold is significantly different from the timber sold in prior years. As recently as 1989, dead and dying trees, and trees of less than sawtimber size, represented only about 20 percent of sales volume. Today, such material constitutes over 40 percent of the volume being sold. These changes reflect the continuing shift in program emphasis from timber commodity to forest stewardship purpose sales.

On the cost side, the greater scrutiny paid to environmental standards and public involvement have undoubtedly increased program expenditures. Other factors contributing to higher costs include: 1) the higher unit costs (diseconomies) associated with operating a smaller-sized program; 2) the increasing importance of relatively fixed program costs; 3) increased collaboration among varied interests; 4) the disappearance of the timber pipeline; and 5) the shrinking volume under contract.

- Several factors should be kept in mind when evaluating the financial performance of the national forest timber sale program. These include the following: 1) that national forests are not managed like private timber growing businesses; 2) that timber sales are often the “least net cost” method of achieving various ecological and social land management objectives; and 3) that timber sales provide many public benefits beyond the revenues returned to the Treasury.

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REVIEW OF TSPIRS AND FY 1997 CHANGES

Most of the information presented in this report was compiled by the Timber Sale Program Information Reporting System (TSPIRS). Accordingly, it is appropriate to briefly describe its origin, structure, and objectives.

Review of TSPIRS

TSPIRS was developed in response to Congressional direction contained in the Conference Committee Report on the 1985 Interior Appropriations Bill. The impetus for this direction was concern over “below-cost” sales, and the desire to have better information on the benefits and costs of selling national forest timber. The system was “pilot-tested” during FY’s 1987 and 1988, and was officially implemented in FY 1989. It consists of three parts, each of which is described below.

The Financial Account

The TSPIRS financial account displays the revenues, expenses, and resultant net revenues (i.e., revenues minus expenses) associated with the harvesting of national forest timber in a given year -- doing so in an annual financial statement format. It was jointly developed by the Forest Service and General Accounting Office (GAO).

Separate financial accounts are developed by forest, region, and for the Forest Service as a whole. Additionally, at each administrative level, revenues, expenses, and net revenues are separately reported for three distinct components of the overall sales program. These components are:

- **Timber Commodity Purpose Sales** -- This component includes sales being made primarily to supply timber in response to society’s demand for wood.
- **Forest Stewardship Purpose Sales** -- This component includes sales being made primarily to help achieve desired ecological conditions and/or to attain some non-timber resource objective that requires manipulating the existing vegetation -- e.g., improving forest health or reducing forest fuels.

- **Personal Use Purpose Sales** -- This component includes sales being made primarily to supply firewood, Christmas trees, and other miscellaneous forest products to individuals for their own consumption.

The revenues that are recognized in the financial account include actual stumpage receipts, purchaser road credits used to pay for harvested timber,¹ purchaser deposits for such things as road maintenance and brush disposal -- called associated charges, and any interest or penalty payments that are assessed.

The expenses that are recognized in the financial account fall into four broad categories:

- **Direct Timber Sale Expenses** -- Included are the costs of such activities as sale preparation and harvest administration.
- **Direct Timber Program Expenses** -- Included are the costs of such activities as transportation planning, conducting silvicultural examinations, and reforestation cutover areas.
- **Indirect Timber Sale Expenses** -- The primary thing included here is the cost of dealing with appeals and litigation.
- **Indirect Timber Program Expenses** -- Included are any costs of a “general administration” nature -- i.e., the portion of line management and program support costs that is properly chargeable to the timber program.

To better match annual sale-related revenues to annual sale-related expenses, expenses that are long-term investments -- i.e., expenses that will benefit future sale-related activities as well as those being conducted in the reporting year -- are placed into one of three pools and are redistributed back to a particular year based on pre-established formulas. This method of accounting is called “accrual” accounting, and it differs from “obligations-based” or “cash-flow” accounting.

TSPIRS recognizes three cost pools. These are:

- **Sale Activity Pool** -- This pool includes those costs directly associated with the preparation of timber sales. The costs placed in it are expensed using the ratio of volume harvested to volume harvested plus volume under contract.
- **Growth Activity Pool** -- This pool includes those costs associated with growing timber over an entire rotation. The costs placed in it are expensed using the ratio of volume harvested to the total growing stock volume on suitable lands.

¹ Purchaser road credits are earned as timber purchasers complete construction and/or reconstruction of Forest Service mandated roads. The work must be performed to standards established by the Forest Service, and the amount of credit earned is governed by cost estimates developed by agency engineers. These estimates reflect the costs that an operator of average efficiency should incur to perform the desired work.

- **Depreciation Pool** -- This pool includes those costs associated with roads and facilities. The costs placed in it are depreciated over predetermined periods of time set to approximate each asset's anticipated useful life.

The method that TSPIRS uses to "pool" certain costs and subsequently "write-them-off" in later years is consistent with Federal government accounting standards as prescribed by such authoritative bodies as the Federal Accounting Standards Advisory Board (FASAB).

Over the years, considerable debate has surrounded the question of whether or not the 25 percent of timber sale receipts that must, by law, be returned to the states and counties for use in supporting local schools and roads -- i.e., "payments to states" -- should be counted as a timber program cost.² Some argue that since the original intent of these payments was to substitute for the property taxes that private landowners would pay, they should be treated as a cost. The Forest Service, however, has consistently maintained that these payments are not a program cost, but a redistribution of income that occurs outside the agency's normal financial activity. Accordingly, while payments to states for FY 1997 are documented in this report, they are not treated as a timber program cost.

The Forest Service recognizes that the decline of the timber sales program, because it directly influences the size of the receipt-share payments that are made, has had a profound effect on some local communities. In response, the agency has proposed severing the existing linkage between such payments and national forest receipt levels. Under this proposal, which has been forwarded to Congress as part of the President's recommended budget for FY 1999, states and counties would receive the greater of: 1) the receipt-share payment they received in FY 1997; or 2) 76 percent of the average payment they received during the 5-year period from 1986 to 1990. It has been estimated that adoption of this reform would return an additional \$37 million to the states and counties in FY 1999.

The Economic Account

The TSPIRS economic account displays the long-term benefits and costs expected to result from a given year's timber harvesting activities. The account's information complements the data in the financial account in three ways:

- by considering future effects, not just immediate effects;
- by recognizing effects on all resource values, not just timber-related effects; and
- by examining "economic" effects, not just "financial" effects.

² Payments were originally authorized through legislation enacted on May 23, 1908. (Ch. 192, 35 Stat. 251, as amended; 16 U.S.C. 500, 16 U.S.C. 553, 31 U.S.C. 534)

All of the preceding differences merit brief clarification. Concerning the first distinction, the basic idea is that the financial account uses a single year as its frame of reference -- i.e., the year during which the timber harvesting operations being evaluated were actually conducted -- while the economic account considers a timeframe that is infinite in length. Concerning the second distinction, the basic idea is that the financial account documents only timber program effects, while the economic account considers how timber harvesting affects all resource programs -- i.e., recreation, wildlife, fisheries, grazing, soils, and water. Finally, concerning the third distinction, the basic idea is that the financial account examines only actual receipts and expenditures, while the economic account, where appropriate, uses state-of-the-art non-market analysis techniques to quantify relevant resource effects that cannot be evaluated by other means.

The economic account is constructed by performing what is called a “with-and-without” analysis. Initially, relevant resource effects are estimated under the assumption that a particular year’s timber harvesting operations are indeed conducted. Next, these same resource effects are estimated using the assumption that no timber harvesting occurred. Lastly, the marginal or incremental output changes attributable to timber harvesting are evaluated. These output changes may be immediate or delayed (i.e., experienced now or experienced later). Additionally, the changes may be either positive (e.g., increased recreation and decreased sedimentation) or negative (e.g., decreased recreation and increased sedimentation). Once the relevant output effects have been expressed in physical terms -- e.g., animal unit months (AUM’s) in the case of grazing, or visitor-days (RVD’s) in the case of recreation -- they are re-expressed as monetary equivalents. The unit values employed to make these conversions are taken from the best available information sources which may be site-specific research studies, values used in RPA planning, or values set-forth in forest plans.

To facilitate making direct comparisons between monetary values occurring at different points in time, the economic account discounts the values of all anticipated output changes, positive as well as negative, back to the desired base year using a 4 percent real rate of interest. The present value of the negative output changes is then deducted from the present value of the positive output changes to determine the present value of the benefits. As a last step, the present value of any costs, including road costs, that will have to be incurred to realize the projected benefits is subtracted from the present value of the benefits themselves to derive two “present net value” (PNV) figures -- one that considers timber resource effects only, and one that considers effects on all resources, including timber.

Conceptually, when the PNV, considering all resource effects, is positive, it indicates that, at the assumed rate of interest, the timber harvesting investments that were made during the year in question were economically justified, because the present value of the expected long-term benefits exceeded the present value of the expected long-term costs. This fact illustrates one of the complexities of the below-cost sale controversy -- namely, that of selecting the criteria by which to determine if a below-cost situation exists. It is

not uncommon for forests to have a negative net revenue in the financial account of TSPIRS and yet have a positive PNV in the economic account.

The Employment, Income, and Program Level Account

The TSPIRS employment, income, and program level account displays the employment, income, and Federal income tax benefits attributable to a given year's timber harvesting activities -- and also documents certain key timber program accomplishments. Like the financial account, its frame of reference is a single year -- this being the year in which the harvesting operations being reported upon were actually conducted. Despite this similarity, however, the information contained in the account compliments the data presented in the other accounts of TSPIRS in two ways:

- by recognizing certain important social and economic impacts not captured in the other accounts; and
- by providing a more complete description of timber program accomplishments.

Because of these differences, inclusion of the account strengthens TSPIRS and enables the reporting system, in the aggregate, to more fully portray the "net public benefit" that results from each year's forest management program.

The employment and income figures shown in the account are developed using IMPLAN or some other suitable input-output model, and the implied Federal income tax changes are computed as a percentage of the estimated income effects. While the last measure may require no explanation, some clarification of the other measures seems appropriate.

The account's employment figures depict the average number of full- and part-time employees using National Income and Product Account conventions. Additionally, they indicate not only the "direct" employment attributable to the national forest timber program, but also any relevant "indirect" and "induced" employment effects. Direct effects capture the initial economic consequences that result from some Forest Service action -- e.g., additional sawmill production stimulated by national forest timber sales. Indirect effects capture the additional economic consequences that occur as supplying industries respond to the changed input requirements of the directly impacted industries -- e.g., increased purchases of fuel, trucks, and equipment by sawmills so they can process national forest timber. Finally, induced effects capture the added economic consequences that result from adjustments in household spending that are attributable to changes in either the original industries or their suppliers -- e.g., increased purchases by any new workers hired by sawmills or their suppliers because of the processing of national forest timber.

The account's income figures indicate what is called "total regional factor income," and they consist of essentially three things. These are:

- **Employee Compensation** -- This part includes wages and salaries, and supplements to wages and salaries (e.g., employer contributions to employee health benefit and retirement plans).
- **Proprietor's Income** -- This part includes the income of sole proprietorships, partnerships, and tax-exempt cooperatives.
- **Other Factor Income** -- This part includes such things as rental income, interest and dividend earnings, and corporate profits.

As with employment, the income figures reported in TSPIRS as being attributable to the forest management program include the direct, indirect, and induced effects. The Federal income tax consequences are determined by taking 15 percent of the estimated income figures.

The program accomplishments that are reported include more than the three measures typically stressed -- i.e., volume offered, volume sold and awarded, and volume harvested. Specifically, the account also presents data on: the area of land impacted by harvesting activities; the volume of free use firewood produced; the number of Christmas trees cut; the value of other "non-convertible products" produced (e.g., cones, boughs, and ferns); the area of land regenerated through planting, seeding, or by natural means; the area of land on which timber stand improvement activities were conducted (e.g., release, weeding, pruning, and precommercial thinning); and the mileage of timber access roads constructed and/or reconstructed using either appropriated moneys or purchaser road credits.

FY 1997 Changes

In FY 1997, a significant change was made in the way TSPIRS handles "road prism" costs. These are the costs, including excavation costs, that the agency incurs to construct the roadbeds that are an integral part of all timber access roads. This section describes the nature of the accounting change as well as its effects.

Change in Treatment of Road Prism Costs

For the past few years, the Federal Government has been developing and implementing new accounting standards. The body charged with developing and recommending these standards is the Federal Accounting Standards Advisory Board (FASAB). Assuming FASAB's recommendations are subsequently approved by the Office of Management and Budget (OMB) and the General Accounting Office (GAO), they become the accounting standards for the Federal Government and are issued as Statements of Federal Financial Accounting Standards (SFFAS).

SFFAS Number 6 – *Accounting for Plant, Property, and Equipment* – provides the standards to be used for road accounting. Under these standards, national forest lands are classified as “stewardship” lands. FASAB concluded that stewardship lands should not be reported on the balance sheet of Federal agencies because the land is being held for the general welfare of the nation, and is to be preserved and protected. This implies that any costs incurred to acquire such lands are to be annually expensed. Since road prisms (roadbeds) are considered to be a permanent improvement to the land, they are, in essence, a part of the land itself. Consistent with this fact, they become subject to the same accounting standards as are applicable to land. In other words, road prism costs are also to be annually expensed and not carried as an asset on a Federal agency’s balance sheet.

Prior to FY 1997, since no Federal accounting standard was available, TSPIRS treated road prism costs using generally accepted accounting principles (GAAP) applicable to the private sector. Under these accounting standards, costs associated with land, or permanent improvements to land, are not expensed – they are permanently capitalized. This treatment is based on the premise that land does not expire or become obsolete. Under private sector accounting standards, to recognize an expense, an asset must be used up in some manner, or must deteriorate. Since road prisms are considered to be a part of the land, and to have an infinite useful life, their costs, like any costs associated with the land itself, are not expensed, but permanently capitalized in the organization’s financial statements.

In the absence of explicit Federal accounting standards, the Forest Service originally attempted to apply generally accepted private sector accounting standards to all of its road-related costs. Under these standards, roads are typically depreciated over the growth cycle of the timber being harvested. For example, if it takes 30 years for timber to grow to harvestable size, all road costs, other than the prism costs, are depreciated over 30 years. The agency soon discovered, however, that this convention would not work for its roads. The Forest Service is a land conservation agency, not a private timber growing business. Its reasons for making timber sales, and the factors it considers in deciding when to harvest, differ from those of a private business. The lengthy periods of time over which the agency commonly allows trees to grow before harvesting them are such that, under normal industry accounting standards, its road costs end-up being depreciated over unrealistically long intervals – in some cases over 200 years.

To remedy the preceding situation, the Forest Service contracted with an independent certified public accounting (CPA) firm to offer recommendations about how it should handle its road costs.³ The end-result was the procedures the agency has used for the last several years. These procedures entail recognizing four categories of road costs – prism, surface, culverts, and bridges. Prism costs, as already noted, were, up until now, treated as a permanent asset. Each of the other road components was given its own depreciation schedule. At the time they were developed, these accounting procedures were unique to the Forest Service.

³ Brown & Company; 1989; Evaluation of Timber Sale Program Information Reporting System (TSPIRS). Report of Contract No. 53-3187-9-01 (SBA 3-88-2-2928); 43p. plus appendixes.

Effects of Change in Treatment of Road Prism Costs

The change in the accounting principles applicable to road prism costs is a significant departure from the previous treatment of these costs, and gives rise to a number of important questions. One is – what happens to all the road prism costs that were previously capitalized? At the end of FY 1996, these costs totaled over \$4.0 billion. A second question is – must prior TSPIRS financial account results be restated?

Concerning the first of the preceding issues, SFFAS No. 6 indicates that any capitalized costs should be removed from the net position of a Federal agency through a prior year adjustment to the agency's statement of changes in net position. This means that these costs should not be reflected in income statements such as the TSPIRS financial account.

Concerning the second of the preceding issues, SFFAS No. 6 indicates that restatement of prior year reports is unnecessary. However, failure to prepare such restatements would make it impossible to compare, in a meaningful way, the forest management program's financial performance during years before and after FY 1997. For this reason, this report does present some restated expenditure and net revenue data. This has been done as a convenience to readers, and so that the financial effects of the road prism accounting change could be explicitly shown.

Under "generally accepted accounting principles" (GAAP) for the private sector, restatements would be required. Accounting Principles Board (APB) Opinion 20 states that when an accounting change has been mandated by an authoritative pronouncement, such as SFFAS No. 6, the change should be made retroactively. The APB was the GAAP promulgation board of the American Institute of Certified Public Accountants from 1962 to 1973. Its opinions are still GAAP unless superseded by subsequent statements of the Financial Accounting Standards Board (FASB).

ACCOMPLISHMENTS OF THE FY 1997 FOREST MANAGEMENT PROGRAM

This section of the report documents FY 1997 accomplishments of the forest management program. The information is presented in four parts:

- 1) Volume Accomplishments – This section displays the volume of timber that was offered, sold, and harvested, both in total and by program component.
- 2) Stewardship Harvesting Accomplishments – This section describes the various resource management benefits that were achieved through stewardship harvesting, both in volume and acreage terms.
- 3) Other Direct Program Accomplishments – This section provides information about a broad array of forest management program outputs other than the volume of timber produced – e.g., acres regenerated, and acres of timber stand improvement treatments.
- 4) Indirect Program Accomplishments – This section documents various non-timber resource management accomplishments that were achieved using funds collected from timber purchasers.

The chapter's focus is on examining national level data, but some regional-level figures are presented. More detailed information about the accomplishments of specific regions and forests is contained in Appendix A.

Volume Accomplishments

During FY 1997, 4.00 BBF (billion board feet) of national forest timber was offered for sale, 3.69 BBF was sold, and 3.28 BBF was harvested. (Table 1) By comparison to FY 1996, the volume sold was up slightly, the volume offered was essentially constant, and the volume harvested showed a modest decline. These figures suggest that the size of the national forest timber sales program is stabilizing at an annual output level of around 4.0 BBF. (Figure 1)

Table (1) – Volume of National Forest Timber Offered, Sold, and Harvested in FY 1997.

Accomplishment Measure	Level (MMBF)
Timber Offered for Sale	4,001
Timber Sold and Awarded	3,688
Timber Harvested	
Sawtimber	1,923
Roundwood	747
Firewood (commercial and personal use)	247
Other	368
Total	3,285

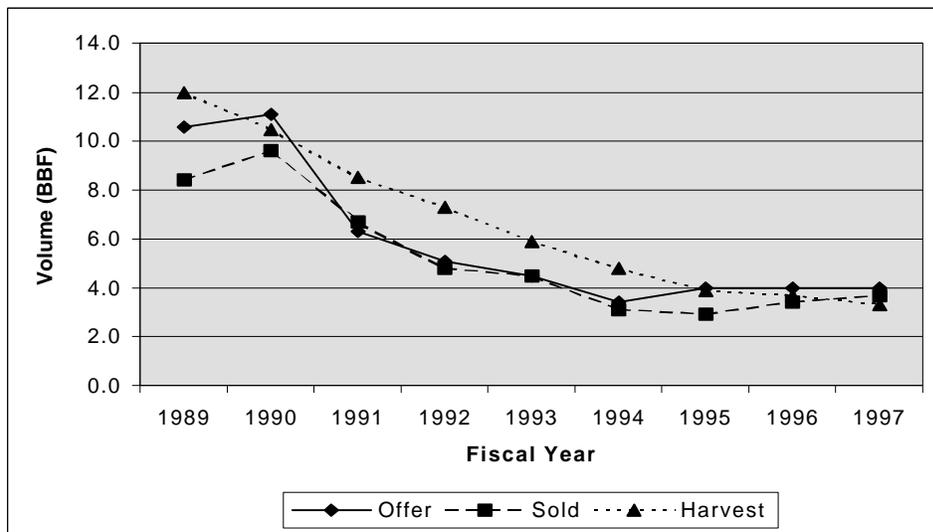


Figure (1) - Trend in the Volume of National Forest Timber Being Offered, Sold, and Harvested.

Of the total volume harvested during FY 1997, 52 percent (1.70 BBF) was for timber commodity purposes, 40 percent (1.31 BBF) for forest stewardship purposes, and 8 percent (.26 BBF) for personal use purposes. (Figure 2) This perpetuates the ongoing shift away from timber commodity purpose sales and towards forest stewardship purpose sales. The size of the personal use sales program remained relatively constant. (Figure 3)

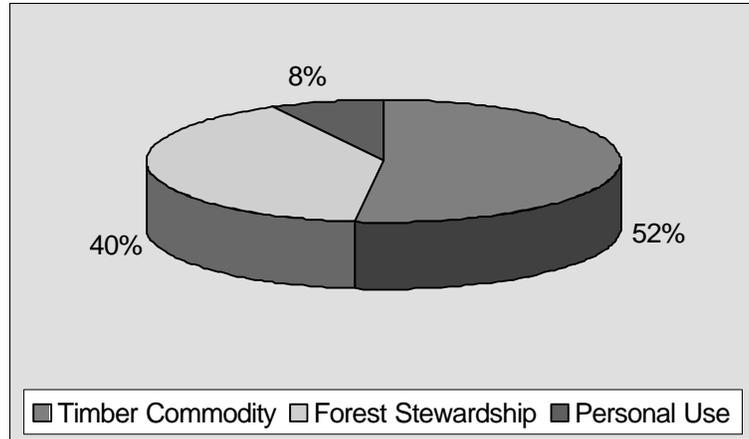


Figure (2) - Proportion of FY 1997 Harvest Volume Associated with Different Harvest Objectives.

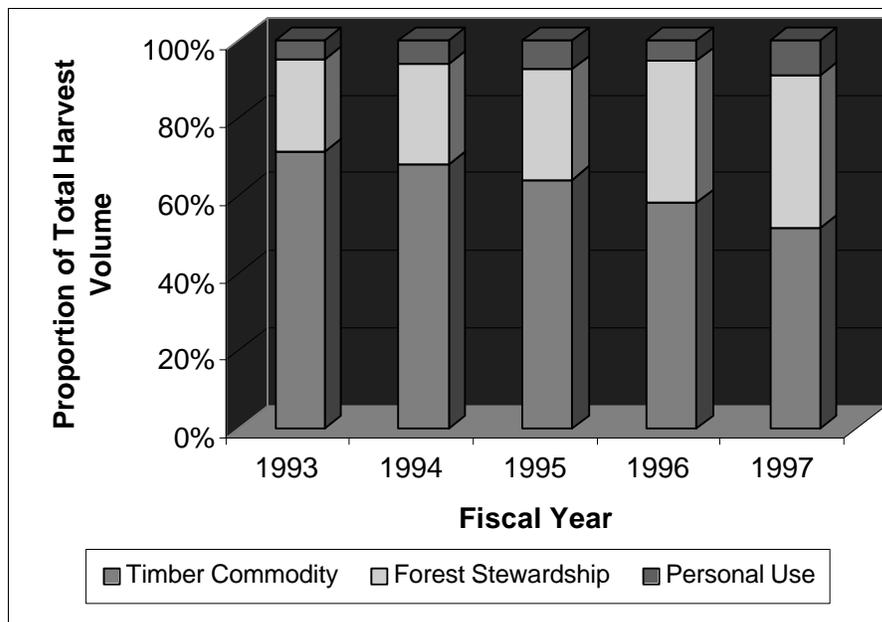


Figure (3) – Trend in Size of Various Timber Sale Program Components.

Stewardship Harvesting Accomplishments

As noted in last year’s report, stewardship purpose sales are made for a variety of reasons. For reporting purposes, these are defined as follows:

- **Forest Ecosystem Health** -- Includes projects, or parts of projects, the primary objective of which is any of the following: (1) promoting long-term forest ecosystem health through forest pest and fuels management; (2) preventing resource losses and ecosystem damage from catastrophic events, such as fire and windstorms; (3) keeping forest ecosystems within their historic range of variability; or (4) reducing reforestation and site rehabilitation costs after catastrophic events.
- **Recreation/Visual/Cultural Resource Enhancement** -- Includes projects, or parts of projects, the primary object of which is any of the following: (1) removal of hazard trees around recreation or cultural resource areas; (2) opening desired vistas; or (3) regenerating specific species (e.g., aspen) to create landscape variety.
- **Wildlife Habitat Management** -- Includes projects, or parts of projects, the primary object of which is to create and/or perpetuate habitat conditions favorable to certain species of wildlife. Illustrative would be a project that seeks to stimulate mast production by controlling competition in oak stands.
- **Fisheries Habitat Management and Watershed Improvement** -- Includes projects, or parts of projects, the primary object of which is either of the following: (1) creating and/or perpetuating desirable fisheries habitat; or (2) managing watersheds to attain specific objectives such as increased soil stability, higher water quality, or improved control over water yields. Illustrative would be a project that uses vegetative manipulation to influence rates of snow melt.
- **Threatened & Endangered Species Habitat Management** -- Includes projects, or parts of projects, the primary object of which is to create and/or maintain suitable habitat for threatened or endangered species. Illustrative would be projects undertaken to create and/or preserve vegetative patterns conducive to late successional or riparian species like the northern goshawk or Pacific fisher.
- **Range Resource Enhancement** -- Includes projects, or parts of projects, the primary object of which is to improve the range resource for use by domestic livestock. Illustrative would be a project that creates openings improving the production of forage for cattle.
- **Non-Timber Products** -- Includes projects, or parts of projects, the primary object of which is implement a stewardship objective through the commercial sale of non-timber products like posts, poles, firewood, and Christmas trees.
- **Other** -- Includes projects, or parts of projects, the primary object of which is to implement a stewardship objective that cannot be classified into any of the other stewardship purpose categories. Illustrative would be a project intended to clear right-of-way for a general purpose forest administration road.

In FY 1997, the volume of timber harvested for each of the preceding purposes was as shown in table (2). As the table indicates, the most important reasons for undertaking stewardship sales were:

Forest Ecosystem Health - This objective accounted for almost 75 percent of the total volume harvested for stewardship purposes.

Wildlife Habitat Management – This objective accounted for approximately 10 percent of the total volume harvested for stewardship purposes.

T&E Species Habitat Management - This objective accounted for roughly 6 percent of the total volume harvested for stewardship purposes.

Table (2) -- Volume Harvested in Connection with Various Stewardship Purpose Goals, FY 1997.

Stewardship Purpose Goal	Harvest Volume (MBF)	Proportion of Total (percent)
Forest Ecosystem Health	980.2	74.8
Recreation/Visual/Cult. Resource Enhancement	38.7	3.0
Wildlife Habitat Management	124.6	9.5
Fisheries Habitat Mgmt./Watershed Improvement	3.9	0.3
T&E Species Habitat Management	80.1	6.1
Range Resource Enhancement	2.6	0.2
Non-Timber Products	22.3	1.7
Other	57.7	4.4
Totals	1,310.1	100.0

In attempting to evaluate how stewardship sales are contributing to the attainment of various resource management goals, it would be useful to know not only the volume that was harvested in connection with each goal – but also the number of acres that were treated. While information of this latter type is not tracked directly by TSPIRS or our Timber Sale Accounting (TSA) system, it can be estimated using data as to: (1) the number of acres that were cut in a given year; and (2) the total volume that was harvested from these acres. Dividing the total harvest volume by the number of acres cut yields an average volume removed per acre. If total volume harvested for a particular purpose is then divided by the average volume removed per acre, the quotient provides an estimate of the number of acres treated. This has been done in Table (3).

Table (3) – Acres Treated in Connection with Various Stewardship Purpose Goals, FY 1997.

Stewardship Purpose Goal	Acres Treated
	(M acres)
Forest Ecosystem Health	134.4
Recreation/Visual/Cult. Resource Enhancement	5.2
Wildlife Habitat Management	19.2
Fisheries Habitat Mgmt./Watershed Improvement	0.5
T&E Species Habitat Management	13.4
Range Resource Enhancement	0.4
Non-Timber Products	3.1
Other	8.3
Totals	184.5

This table tells essentially the same story as the one displaying harvest volumes, but it reports accomplishments in a way that may be more relevant for stewardship purpose sales – i.e., acres treated. As the table shows, the most important reasons for engaging in stewardship sales were:

Forest Ecosystem Health – An estimated 134,400 acres were treated for this purpose.

Wildlife Habitat Management – An estimated 19,200 acres were treated for this purpose.

T&E Species Habitat Management – An estimated 13,400 acres were treated for this purpose.

In future years, the Forest Service will focus more effort on measuring and tracking ecological accomplishments attributable to the forest management program.

Other Direct Program Accomplishments

Other direct accomplishments of the forest management program during FY 1997 were as shown in Table (4). Each of these accomplishments is briefly discussed below.

Acres Harvested: - In FY 1997, harvesting operations were conducted on 457,848 acres of national forest land. (See table 4) This includes areas encompassed by various partial cutting systems that remove relatively few trees per acre. The acreage impacted was less

than 1 percent of the 49.4 million acres of national forest land currently designated as being “suitable” for timber production. During the year, clearcutting was employed on 45,854 acres, and selection harvesting on 48,432 acres.

The total number of acres being harvested increased slightly between FY 1996 and FY 1997, but over the last several years the trend in total harvesting has been downward. (See Figure 4) The most dramatic reduction has occurred in the use of clearcutting. Application of this silvicultural system has dropped from 31 percent of total harvest acres in FY 1989 to only 10 percent in FY 1997. (See Figure 4)

Table (4) – Selected Direct Accomplishments of the Forest Management Program in FY 1997.

Accomplishment Measure	Level
Timber Information	
Total Area Harvested (acres)	457,848
Free Use Firewood Provided (MMBF)	27
Non-Convertible Forest Products Removed	
Christmas Trees (number of trees)	249,714
Other (value in thousands of dollars)	2,047
Families Assisted (number)	221,200
Regeneration Treatments (acres)	328,109
Timber Stand Improvement Treatments (acres)	260,639
Seedlings Produced (number of seedlings)	56,000,000
Seed Produced (pounds)	11,000
Forest Road Information	
Road Construction (miles)	
Appropriated Construction	2
Purchaser Credit Construction	394
Total Construction	396
Road Reconstruction (miles)	
Appropriated Reconstruction	285
Purchaser Credit Reconstruction	3,232
Total Reconstruction	3,517
Road Obliteration (miles)	1,787

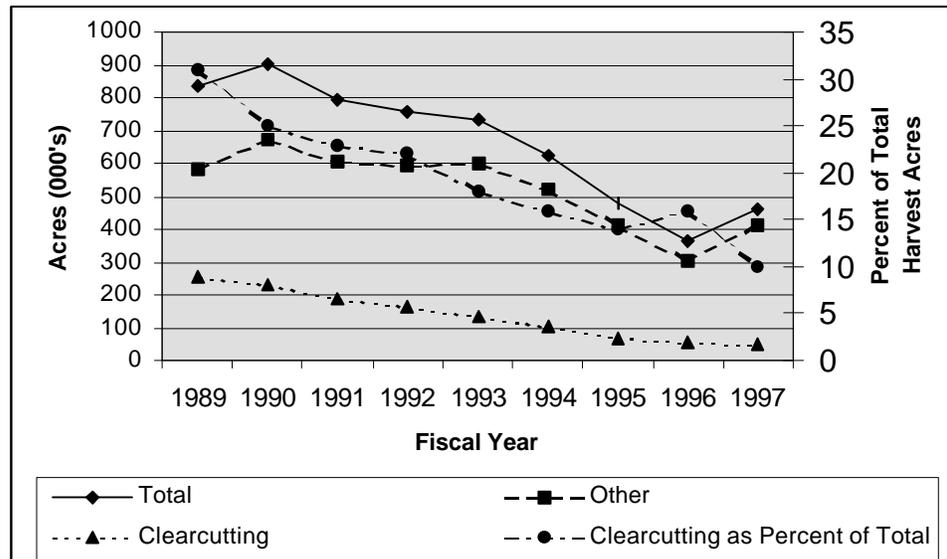


Figure (4) – Trend in Number of Acres Encompassed by Clearcutting and Other Timber Harvest Methods.

Acres Regenerated and Improved: - A total of 328,109 acres were regenerated in FY 1997, and 260,639 acres received some type of timber stand improvement (TSI) treatment. (See Table 4) Regeneration activities, such as spreading seeds and planting seedlings, are intended to reestablish stands of trees following harvest. Timber stand improvement activities, such as thinning and pruning, are intended to increase growth and improve the quality of residual trees.

The number of acres regenerated declined slightly between FY 1996 and FY 1997, thereby continuing a downward trend that extends back several years. (See Figure 5) The acreage receiving some type of TSI treatment has been relatively stable for the last 4 years. (See Figure 5)

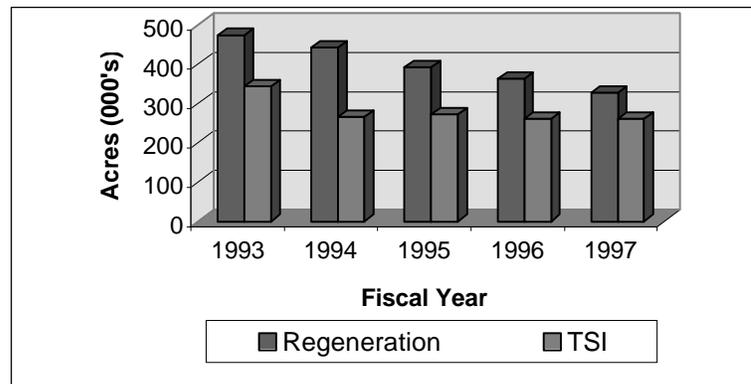


Figure (5) – Trend in Number of Acres Being Impacted by Regeneration and TSI Activities.

Free Use Firewood: - In FY 1997, approximately 27 MMBF of “free use” firewood was provided from the national forests. (See Table 4) Free use firewood, as its name implies, is firewood that is given away without charge to individuals for their personal use. Firewood is provided at no charge only when it has been determined that this action is in the Federal Government’s best interest. To illustrate, there may be a pocket of insect- or disease-infested timber on a remote section of some national forest that is too small to justify making a salvage sale – and yet managers want to remove the material before the infection spreads. In this case, making the wood available without charge provides an incentive for people to carry it away at little direct cost to the government.

The volume of free use firewood being provided off the national forests increased slightly between FY 1996 and 1997 – from 24 to 27 MMBF. Over the last several years, however, the output of this product has been declining. (See Figure 6)

Christmas Trees and Other Non-Convertible Products: - In FY 1997, a total of 249,714 Christmas trees were provided from the national forests. The value of the other non-convertible products sold (e.g., boughs, cones, nuts, and mushrooms) was approximately \$2.0 million. (See Table 4) In all likelihood this latter measure understates the actual value of the non-convertible products being provided. In recent years, the demand for such products has grown rapidly, and the Forest Service is actively working to ensure that they are properly managed.

The number of Christmas trees provided in FY 1997 was down as compared to FY 1996. Over the last several years, the number of Christmas trees being provided has fluctuated between 250 and 300 thousand. (See Figure 7) The value of the other non-convertible products being sold rose slightly last year, thereby perpetuating an upward trend that extends back several years. (See Figure 7)

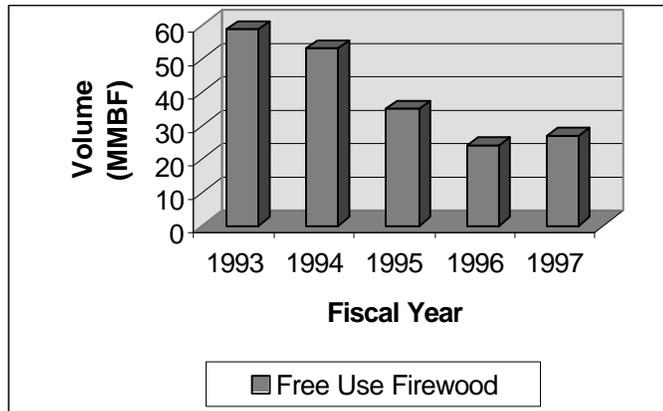


Figure (6) -- Trend in the Amount of Free Use Firewood Being Provided from National Forest Lands.

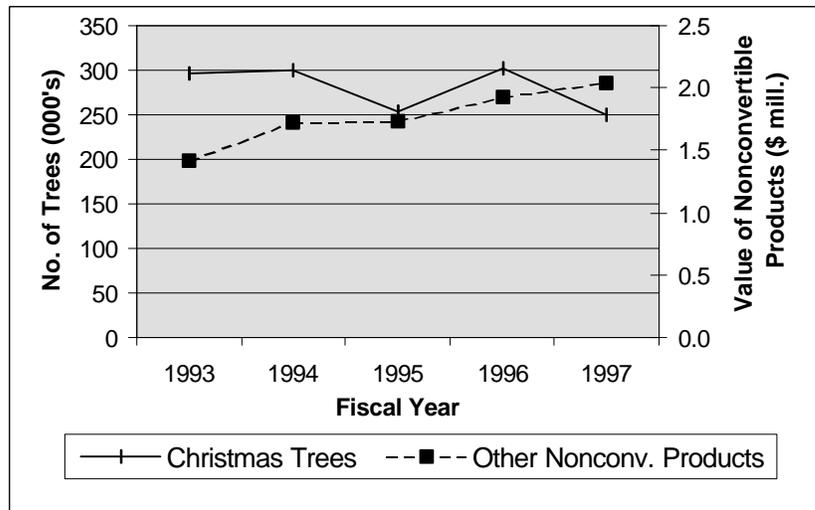


Figure (7) – Trend in Number of Christmas Trees and Value of Other Nonconvertible Products Being Provided from National Forest lands

Families Assisted through Personal Use Sales: - The Forest Service’s personal use sales program provides small quantities of fuelwood, posts, and other miscellaneous forest products to individuals for their own consumption. The program’s roots trace back to the origins of the national forests. It is perpetuated today not to produce a profit, but because it is needed to help clean-up dead and dying trees and is considered part of being a “good neighbor.” In FY 1997, an estimated 221,200 families were helped through

personal use sales.⁴ (See Table 4) The number of families helped has been relatively stable over the last three years, but is down substantially from the early 1990's. (See figure 8)

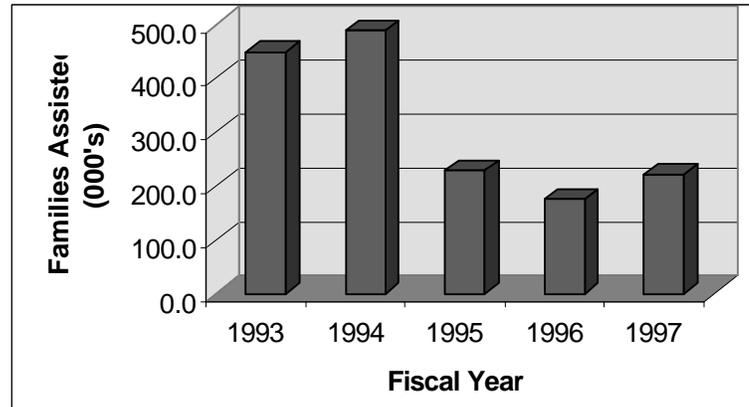


Figure (8) – Trend in the Number of Families Assisted Through Personal Use Sales.

Seedling Production: - In FY 1997, Forest Service nurseries, considering both bareroot and container stock, produced approximately 56 million seedlings – down 11 percent from FY 1996.⁵ Production levels have been dropping since FY 1991 as a result of several factors including reduced timber harvests, shifting emphasis towards intermediate treatments, and increased reliance on natural regeneration as a means of achieving reforestation objectives. Because of this trend, a review of the Forest Service's nursery capacity was conducted. This review prompted the Chief to call for the closure of three nurseries by the year 2000. One nursery was closed last year, leaving nine still operational.

Seed Production: - In FY 1997, Forest Service seed extractories produced a total of around 11,000 pounds of seed – down about 34 percent from FY 1996 levels.⁶ Seed production levels vary widely from year-to-year, depending upon the unique characteristics of individual plant species and the periodicity of good seed crops in each species.

⁴ The number of families assisted is estimated from knowledge of: 1) the number of sales made for under \$300, and 2) the volume of free use firewood provided.

⁵ USDA Forest Service; 1998; *Reforestation and Timber Stand Improvement Report: National Summary for FY 1997*; Reports 2400-D and 2400-W; 45p.

⁶ USDA Forest Service; 1998; *Reforestation and Timber Stand Improvement Report: National Summary for FY 1997*; Reports 2400-D and 2400-W; 45p.

Road Construction/Reconstruction: - In FY 1997, 396 miles of new timber-related roads were constructed and 3,517 miles of existing timber-related roads were reconstructed (See Table 4). In terms of financing, the bulk of this construction and reconstruction activity was accomplished through the use of purchaser credits. Indeed, over 99 percent of all new construction, and just under 92 percent of all reconstruction, was financed by this means. In a somewhat different vein, a total of 1,787 miles of national forest system roads were obliterated during the year. Obliterating a road means restoring the land to a condition suitable for producing vegetation.

As Figure (9) shows, construction of new timber-related roads has been declining for several years; but reconstruction of existing roads has increased in each of the last three years. Periodic reconstruction is important in terms of both providing safe access for timber harvesting and other activities as well as preventing some of the environmental problems that can materialize when roads are allowed to deteriorate – e.g., accelerated erosion and an increased risk of mudslides.

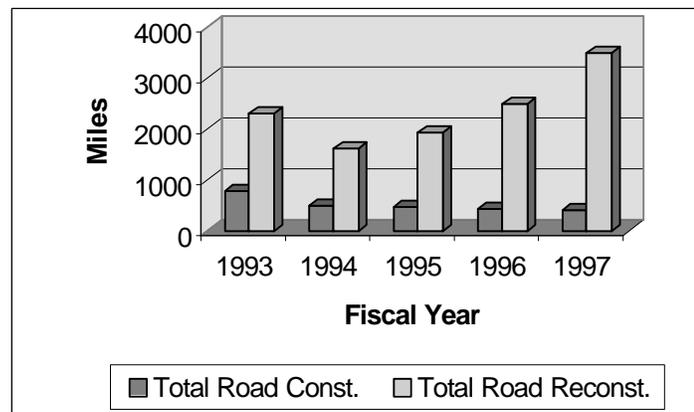


Figure (9) - Trend in the Mileage of Timber-Related Roads Being Constructed or Reconstructed Annually

Indirect Program Accomplishments

In FY 1997, a variety of other resource management accomplishments were indirectly attributable to the agency's forest management program in that they were funded using either Knutson-Vandenberg (K-V) or Brush Disposal (BD) funds collected from timber purchasers.

The collection of K-V funds is authorized by the Knutson-Vandenberg Act of 1930 (PL 71-319). Originally these funds were intended to be used to reforest cutover lands, but in

1976 the National Forest Management Act (PL 94-588) provided that they could also be used for “protecting and improving the future productivity of the renewable resources” on sale areas, including “sale area improvement operations, maintenance and construction, reforestation, and wildlife habitat management.”

The collection of BD funds is authorized by the Brush Disposal Act of 1916 (PL 64-190). BD funds can be used to cover the costs of doing actual brush disposal work, to rent or purchase equipment needed for brush disposal purposes, to do supplemental fire protection in lieu of actual disposal, and to fight fires that result from brush disposal activities.

In FY 1997, important resource management accomplishments funded through the preceding mechanisms included the following:⁷

- **Wildlife and Fish:**

Acres of wildlife and fish habitat restored or enhanced = 312,900

Habitat improvement structures installed = 32,954

Miles of fish habitat restored or enhanced = 729

- **Range:**

Acres of forage improvement = 12,500

Forage improvement structures installed = 328

- **Soil and Water:**

Acres of resource improvements = 17,500

- **Fuels Management:**

Acres treated = 131,565

⁷ Draft Report of the Forest Service for FY 1997; Appendix table 1.

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ECONOMIC EFFECTS OF THE FY 1997 FOREST MANAGEMENT PROGRAM

This chapter describes the economic effects that were directly or indirectly attributable to the Forest Service's forest management program in FY 1997. Three types of economic impacts are estimated: (1) effects on local employment; (2) effects on regional income and Federal income tax receipts; and (3) the NPV (net present value) of all anticipated future resource effects. The chapter's focus is on examining national level information, but some regional and forest level data are presented. More detailed information about the economic impacts attributable to the forest management programs of specific regions and forests may be found in Appendixes A and B.

Employment Effects

Nationwide, 55,535 jobs were directly or indirectly supported by the harvesting and processing of national forest timber in FY 1997. The number of supported jobs was highest in Region 8 (Southern) – 11,430 jobs -- and lowest in Region 10 (Alaska) -- 888 jobs (See Table 5).

Table (5) -- Number of Jobs Supported by the Forest Management Program in FY 1997, by Region.

Region	Jobs
	-- (no.) --
R01 - Northern	12,920
R02 - Rocky Mountain	2,077
R03 - Southwestern	1,250
R04 - Intermountain	4,137
R05 - Pacific Southwest	5,599
R06 - Pacific Northwest	10,357
R08 - Southern	11,430
R09 - Eastern	6,877
R10 - Alaska	888
Total	55,535

As the size of the Forest Service’s forest management program has declined, the total number of jobs being supported by the program has also dropped (See Figure 10). Specifically, supported employment has fallen from 103,151 jobs in FY 1991 to the 55,535 jobs reported in FY 1997 – a decrease of 46 percent. Employment associated with timber harvesting is affected by many factors, including increased mechanization and current market conditions. Additionally, as discussed later in this chapter, declines in the level of employment supported by the harvesting and processing of national forest timber may, to some unknown degree, have been mitigated by increased harvesting off private forest lands. Lastly, it is appropriate to note that while the number of jobs being supported by the program has dropped in response to the reductions in the level of commercial timber harvesting; in the years ahead, the activities that will be required to address the restoration needs that currently exist on the national forests have the potential to provide significantly increased job opportunities and income to local communities.

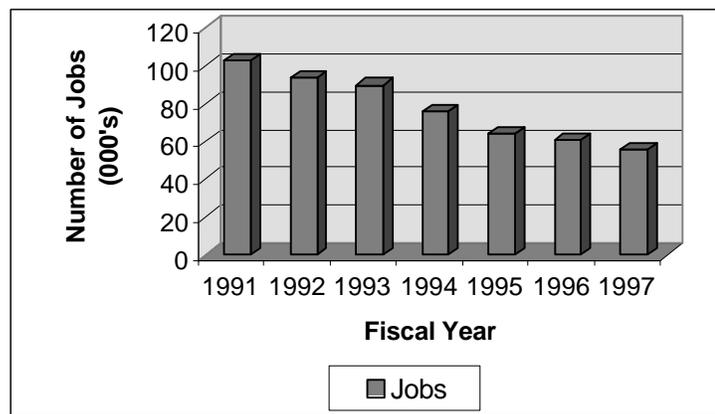


Figure (10) -- Trend in the Level of Employment Associated with National Forest Timber Harvest Activities

Income and Federal Income Tax Effects

Nationwide, the total regional income that was generated as a consequence of the forest management program in FY 1997 was estimated to be \$2.0 billion – and the increment in Federal tax revenues, \$308.8 million. The figures for specific regions are shown in Table (6).

As the size of the Forest Service’s timber sales program has declined, so have the program’s income and Federal income tax consequences (See Figure 11). Over the period from FY 1991 to FY 1997, the total income attributable to the program, in terms of constant FY 1997 dollars, has fallen from \$5.4 to \$2.0 billion – a decrease of 63 percent. Because of the direct linkage that exists between income and Federal income tax

receipts, the latter's decline has been just as dramatic in percentage terms. In terms of constant FY 1997 dollars, Federal tax receipts have fallen from about \$807 million in FY 1991 to around \$309 million in FY 1996 (See Figure 11).

Table (6) -- Income and Federal Tax Revenues resulting from National Forest Timber Sales in FY 1997, by Region

Region	Income	Federal Tax
	---- (000's of Dollars) ----	
R01 - Northern	403,700	60,555
R02 - Rocky Mountain	48,237	7,236
R03 - Southwestern	34,798	5,218
R04 - Intermountain	202,982	30,445
R05 - Pacific Southwest	271,554	40,731
R06 - Pacific Northwest	305,230	45,784
R08 - Southern	353,486	53,078
R09 - Eastern	388,082	58,213
R10 - Alaska	39,810	7,564
Totals	2,047,879	308,824

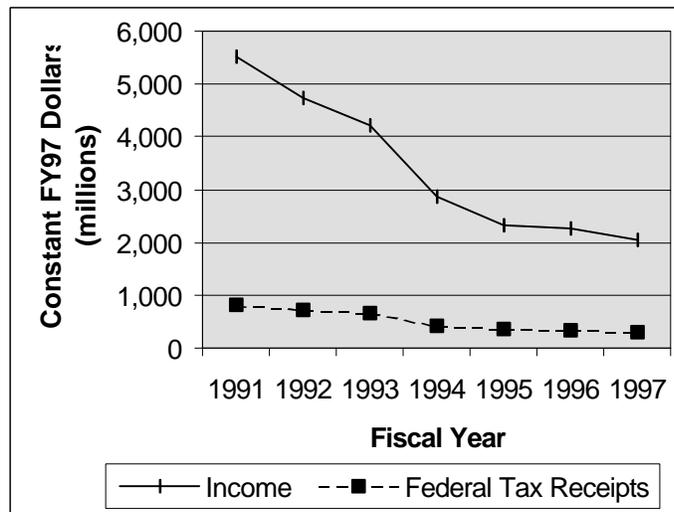


Figure (11) -- Trends in the Income and Federal Tax Receipts Associated with National Forest Timber Harvest Activities

It should be noted that while the levels of employment, income, and Federal income tax receipts associated with the harvesting and processing of national forest timber have, as

noted above, been decreasing as the size of the national forest timber sales program has fallen, the possibility exists that the overall net effect on these variables has been lessened somewhat by increased harvesting from private forest lands. The 1993 Timber Assessment identified several potential market responses to lower Federal timber harvests. These included: (1) increased harvesting off private forest lands, especially in the South; and (2) increased imports, especially from Canada.⁸ To the extent that market adjustments have been made through increased harvesting off private forest lands in the U.S., domestic jobs, income, and tax receipts will have been preserved despite declines in Federal timber harvesting. However, to the extent that market adjustments have been made through increased imports, there will have been a net loss of jobs to the U.S. economy, and regional incomes and Federal income tax receipts will also have been adversely affected. No attempt is made here to estimate the actual net effect of these market adjustments.

Present Net Value of Estimated Resource Effects

The economic account of TSPIRS indicates that for FY 1997, from a nationwide perspective and considering all resource effects, the harvesting of national forest timber generated positive net benefits having an aggregate present value of \$345.1 million (See Table 7). Some \$271.8 million, or 79 percent of this amount, was due to the effects of timber harvesting on the timber resource itself; the remaining \$73.3 million, or 21 percent, was due to the estimated effects of timber harvesting on all other resource values.

From a national perspective, as the size of the national forest timber sale program has declined, the present net value (PNV) of the long-term resource effects triggered by timber harvesting has also fallen (See figure 12). The “timber only” PNV, when measured in terms of constant FY 1997 dollars, has dropped from roughly \$923 million in FY 1991 to approximately \$272 million in FY 1997 – a decline of about 71 percent. The “all resources” PNV, again expressed in terms of constant FY 1997 dollars, has dropped from roughly \$1,035 million in FY 1991 to approximately \$345 million in FY 1997 -- a drop of about 67 percent.

⁸ Haynes, Richard W. et al. 1995; *The 1993 RPA Timber Assessment Update*. USDA Forest Service. Rocky Mountain Forest and Range Experiment Station. RM-GTR-259. Fort Collins, CO. 66 p.

Table (7) - National Summary of TSPIRS Economic Account for FY 1997.

Description of Impact Indicator	Subtotals	Totals
	-- (000's FY97 Dollars) --	
Present Value of Benefits		
Positive Effects		
Timber	864,280	
Other Resources	87,332	
Total Positive Effects		951,612
Negative Effects		
Timber	0	
Other Resources	2,347	
Total Negative Effects		2,347
Net Present Value of Benefits /1		
Timber	864,280	
Other Resources	84,985	
Total Net Present Value of Benefits		949,265
Present Value of Costs		
Timber	506,250	
Other Resources	11,702	
Roads	86,257	
Total Present Value of Costs		604,209
Present Net Values (PNV's)		
Timber Only /2		271,773
All Resources (including timber)		345,056

/1 Positive effects less negative effects.

/2 Includes the deduction of road costs.

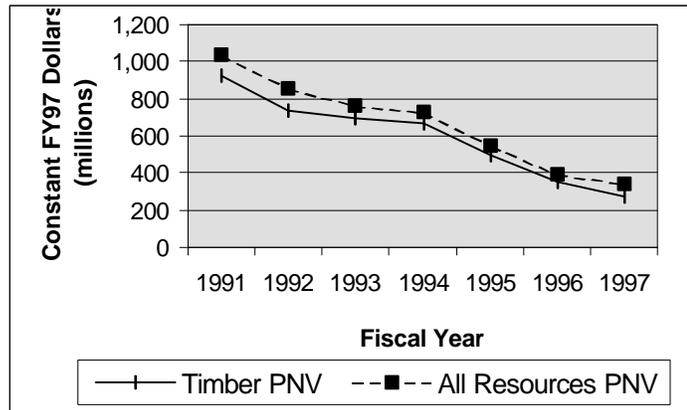


Figure (12) -- Trends in the PNV's Associated with National Forest Timber Harvest Activities

FINANCIAL RESULTS OF THE FY 1997 FOREST MANAGEMENT PROGRAM

This section of the report highlights important findings from the “financial account” of TSPIRS. Costs and revenues are examined first for the forest management program as a whole, and then by program component. The focus is on describing national level results, but some regional and forest level data are presented and discussed. More detailed information about the financial accounts of specific regions and forests is contained in Appendixes C and D.

Overall Revenues and Expenses

The revenues and expenses that were associated with all aspects of the Forest Service’s forest management program in FY 1997 are shown in Table (8). As indicated, the harvest of 3.29 BBF of timber produced a gross revenue of just over \$577.3 million. The combined direct and indirect costs of operating the program were approximately \$665.9 million, resulting in a loss of about \$88.6 million. By comparison, the loss in FY 1996 was \$14.7 million.

To a considerable degree, the increased loss that was experienced in FY 1997 can be attributed to the implementation of the new accounting procedure that was discussed earlier in this report – i.e., the annual expensing of all “road prism” costs. In FY 1997, this procedural change required the recognition of an additional \$51.4 million in timber-related costs. This means that if the accounting change had not been implemented, the loss for the program as a whole would have been \$37.2 million. This implies that even absent the accounting change, the forest management program’s profitability would have declined last year – but the amount of the drop would have been considerably less.

Other factors that are adversely affecting the forest management program’s financial profitability are discussed later in this chapter.

Table (8) -- Statement of Revenues and Expenses Associated with All Components of the Forest Management Program in FY 1997^{9 10}

Account Description	Amount (000's of dollars)
Volume Harvested (BBF)	3.29
Revenues	
Timber Sale Receipts	490,097
Purchaser Road Credits	39,406
Associated Charges	46,928
Interest and Penalties	878
Total Revenues	577,309
Expenses	
Direct Expenses	
Timber Sale	518,618
Timber Program	70,440
Total Direct Expenses	589,058
Indirect Expenses	
Timber Sale	3,228
Timber Program	73,582
Total Indirect Expenses	76,810
Total Expenses	665,868
Net Rev. (before extraord. losses)	-88,559
Extraordinary Losses	0
Net Rev. (after extraord. losses)	-88,559

Because of the accounting change implemented in FY 1997, it is impossible to show trends in timber-related revenues, expenses, and net revenues without restating the financial information reported in prior years. This has been done in table (9). Table (9) displays two distinct sets of “expenditure” and “net revenue” figures intended to explicitly show the effects of the new procedure for recognizing road prism costs. The

⁹ Data reflect the application of accrual accounting concepts.

¹⁰ Statement of Federal Financial Accounting Standards (SFFAS) Number 6 requires that road prism be annually expensed. In previous years, road prism was treated as a permanent land improvement and, thus, not expensed. It was treated as a permanent capitalized asset under accounting principles utilized by private industry. SFFAS Number 6 was implemented in FY 1997. Compared to previous year’s accounting practices, this caused expenses for FY 1997 to be increased by \$51,413,662.

According to SSFAS Number 6, national forest land is classified as stewardship property. The Federal Accounting and Standards Advisory Board (FASAB), the Federal government accounting standards development body, believes that the capitalization of historical costs for stewardship property does not contribute to the measurement of entity operating performance. Stewardship land acquired by the Federal Government is intended to be preserved and protected for the general welfare of the nation. The government’s responsibility for the nation’s general welfare is unique, so for stewardship property the most relevant measures of performance are non-financial. These non-financial measures could include value, quantity, and location of the asset, none of which are included in financial statements such as TSPIRS. Therefore, costs incurred for the acquisition of stewardship property are to be annually expensed.

sets labeled “/w” show the total expense and net revenue “with” annual expensing of road prism costs – i.e., the new procedure. The sets labeled “/wo” show the total expense and net revenue “without” annual expensing of these costs – i.e., the old procedure.

Table (9) – Summary of Restated Forest Management Program Revenues, Expenses, and Net Revenues for Period FY 1994–FY 1997 ¹¹

Fiscal Year	Total Revenue (\$ mill.)	Total Expense/w (\$ mill.)	Total Expense/wo (\$ mill.)	Net Revenue/w (\$ mill.)	Net Revenue/wo (\$ mill.)
1994	885	733	672	153	214
1995	696	678	633	17	62
1996	619	678	633	-60	-15
1997	577	666	614	-89	-37

As Table (9) shows, under our prior approach to handling road prism costs – which entailed capitalizing these costs into the value of the underlying land – we reported profits of roughly \$214 million in FY 1994, \$62 million in FY 1995, and a loss of \$15 million in FY 1996; furthermore, the loss reported in FY 1997 would have been \$37 million. Under the new requirements, our loss in FY 1997 was \$89 million; and we would have reported profits of approximately \$153 million in FY 1994, \$17 million in FY 1995, and a loss of \$60 million in FY 1996.

The data from Table (9) are plotted in Figure (13). As this figure indicates, timber-related revenues and expenses have both been falling since FY 1994, but revenues have fallen more rapidly than expenses thereby causing net revenue to decline.¹² This relationship holds true regardless of the method used to account for road prism costs. Of course, as already observed, the method of accounting for these costs does affect the total costs that are recognized and the net revenue that results.

¹¹ The display of restated TSPIRS amounts to reflect the change in accounting for road prism costs in prior years is not in accordance with Statement of Federal Financial Accounting Standards Number 6, Accounting for Property, Plant, and Equipment. This information is provided as supplemental information to improve the comparability of prior year information with the current year results.

¹² Normally these financial trends would be shown in constant dollar terms, but this has not been done here so that the actual restated financial results for each year could be displayed.

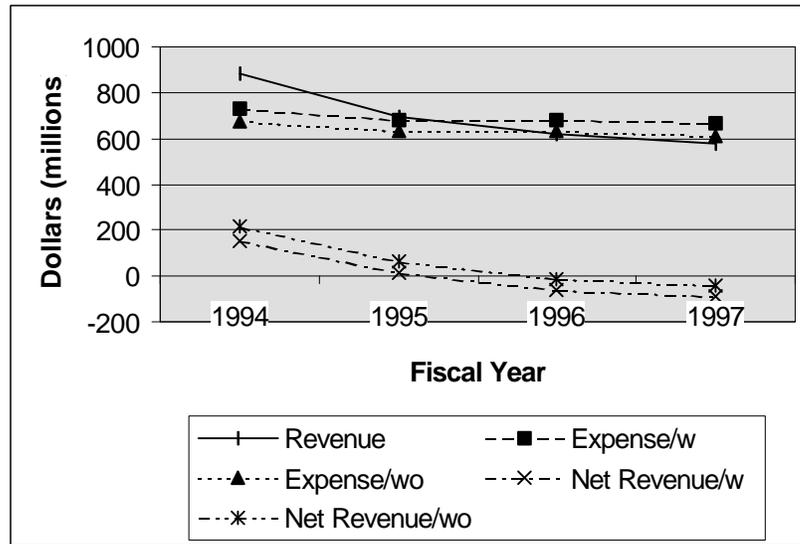


Figure (13) – Trend in Timber Sale Revenues, Expenses, and Net Revenues With (w) and Without (wo) Annual Expensing of Road Prism Costs

As a result of the timber revenues earned in FY 1997, \$220.0 million was returned to the states and counties under the provisions of the 25 percent receipt-sharing program mentioned earlier. As noted at that time, these payments, by law, must be used to benefit local schools and roads. In FY 1997, the required payments-to-states were actually 38 percent of gross timber receipts – not 25 percent. This is because in those parts of Pacific Northwest where national forest timber harvesting was reduced to protect habitat for the northern spotted owl, these payments are based on past, not current, harvest levels.¹³ In FY 1997, the timber-related portion of these so-called “spotted owl” payments, totaled \$89.9 million – or over two-fifths (41 percent) of all the timber-related payments-to-states. As was noted during the review of TSPIRS, Forest Service policy is to treat these amounts as a “transfer payments” not as timber program costs.

Figure (14) shows how timber-related payments to states, and payments as a percent of total timber revenues, have changed over time. As indicated, the actual payments have been declining in amount as the timber sales program has fallen in size, but the payments as a percent of timber revenues, because of the impact of the special spotted owl provisions, have tended to increase. The percentage figures can be interpreted to represent the amount of the payment that is made to the states per dollar of timber revenue earned.

As noted earlier, in recognition of the fact that some counties have been adversely affected by the decline in commercial harvesting and the resultant fall-off in receipt-share payments, and to ensure that all counties can depend on predictable and stable Federal

¹³ See the Omnibus Budget Reconciliation Act of 1993 (PL 103-66).

payments, the Forest Service has proposed severing the existing linkage between payment amounts and national forest receipts. Under this proposal, counties would receive, in perpetuity, the greater of: (1) the receipt-share payment they received in FY 1997; or (2) 76 percent of the average payment that they received during the 5-year period from 1986 to 1990. It has been estimated that by FY 1999 this proposal would result in an additional \$37 million being returned to the states and counties.

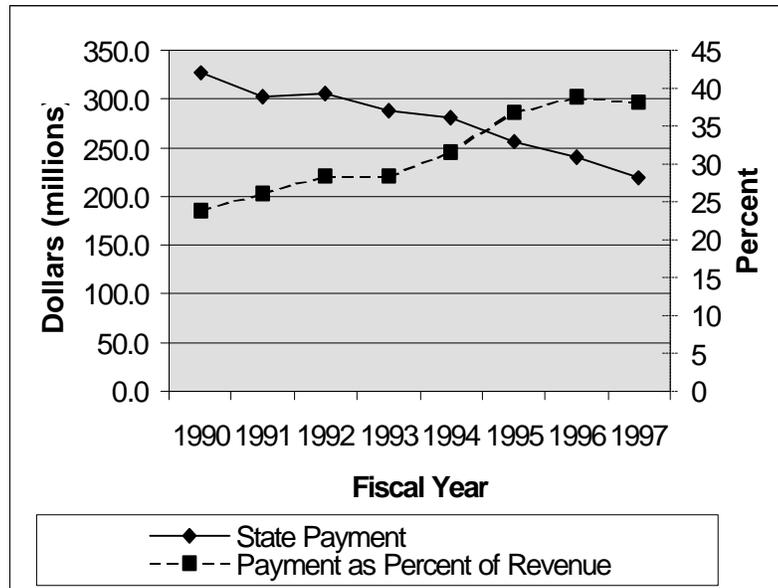


Figure (14) – Trends in Total Payments to States and Payments as a Percent of Total Timber Revenues.

Revenues and Expenses by Program Component

The revenues and expenses that were associated with the different components of the Forest Service’s overall forest management program in FY 1997 are summarized in Table (10). This table shows the following:

- Timber Commodity Program Component:** – The harvest of 1,704 MMBF produced a gross revenue of just under \$361.1 million. The combined direct and indirect cost of making timber commodity purpose sales was \$353.9 million, resulting in a profit of just over \$7.2 million. In contrast, in FY 1996, the profit associated with this program component was \$77.6 million

Table (10) -- Statement of Revenues and Expenses associated with Different Components of the Forest Management Program in FY 1997

Account Description	Timber Comm.	Forest Stew.	Pers. Use
--- (000's of dollars) ---			
Volume Harvested (MMBF)	1,704	1,310	259
Revenues			
Timber Sale Receipts	309,315	176,454	4,328
Purchaser Road Credits	24,880	14,526	0
Associated Charges	26,236	20,109	584
Interest and Penalties	650	226	1
Total Revenues	361,081	211,315	4,913
Expenses			
Direct Expenses			
Timber Sale	280,578	203,270	34,771
Timber Program	37,743	32,696	0
Total Direct Expenses	318,321	235,966	34,771
Indirect Expenses			
Timber Sale	1,810	1,060	358
Timber Program	33,731	31,707	8,143
Total Indirect Expenses	35,541	32,767	8,501
Total Expenses	353,862	268,733	43,272
Net Rev. (before extraord. losses)	+7,219	-57,418	-38,359
Extraordinary Losses	0	0	0
Net Rev. (after extraord. losses)	+7,219	-57,418	-38,359

- Forest Stewardship Program Component:** – The harvest of 1,310 MMBF produced a gross revenue of just over \$211.3 million. The combined direct and indirect cost of making forest stewardship purpose sales was \$268.7 million, resulting in a net loss of just over \$57.4 million. In contrast, in FY 1996 the loss associated with this program component was \$55.0 million.
- Personal Use Program Component:** – The harvest of 259 MMBF produced a gross revenue of just over \$4.9 million. The combined direct and indirect cost of making personal use purpose sales was about \$43.3 million, resulting in a net revenue of just under -\$38.4 million. In contrast, in FY 1996 the net revenue associated with this program component was -\$37.3 million.

As was true for the program as a whole, the reduced profitability of the various sale program components that occurred in FY 1997, especially for timber commodity purpose sales, can be traced to the mandated change in our procedures for recognizing road prism costs. Table (11) shows what the net revenue associated with each component would have been if this change had not been implemented. As indicated, both timber commodity and forest stewardship purpose sales would have posted considerably better

returns. Indeed, stewardship purpose sales would have posted a better return than in FY 1996. The net revenue associated with personal use purpose sales was unaffected by the change in accounting procedures because no road-related costs are ascribed to this program component.

Table (11) – Net Revenue that would have been Associated with Various Program Components in FY 1997 Absent Change in Method of Accounting for Road Prism Costs ¹⁴

Program Component	Net Revenue Dollars (000's)
Timber Commodity	+43,526
Forest Stewardship	-42,312
Personal Use	-38,359

Traditionally, timber commodity purpose sales have been the focus of the so-called “below-cost” controversy. The data in Appendix D shows that in FY 1997 five Regions had negative financial account balances for this program component: R01 – Northern; R03 – Southwestern; R04 – Intermountain; R05 – Pacific Southwest; and R10 – Alaska. Below the regional level, fifty-nine forests had negative financial account balances for timber commodity purpose sales.¹⁵ These forests accounted for roughly 27 percent of the total volume harvested for timber commodity purposes (See Appendix D).

When considering the financial performance of the different forest management program components, it is important to remember the basic reasons why each type of sale is undertaken. These reasons influence how the various classes of sales are designed, including the types of timber marked for cutting. Since timber commodity purpose sales are intended to help meet the nation’s demand for wood, they typically include a significant amount of commercially valuable timber. This is not necessarily the case, however, for forest stewardship and personal use purpose sales. Stewardship sales are undertaken to help achieve a multitude of land management objectives that require manipulating the existing vegetation. While these sales are designed to yield a profit whenever circumstances allow, in the last analysis, most of the timber they contain is dictated by the management objectives to be achieved. Similarly, personal use purpose sales are undertaken to provide Christmas trees, firewood, and small quantities of other forest products to individuals for their own consumption; in other words, they are offered mainly as a public service, and as part of being a “good neighbor” – not to secure a profit.

¹⁴ The display of restated TSPIRS amounts to reflect the change in accounting for road prism costs is not in accordance with Statement of Federal Financial Accounting Standards Number 6, Accounting for Property, Plant, and Equipment. This information is provided as supplemental information to improve the comparability of prior year information with current year results.

¹⁵ Twenty of these forests had timber commodity purpose harvests of less than 1.0 MMBF during the year. Experience has shown that unit costs tend to be relatively high for such small-scale programs.

Analysis of Financial Trends

The factors that underlie the revenues and costs associated with the national forest timber sales program, and thereby the program's profitability, were discussed at some length in last year's TSPIRS Report. As noted at that time, these factors are many and varied – and they run the gamut from being relatively obvious to being extremely complex. This section of the report provides a quick review the principal factors that have been affecting timber program revenues and costs. For a more complete examination of these topics, especially those relating to timber program costs, readers are referred to either of two comprehensive timber cost efficiency reports that the Forest Service has published in recent years.¹⁶

Factors Affecting Timber Program Revenues

The factors affecting timber program revenues have not been studied as extensively as those impacting program-related costs, but nonetheless some key reasons for the observed drop-off in receipts are apparent. These include the following:

Decline in Program Size: – The steady decline in the volume of national forest timber being harvested each year – from 12.0 BBF in FY 1989 to 3.3 BBF in FY 1997 - represents the most important reason why total timber sale revenues have dropped in recent years. Other things being equal, when less output is sold; less sales revenue is earned. Of course, in any given year, the prices that may be charged for national forest timber can either moderate or aggravate the effect of declining sales volume. In FY 1997, the average revenue earned from the harvest of national forest timber was up somewhat from FY 1996 – \$176/MBF as opposed to \$166/MBF – but was still down compared to either FY 1994 (\$184/MBF) or FY 1995 (\$180/MBF).¹⁷

Shift to Stewardship Purpose Sales: – Another factor that has reduced timber program revenues, and thereby profits, is the continuing shift from “timber commodity” to “forest stewardship” purpose sales. As has been noted, between FY 1993 when the sale purpose codes were first implemented, and FY 1997:

- The size of the timber commodity program component, expressed as a proportion of total harvest volume, declined from 71 to 52 percent.
- The size of the forest stewardship program component grew from 23 to 40 percent.

¹⁶ The study reports being referred to are: (1) USDA Forest Service, 1993, *Timber Cost Efficiency Study-Final Report*, Washington, DC, 140 p.; and (2) Liggett C. et al., 1995; *Timber Program Issues: A Technical Examination of Policy Options*; USDA Forest Service, Washington, DC, 301p.

¹⁷ Average revenue was computed by dividing the total revenue earned by the total volume of national forest timber harvested. All the values shown are in terms of constant FY 1997 dollars.

- The size of the personal use program component was relatively stable at 7 to 8 percent of harvest volume.

The shifts implied by the preceding figures have had a significant effect on overall program profitability because of the differing financial characteristics of the various kinds of sales, which are highlighted in Figure (15). As the figure indicates:

- Average unit revenue varies substantially by program component – from \$212/MBF for timber commodity purpose sales, to \$161/MBF for forest stewardship purpose sales, to \$19/MBF for personal use purpose sales. These differences reflect the fact that the different types of sales are undertaken for fundamentally different reasons. As explained earlier, timber commodity purpose sales are intended to help meet the nation’s demand for wood, and as a consequence they are designed to include a significant proportion of commercially valuable timber. This is not the case for forest stewardship and personal use purpose sales. Most of the timber included in these sales is selected based on the management objectives to be achieved, not because of commercial considerations.
- Average unit expense varies relatively little between timber commodity and forest stewardship purpose sales, equaling \$208/MBF for the former and \$205/MBF for the latter. The comparable figure for personal use purpose sales is somewhat lower – i.e., \$167/MBF – but not greatly different (See Figure 15). These results are somewhat puzzling given that the procedural requirements associated with personal use purpose sales tend to be considerably less complex than those associated with timber commodity or forest stewardship purpose sales. The explanation lies in the fact that personal use sales produce very little wood volume, and thus their unit costs tend to be quite high.
- Average unit net revenue differs greatly between program components ranging from +\$4/MBF for timber commodity purpose sales, to -\$44/MBF for forest stewardship purpose sales, to -\$148/MBF for personal use purpose sales. These results are a direct consequence of the fact that unit revenues vary widely while unit expenditures are relatively constant.

It may be worthwhile to stress that these relationships are to be expected, and indeed are traceable to the specific objectives of each class of sales. As decisions about sale design are made less-and-less on the basis of financial considerations (e.g., what timber should be removed in light of current market needs), and more-and-more on the basis of ecological considerations (e.g., what timber should be removed to create certain desired habitat conditions), it is reasonable to expect that program profitability will suffer. This suggests that, except possibly for timber commodity purpose sales, profitability may no longer be an appropriate measure for judging the performance of the Forest Service’s forest management activities.

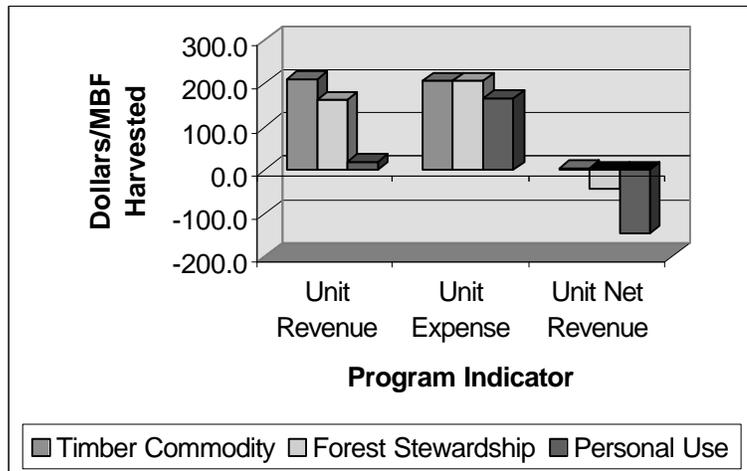


Figure (15) -- Comparison of Timber Program Components in terms of Selected Program Indicators.

Changing Nature of Products Being Sold: -- A third factor that has been causing national forest timber sale revenues to decline, both on a total and unit basis, relates to the changing nature of the products being sold and harvested off NFS (National Forest System) lands. As noted earlier in this report, in comparison to the past, the timber being removed from the national forests today includes: (1) proportionately more dead and dying trees as opposed to green timber (See Figure 16); and (2) proportionately more non-sawtimber as opposed to sawtimber volume (See figure 17).

Generally, salvage timber is less valuable than green timber because it has often been damaged or suffered deterioration. Similarly, non-sawtimber is typically less valuable than sawtimber because it cannot be manufactured into as broad an array of products, and oftentimes it contains a smaller amount of clear, high-grade wood.

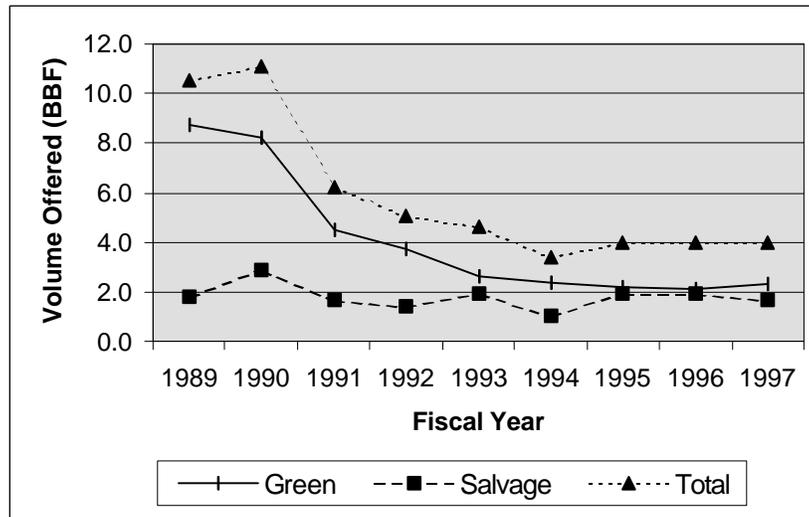


Figure (16) – Trend in the amount of Green vs. Salvage Volume in the Offer Mix

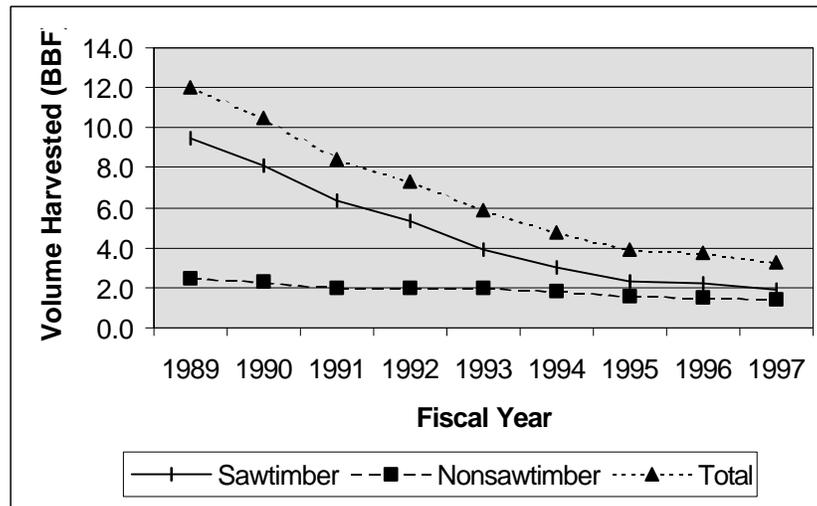


Figure (17) – Trend in the amount of Sawtimber vs. Non-sawtimber in the Harvest Mix.

Factors Affecting Timber Program Costs

Receipts are only one of the variables that determine the profitability of the Forest Service's forest management program; the other is costs. Accordingly, to understand why program profitability has been falling, it is also necessary to understand why costs,

at least on a unit basis, have continued to rise even though the size of the timber sales program has dropped. Regrettably, there is no simple explanation. Many factors, only some of which are discussed below, have been operating so as to increase program costs.

Increasing Importance of Fixed Costs: – There are certain relatively fixed costs associated with conducting the national forest timber sale program – e.g., the expenses associated with the depreciation on existing facilities and roads, and with general program administration. As the program has decreased in size, these costs have not changed commensurably. As a consequence, such costs have become an increasingly important proportion of the total cost mix, and have had to be borne by fewer units of output. To illustrate, Figure (18) shows how expenditures for “general administration” (GA) have changed over time as a percentage of all timber-related expenditures.¹⁸ As indicated, in just the last 4 years, total expenditures for GA have grown from approximately 20 percent of all timber program costs to about 30 percent of these costs.

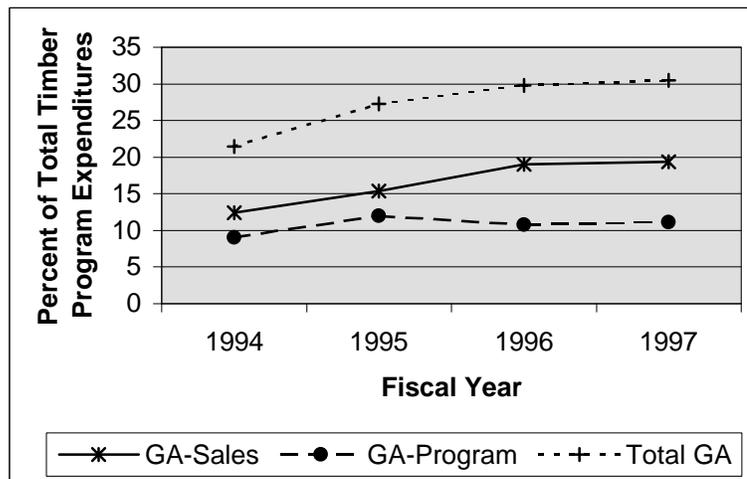


Figure (18) -- Trend in Timber Program GA Expenses.

Diseconomies of Small Scale Operations: -- The efficiency studies that were mentioned earlier have shown that there are important “economies of scale” associated with various aspects of the timber program -- e.g., sale preparation, harvest administration, reforestation, and timber stand improvement. The existence of these “scale economies” means that the unit costs of conducting such activities tend to decrease as the scale at which they are conducted is increased. In recent years, however, just the opposite has been the case -- i.e., the size of the timber program has been shrinking. The end result is that the unit costs of performing these activities have actually tended to increase.

¹⁸ As noted in the glossary, GA represents the cost of line management and program support that cannot be identified with specific programs. A proportionate amount of a forest’s total GA is allocated to the timber program based on the estimated extent to which the program benefits from GA-type activities.

Disappearance of the Pipeline: – Pipeline volume represents advanced sale preparation for future years. For a period of time, as the national forest timber sale program became increasingly controversial, the Forest Service was able to maintain its output levels and keep its unit costs relatively low by drawing upon this type of volume. Eventually, however, this cushion began to disappear (See figure 19). As this has happened, the impact of various factors on program costs has become increasingly difficult to avoid.

¹⁹ General Accounting Office; 1996; *PUBLIC TIMBER--Federal and State Programs Differ Significantly in the Pacific Northwest*; GAO/RCED-96-108; 16 p (See p.2).

²⁰ Keegan, Charles E. III et al. 1996. "Timber Management Costs: A Comparison Among Major Landowners in Idaho and Montana." *Montana Business Quarterly* Vol. 34, no. 2: 9-14 (See p. 14).

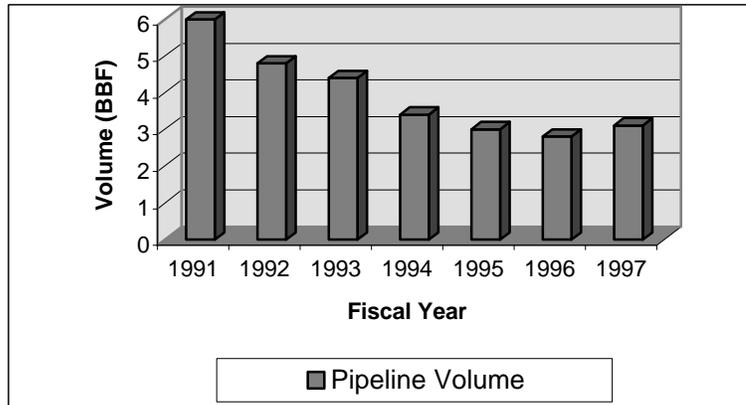


Figure (19) -- Trend in Pipeline Volume.

Shrinking Volume under Contract: -- A key factor in determining the rate at which the “sale activity pool” of TSPIRS is written-off is the “volume under contract.” Volume under contract represents the amount of national forest timber purchasers have acquired, but not yet harvested. In recent years, volume under contract has been declining. (See Figure 20) As a consequence, an increasing proportion of the sale activity pool’s balance is being expensed each year.

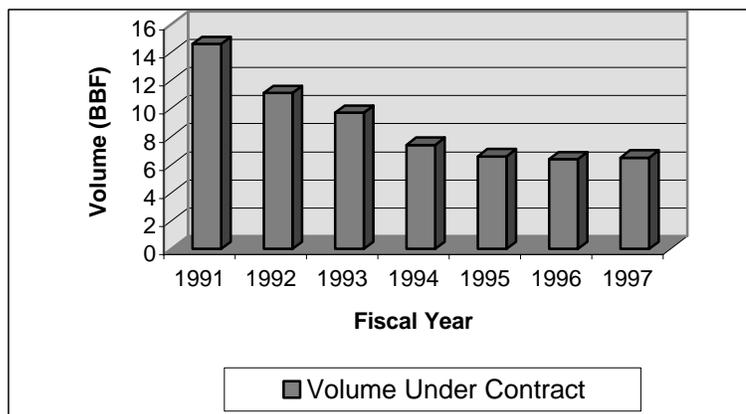


Figure (20) -- Trend in Volume under Contract.

Significance of the Financial Results

This concluding section of the report highlights several points that should be kept in mind when trying to assess the significance of this year’s financial results.

The National Forests Have a Different Mandate than a Private Timber Growing Business

The forest management program on the national forests is not managed like a private timber growing business – and these differences profoundly affect the revenues received and costs incurred. Significant differences include such things as: the longer growing periods (i.e., rotations) and higher timber stocking levels commonly employed; the greater emphasis placed on natural and uneven-aged management as opposed to plantation and even-aged management; the greater emphasis placed on the non-timber benefits obtainable from forest lands; the greater emphasis placed on thoroughly analyzing all the potential environmental effects of proposed timber sale projects; and the more open administrative processes and procedures that are employed – e.g., the agency’s administrative appeals process.

Abandoning one or more of the preceding differences could well help to improve the national forest timber sales program’s profitability, but in all likelihood would belie the multiple-use mission of the Forest Service.

Timber Sales are oftentimes the “Least Net Cost” Method of Achieving Desired Management Objectives

As noted earlier in this report, increasingly the primary motivation for making national forest timber sales is to help accomplish some land stewardship objective that requires manipulating the existing vegetation – e.g., improving forest health, reducing forest fuels, or creating desired wildlife habitat. Because such sales are not undertaken to capture commercially valuable timber, they are oftentimes “below-cost” – i.e., they cost more to prepare and administer than the revenue that they produce. Eliminating such sales would not eliminate the need to address these stewardship objectives, it would only limit the ability of national forest managers to use timber sales as a tool for carrying them out. Our experience suggests that oftentimes the end result would be higher, not lower, net operating costs.²¹ This outcome is explained by the fact that the alternatives to a timber sale – e.g., prescribed burning, use of chemical herbicides and pesticides, and various mechanical treatments such as cut-&-leave – typically do not generate any revenue to help offset their application costs. Because of this situation, the “net cost” of applying these alternatives – i.e., the revenue they yield less their cost of application – is frequently more than the net cost of making a timber sale. In the words of the principal investigators:

“On all above-cost forests and 10 of 12 below-cost forests, excluding commercial timber harvest from the forest management program results in higher net

²¹ See: Reyna, Nick and Prausa, Rick. 1994. *Evaluating the Use of Timber Harvest on 19 National Forests: An Exploratory Study of Below-Cost Timber Sale Issues and Changing Management Conditions*. USDA Forest Service. Washington, DC. 16p.

operating costs compared to permitting commercial harvest for nontimber purposes only. This reflects the value of timber revenue in offsetting the costs of other resource projects and of giving managers a broader range of options to accomplish objectives at least net cost.”²²

Even when one goes beyond the context of just those sales undertaken primarily to achieve some nontimber purpose, the study found that a policy precluding commercial timber sales would typically cause overall net operating costs to increase – at least if the production of all other forest outputs is assumed to remain at the levels identified in existing forest plans. Again, quoting from the study report itself:

“In most cases, net operating cost increases when commercial harvest is excluded from the management program compared to harvesting at current levels. On all above-cost forests and 9 of 12 below-cost forests, net operating cost increases when excluding all commercial timber harvest while continuing to produce all other forest outputs at existing levels.”²³

The preceding finding reflects the fact that traditionally, on most national forests, timber sales have been the main generator of revenues. Indeed, as regards FY 1997, the available data indicate that while all aspects of the forest management program represented about 22 percent of the agency’s total budget – they accounted for roughly 68 percent of the total revenues obtained from Forest Service managed lands.²⁴

Timber Sales provide many Benefits beyond the Revenues Earned

Returns to the U.S. Treasury are only one of the benefits derived from national forest timber sales. Other important benefits include the employment opportunities that are generated, the additional income that accrues to individuals and businesses, and the incremental tax receipts that various levels of government receive from taxing this additional income. In a somewhat different vein, the receipt-share payments that are provided to states and counties can be of considerable benefit to local schools and roads.

As explained earlier, the economic account of TSPIRS attempts to measure the net effect of a given year’s timber harvesting activities on all other important forest resource values. To the extent possible, the analysis attempts to recognize both the positive and negative effects that timber harvesting can have on other resource values. Illustrative of potential positive effects are the improved access provided by timber roads, and the creation of stand openings that may benefit some species of wildlife by increasing the amount of “edge” and/or stimulating the production of understory “browse.” Illustrative of the potential negative effects are increased erosion and silt levels in streams, and diminished

²² Reyna & Prausa; p. 6.

²³ Reyna & Prausa; p. 6.

²⁴ Estimated from information contained in the agency’s *Budget Explanatory Notes* for FY 1999. If timber sale receipts were expressed as a proportion of only those receipts actually reported by the Forest Service and not the Departments of Interior or Energy – the proportion would be 84 percent.

aesthetic values – at least for some years. Our economic account analysis has consistently shown that on balance the positive effects outweigh the negative ones.

As suggested earlier in this report, the purpose of stewardship harvesting is to help achieve a variety of non-timber management objectives in the least net cost manner. Many of these objectives represent ecological benefits – e.g., creating desired stand conditions, reducing the danger of insect and disease outbreaks, and reducing the risk of catastrophic wildfires. Oftentimes the potential negative environmental effects of timber harvesting are highlighted, but when sales are properly planned and executed these potentials need not be realized.

Before a national forest timber sale is undertaken, a detailed analysis of its possible environmental effects is performed. The requirements of this analysis are dictated by a broad array of Federal environmental laws such as the National Environmental Policy Act (PL 91-190) and the Endangered Species Act (PL 93-205). Additionally, all national forest timber sales occur within the context of a governing forest plan that contains stringent standards and guidelines designed to protect important environmental values and non-timber resources. If it appears that a proposed sale would precipitate certain undesirable consequences, some method of mitigating these effects must be found before the project can go forward.

There is no Legal Direction to generate a Profit from the Sale of National Forest Timber

The governing statutes under which the national forests are administered do not mandate that managers seek to produce a profit; indeed, some key laws clearly indicate that certain management decisions are not to be based on profit maximization considerations. Section 4(a) of the Multiple Use-Sustained Yield Act of 1960 (PL 86-517) is illustrative. It stipulates that multiple use should not be interpreted to mean managing for that “combination of uses that will give the greatest dollar return or the greatest unit output.” Similarly, section 6(g)(3)(E)(iv) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (PL 93-378) states that harvesting systems are not to be chosen simply because they “will give the greatest dollar return or the greatest unit output of timber.” Such statutory direction differs from the principles under which private forestland, and even much public forestland in state or county ownership, is administered. Frequently state and/or county forest managers have been directed in law to manage the land under their control so as to provide a monetary return to the state’s and/or county’s taxpayers.²⁵ This should not be interpreted to mean that the Forest Service feels no sense of responsibility to operate all its programs, including its forest management program, efficiently. This responsibility is an integral part of being a good steward of the public’s limited financial resources.

²⁵ See: Leal, Donald R. 1995. “Turning a Profit on Public Forests.” PERC Policy Series Issue No. PS-4. 26p.

National Forest Timber Sales are Sold to Private Industry at Fair Market Value

Existing regulations mandate adherence to an array of practices that are designed to ensure the public is justly compensated whenever national forest timber is sold. First, there is the requirement that the timber be appraised before being offered for sale. The objective of this appraisal is to estimate the timber's fair market value.²⁶ Second, there is the requirement that timber be sold for not less than its appraised value.²⁷ Lastly, there is the requirement that sale contracts normally be awarded competitively to the prospective purchaser offering the highest bid.²⁸

The fact that some national forest timber is sold at less than the government's full costs of production is not evidence of a subsidy – but a reflection of market realities. The costs of public involvement, environmental analysis, and long-term sustainable management for multiple benefits often make national forest timber sales more expensive to prepare than private timber sales. At the same time, the Forest Service has no choice but to sell its timber in open markets where most purchasers have a choice of buying either public or private stumpage. This being the case, the agency cannot always price its timber high enough to cover its full costs of production – because if it does, in many instances it will only succeed in pricing itself out of the market and losing its ability to use timber sales as a management tool. Of course, the agency does have the option to not make timber sales in those situations where it cannot cover its full costs of production. However, consistently exercising this option could jeopardize the its ability to:

- 1) fulfill its congressionally mandated mission to “furnish a continuous supply of timber for the use and necessities of the citizens of the United States”;²⁹
- 2) meet the needs of timber-dependent communities; and
- 3) sustain an adequate level of mill capacity to ensure a competitive market for any woody material that may subsequently be offered through stewardship sales.

²⁶ 36 CFR 223.60

²⁷ 36 CFR 223.61

²⁸ 36 CFR 223.100

²⁹ Organic Administration Act of June 4, 1897.

USDA FOREST SERVICE CONTACT

Please contact the Forest Service at the following address if you have questions about this report or desire additional information:

**USDA Forest Service
Attn.: Forest Management
Stop 1105
P.O. Box 96090
Washington, DC 20090-1105**

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GLOSSARY

Analysis and Documentation -- A category established to track the costs of completing environmental analysis and documentation of timber projects in compliance with the National Environmental Policy Act (NEPA).

Appeals and Litigation -- A category established to track the costs of processing administrative appeals, of working on litigation related to timber projects, and of reworking projects to bring them into compliance with changed standards resulting from appeals and legal decisions. Not included are any investments (sunk costs) incurred in connection with proposed timber sales that are started but subsequently abandoned because of an appeal or judicial decision; or any foregone revenues or opportunity costs that are associated with such projects.

BBF -- One billion board feet of timber volume. A board foot is a piece of wood 12 inches square and 1 inch thick.

Benefits -- Goods and services that result from projects or programs. These goods and services may or may not be exchanged in markets. Timber, forage, and minerals are often said to be “commodity” benefits because they are typically sold to business to produce revenue. Recreation, water, and wildlife are often said to be “non-commodity” benefits because they are typically provided to individuals at little or no cost.

Cost Pool -- An accounting mechanism for the collection of expenditure data in like categories; the purpose of pools is to better match, for a particular reporting year, costs against related income. In TSPIRS, there are three types of cost pools that have been designed to conform to generally accepted accounting principles (GAAP). These are:

1.) Sale Activity Pool - This pool includes the costs of activities directly related to preparing timber for sale at auction. Funds obligated to these activities in any given year are added to the pool and annual expenses are calculated based on the following formula:

$$\text{Sale Activity Expense} = (\text{PBcy})(\text{Vh}/\text{Vh} + \text{Vuc})$$

Where:

PBcy = pool balance in current year
Vh = volume harvested
Vuc = Volume under contract

2.) Growth Activity Pool - This pool includes the costs of activities related to growing trees over a rotation period (i.e., from reforestation to harvest). These expenses, such as

reforestation and timber stand improvement costs, represent investments in the growth of trees. Funds obligated to these activities are added to the pool and annual expenses are calculated based on the following formula:

$$\text{Growth Activity Expense} = (\text{PBcy}) \times (\text{Vh} / \text{GSv})$$

Where:

PBcy = pool balance in current year
Vh = volume harvested
GSv = growing stock volume on suitable lands

3.) Depreciation Pool - This pool includes expenditures associated with roads and facilities. These types of costs are depreciated over predetermined periods of time that have been set to approximate their anticipated useful lives. Facilities, including buildings, are depreciated over a 30-year useful life. Road design and construction costs are capitalized and depreciated by component. The following schedules are used for each component:

Surfacing	-- 10 years
Culverts	-- 30 years
Bridges	-- 50 years

Road prism costs, including the costs of excavation, are annually expensed. Regional and Washington Office road construction engineering support costs are also expensed on an annual basis.

Ecosystem Management -- The use of an ecological approach to achieve the multiple-use management of national forests and grasslands by blending the needs of people and environmental values in such a way that national forests and grasslands represent diverse, healthy, productive, and sustainable ecosystems.

Extraordinary Loss -- A loss that is both unusual and infrequent in occurrence. Unusual means that the loss was triggered by a highly abnormal event. Infrequent means that the loss was triggered by an event that would not reasonably be expected to occur again in the foreseeable future.

Forest Stewardship Component -- That portion of the overall national forest timber sale program composed of sales, or parts of sales, where the primary reason for harvesting timber is to achieve some forest plan stewardship objective that requires vegetative manipulation. Stated another way, it is that portion of the overall program composed of vegetative management projects that, even if timber could not be sold, would nonetheless be undertaken through some other means such as prescribed burning. Timber harvested under this component of the sales program may come off lands classified as either suitable or unsuitable for timber management purposes, and may be obtained through either green or salvage sales. When timber harvesting is used to accomplish a

stewardship objective that requires vegetative manipulation, it is generally the least net cost (i.e., cost minus revenue) method of attaining the desired goal. Sales or parts of sales designed primarily to achieve forest stewardship objectives are coded as (FS) in the Timber Sale Accounting System, and the appropriate percent of sale volume is recorded.

General Administration (GA) Costs -- The cost of line management and program support that cannot be identified with specific programs. A proportionate amount of a forest's total GA is allocated to the timber program based on the estimated extent to which the program benefits from GA type activities.

Generally Accepted Accounting Principles (GAAP) -- Conventions, rules, and procedures defining accepted accounting practice, including both broad guidelines and detailed procedures developed by the Financial Accounting Standards Board.

Growing Stock -- An estimate of the current merchantable volume of timber, in trees 5 or more inches in DBH (diameter at breast height), that is growing on lands classified as suitable for timber management. In any given year, the current growing stock volume is estimated by adjusting the baseline timber inventory information from the forest plan for any growth, mortality, and removals that have occurred since implementation of the plan. If more recent inventory information is available for the suitable land base, it is used and updated accordingly. TSPIRS uses the growing stock volume at the beginning of the fiscal year to calculate the annual expenses to be charged to cost items in the "growth

Harvest Administration -- The cost of supervising, administering, guiding, assisting, controlling, and reporting a purchaser's harvest of contracted timber volume. Timber purchasers conduct harvest activities in compliance with timber sale contracts that contain provisions designed to protect or enhance the forest environment and non-timber resources. Typical harvest administration activities include scaling, check scaling, day-to-day contract administration, inspections of operations, rate determinations, breach actions, contract modifications, and report preparation.

KV (Knutson-Vandenberg) Funds -- Funds collected from timber purchasers and subsequently used to conduct reforestation, timber stand improvements, and other resource enhancements on national forest timber sale areas. Collection of the funds was authorized by Congress when it passed the Knutson-Vandenberg Act in 1930.

MBF -- One thousand board feet of timber volume. A board foot is a piece of wood 12 inches square and 1 inch thick.

MMBF -- One million board feet of timber volume. A board foot is a piece of wood 12 inches square and 1 inch thick.

Multiple Use -- The management philosophy articulated by the Multiple Use - Sustained Yield Act of 1960. This law provides that the renewable resources of the national forests are to be managed in the combination that best meets the needs of the American people.

It further stipulates that the Forest Service is to make judicious use of the land for some or all of these resources and related services over areas large enough to ensure that sufficient latitude exists to subsequently adjust management in conformity with changing needs and conditions.

Obligations -- Funds (moneys) that the Federal government has committed itself to expend (payout) during a given fiscal year. Funds are considered to be obligated when they are owed to a receiving party. On an obligation basis, expenditures are counted when the government commits itself to payment, even though the actual cash transaction may not take place for some time.

Payments to States -- The 25 percent share of the gross receipts from national forest timber sales that is, by law, returned to the states and counties where timber was harvested and which is to be used to benefit local schools and roads. The original legislation authorizing such payments was passed in 1908, but Congress has sometimes modified the basic formula for determining payment amounts.

Personal Use Component -- That portion of the overall national forest timber sale program composed of sales, or parts of sales, where the primarily reason for harvesting timber is to provide firewood and other similar products to individuals for their own consumption. This component includes all free-use permits, paid permits, and sales involving less than or equal to the following quantities or values:

- 10 cords
- 5 MBF of timber
- 3 Christmas trees
- \$20 worth of non-convertible products (i.e.,
products that cannot be converted to a
board foot or cubic foot equivalent)

These permits and sales (with the exception of free-use) are coded as (PP) in the Timber Sale Accounting System.

Present Net Value -- The difference between the discounted value of the economic benefits to which dollar values could be assigned and the discounted value of the economic costs. In constructing the Economic Account of TSPIRS, a 4 percent real discount rate is assumed.

Purchaser Credit -- Credit earned by timber purchasers when they construct the roads needed to access national forest timber sales. The amount of credit earned is based on the value of the road as estimated by Forest Service engineers and is established in the timber sale contract. Earned purchaser credit may be used to pay stumpage charges above base rates, and TSPIRS treats such payments as timber sale revenue.

Reforestation (also Regeneration) -- Treatments or activities that help to reestablish stands of trees after harvest. Typical activities include preparing the soil, controlling pests, and planting seeds or seedlings.

Road Maintenance -- This cost category includes expenditures made to maintain timber sale access roads that would otherwise deteriorate because of the timber purchaser's use of the roads. The funds needed to cover these costs are collected from purchasers in accordance with terms specified in the timber sale contract.

Sale Preparation -- This cost category includes those expenditures associated with the timber-related field work needed to prepare timber sales, and with preparing timber sale contracts.

Salvage Sale -- A sale undertaken to remove dead, dying, or deteriorating trees before the timber becomes worthless for processing into wood products; and/or to prevent the spread of insects and diseases and thereby promote healthy, vigorous forests.

Sawtimber -- Trees of such size and quality that they contain logs suitable for processing into lumber.

Silvicultural Examination -- This cost category includes the expenditures required to gather detailed, on-site field data concerning the timber resource within a small subdivision of a forested area; such information is needed to assess management opportunities and set direction for the timber resource within the subdivision.

Silviculture -- The art, science, and practice of controlling the establishment, growth, composition, health, and quality of woodlands to meet the diverse needs and values of landowners and society on a sustainable basis.

Timber Commodity Component -- That portion of the overall national forest timber sale program composed of sales, or parts of sales, where the primary reason for harvesting timber is to help meet the nation's demand for wood by providing wood fiber to the forest products industries. Timber harvested under this component of the sales program may only come off lands classified as suitable for timber management purposes, but it may be obtained through either green or salvage sales. Sales or parts of sales designed primarily to achieve timber commodity objectives are coded as (TC) in the Timber Sale Accounting (TSA) System, and the appropriate percent of sale volume is recorded.

Timber Stand Improvement (TSI) -- Noncommercial cutting and other treatments made to increase the growth and improve the quality of trees for timber uses. Treatments include thinning, pruning, weeding, prescribed burning, and fertilizing established stands of trees.

Timber Sale Program Information Reporting System (TSPIRS) -- A reporting system jointly developed by the Forest Service and the U.S. General Accounting Office for the

purpose of providing annual information on the financial, economic, and employment-related performance of the national forest timber sales program.

Undepreciated Road Write-off -- This expense is the net book value of the roads obliterated during the fiscal year.

**APPENDIX A -- Employment, Income, and
Program Level Account by Region and Forest**

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EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 1 (Northern)

CATEGORY DESCRIPTION	IDAHO ID Panhandle	IDAHO Clearwater	IDAHO Nez Perce	IDAHO SUBTOTAL /2	MONTANA Beahd/Deerlg	MONTANA Bitterroot
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	2,230	1,520	720	4,470	360	510
- 2 Employment Related Income (\$000) /1	65,890	45,830	22,170	133,890	13,080	19,480
- 3 Federal Income Tax Generated (\$000)	9,884	6,875	3,325	20,084	1,962	2,922
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	79.27	53.29	34.39	166.96	17.24	10.02
- 2 Volume Sold and Awarded (MMBF)	108.32	38.73	30.41	177.46	24.20	9.97
- 3 Volume Harvested (MMBF)						
-- Sawtimber	49.44	31.25	14.54	95.23	5.76	7.49
-- Roundwood	2.97	7.49	1.99	12.45	4.18	0.85
-- Firewood	4.44	2.37	2.54	9.35	2.27	1.02
-- Other	0.08	0.87	0.29	1.24	0.17	0.15
Total Harvest Volume	56.94	41.98	19.36	118.28	12.37	9.51
- 4 Total Area Harvested (acres)	6,907	4,478	1,091	12,476	1,851	892
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0	0.0	0.0	0.0
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	1,392	463	308	2,163	1,431	1,024
-- Other Products Removed (\$000)	28	0	0	28	0	0
- 7 Regeneration Treatment (acres)	5,270	2,769	3,257	11,296	935	841
- 8 Timber Stand Improvement (acres)	6,313	1,048	956	8,317	886	481
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	15.5	1.0	5.5	22.0	0.0	1.2
Total Construction	15.5	1.0	5.5	22.0	0.0	1.2
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.9	0.0	0.0	0.9	10.3	0.0
-- Purchaser Credit Reconstruction	201.0	7.6	18.0	226.6	61.0	16.7
Total Reconstruction	201.9	7.6	18.0	227.5	71.3	16.7

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Includes minor amounts from Washington State.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 1 (Northern)

CATEGORY DESCRIPTION	MONTANA Custer	MONTANA Flathead	MONTANA Gallatin	MONTANA Helena	MONTANA Kootenai	MONTANA Lewis-Clark
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	50	850	250	330	3,580	270
- 2 Employment Related Income (\$000) /1	1,910	29,180	8,560	11,360	107,530	9,260
- 3 Federal Income Tax Generated (\$000)	287	4,377	1,284	1,704	16,129	1,389
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	3.14	32.20	6.00	8.49	104.14	14.97
- 2 Volume Sold and Awarded (MMBF)	1.04	31.96	4.75	5.65	88.90	15.70
- 3 Volume Harvested (MMBF)						
-- Sawtimber	0.19	17.01	3.38	5.26	48.24	4.14
-- Roundwood	0.03	0.43	0.38	1.59	30.11	0.26
-- Firewood	0.72	2.66	2.41	2.18	2.50	2.13
-- Other	0.00	1.98	0.00	0.00	5.36	0.17
Total Harvest Volume	0.94	22.08	6.17	9.04	86.21	6.70
- 4 Total Area Harvested (acres)	284	2,445	518	597	12,093	842
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0	0.0	0.0	0.0
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	1,660	2,747	3,832	3,311	1,227	8,951
-- Other Products Removed (\$000)	0	0	1	0	4	0
- 7 Regeneration Treatment (acres)	697	1,902	860	686	7,133	395
- 8 Timber Stand Improvement (acres)	45	2,656	577	357	2,815	85
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	1.3	0.7	11.4	6.4	1.5
Total Construction	0.0	1.3	0.7	11.4	6.4	1.5
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	35.7	3.1	0.0	5.5	0.0
-- Purchaser Credit Reconstruction	0.0	86.3	5.1	14.3	201.4	8.0
Total Reconstruction	0.0	122.0	8.2	14.3	206.9	8.0

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 1 (Northern)

CATEGORY DESCRIPTION	MONTANA Lolo	MONTANA SUBTOTAL /2	Regional Office	REGIONAL TOTALS
I. EMPLOYMENT & INCOME INFORMATION				
- 1 Timber Related Employment (Jobs)	2,090	8,290	160	12,920
- 2 Employment Related Income (\$000) /1	62,760	263,120	6,690	403,700
- 3 Federal Income Tax Generated (\$000)	9,414	39,468	1,003	60,555
II. TIMBER PROGRAM INFORMATION				
- 1 Volume Offered (MMBF) /1	53.85	250.05	0.00	417.00
- 2 Volume Sold and Awarded (MMBF)	69.68	251.85	0.00	429.31
- 3 Volume Harvested (MMBF)				
-- Sawtimber	38.16	129.63	0.00	224.86
-- Roundwood	2.32	40.15	0.00	52.60
-- Firewood	2.01	17.90	0.00	27.25
-- Other	2.89	10.72	0.00	11.96
Total Harvest Volume	45.38	198.40	0.00	316.68
- 4 Total Area Harvested (acres)	5,029	24,551	0	37,027
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0	0.0
- 6 Nonconvertible Products				
-- Christmas Trees Cut (trees)	1,762	25,945	0	28,108
-- Other Products Removed (\$000)	0	7	0	36
- 7 Regeneration Treatment (acres)	3,038	16,487	0	27,783
- 8 Timber Stand Improvement (acres)	1,161	9,063	0	17,380
III. FOREST ROAD INFORMATION				
- 1 Road Construction (miles)				
-- Appropriated Construction	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	15.0	37.5	0.0	59.5
Total Construction	15.0	37.5	0.0	59.5
- 2 Road Reconstruction (miles)				
-- Appropriated Reconstruction	26.1	80.7	0.0	81.6
-- Purchaser Credit Reconstruction	194.6	587.4	0.0	814.0
Total Reconstruction	220.7	668.1	0.0	895.6

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Includes minor amounts from South Dakota.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 2 (Rocky Mountain)

CATEGORY DESCRIPTION	COLORADO Grd Mesa/U/G	COLORADO Arapaho/Roos	COLORADO Pike/San Isb	COLORADO San J/Rio G	COLORADO White River	COLORADO SUBTOTAL
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	153	28	38	147	101	467
- 2 Employment Related Income (\$000) /1	4,000	717	955	3,813	2,940	12,425
- 3 Federal Income Tax Generated (\$000)	600	108	143	572	441	1,684
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	15.57	2.68	4.18	18.31	11.17	51.91
- 2 Volume Sold and Awarded (MMBF)	11.00	5.73	2.48	13.55	9.82	42.58
- 3 Volume Harvested (MMBF)						
-- Sawtimber	4.04	2.88	0.37	2.02	4.10	13.41
-- Roundwood	0.00	0.00	0.00	0.06	0.07	0.13
-- Firewood	2.28	0.53	2.41	4.49	1.17	10.89
-- Other	2.66	0.27	0.80	1.52	1.01	6.26
Total Harvest Volume	8.98	3.68	3.58	8.09	6.35	30.68
- 4 Total Area Harvested (acres)	1,587	39	1,025	915	718	4,284
- 5 Free Use Firewood (MMBF)	0.00	0.01	0.00	0.66	0.03	0.68
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	1,242	8,925	11,039	2,165	2,880	26,251
-- Other Products Removed (\$000)	3	14	11	20	4	52
- 7 Regeneration Treatment (acres)	1,190	1,250	435	3,765	327	6,967
- 8 Timber Stand Improvement (acres)	272	74	451	877	422	2,096
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.1	0.0	0.1
-- Purchaser Credit Construction	0.0	0.0	0.0	3.3	0.0	3.3
Total Construction	0.0	0.0	0.0	3.4	0.0	3.4
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	2.1	0.0	2.2	5.6	0.0	9.9
-- Purchaser Credit Reconstruction	0.0	15.2	0.0	29.3	20.9	65.4
Total Reconstruction	2.1	15.2	2.2	34.9	20.9	75.3

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 2 (Rocky Mountain)

CATEGORY DESCRIPTION	NEBRASKA Nebraska /2	S. DAKOTA Blk Hills /2	WYOMING Big Horn	WYO./CO. Md Bow/Routt	WYOMING Shoshone
I. EMPLOYMENT & INCOME INFORMATION					
- 1 Timber Related Employment (Jobs)	0	1,152	73	325	60
- 2 Employment Related Income (\$000) /1	0	25,074	1,698	7,572	1,468
- 3 Federal Income Tax Generated (\$000)	0	3,761	255	1,136	220
II. TIMBER PROGRAM INFORMATION					
- 1 Volume Offered (MMBF) /1	0.00	136.79	6.72	23.66	3.91
- 2 Volume Sold and Awarded (MMBF)	0.02	90.38	6.12	24.95	5.21
- 3 Volume Harvested (MMBF)					
-- Sawtimber	0.00	59.31	2.58	11.19	1.73
-- Roundwood	0.00	0.00	0.20	0.06	0.00
-- Firewood	0.01	3.46	2.47	3.91	3.61
-- Other	0.00	2.05	0.03	1.92	0.36
Total Harvest Volume	0.01	64.81	5.28	17.08	5.71
- 4 Total Area Harvested (acres)	0	14,382	496	1,887	51
- 5 Free Use Firewood (MMBF)	0.00	0.24	0.01	0.00	0.00
- 6 Nonconvertible Products					
-- Christmas Trees Cut (trees)	96	6,627	2,576	5,567	2,304
-- Other Products Removed (\$000)	0	5	1	9	2
- 7 Regeneration Treatment (acres)	0	14,662	355	2,882	4,705
- 8 Timber Stand Improvement (acres)	0	8,749	1,009	3,805	302
III. FOREST ROAD INFORMATION					
- 1 Road Construction (miles)					
-- Appropriated Construction	0.0	0.0	0.0	0.1	0.1
-- Purchaser Credit Construction	0.0	15.8	2.0	4.2	0.0
Total Construction	0.0	15.8	2.0	4.3	0.1
- 2 Road Reconstruction (miles)					
-- Appropriated Reconstruction	6.0	0.0	0.0	2.7	0.0
-- Purchaser Credit Reconstruction	0.0	134.2	1.3	1.6	4.8
Total Reconstruction	6.0	134.2	1.3	4.3	4.8

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 2 (Rocky Mountain)

CATEGORY DESCRIPTION	WYOMING SUBTOTAL	REGIONAL TOTALS
I. EMPLOYMENT & INCOME INFORMATION		
- 1 Timber Related Employment (Jobs)	458	2,077
- 2 Employment Related Income (\$000) /1	10,738	48,237
- 3 Federal Income Tax Generated (\$000)	1,611	7,236
II. TIMBER PROGRAM INFORMATION		
- 1 Volume Offered (MMBF) /1	34.28	222.99
- 2 Volume Sold and Awarded (MMBF)	36.28	169.26
- 3 Volume Harvested (MMBF)		
-- Sawtimber	15.51	88.22
-- Roundwood	0.25	0.39
-- Firewood	10.00	24.34
-- Other	2.31	10.62
Total Harvest Volume	28.07	123.57
- 4 Total Area Harvested (acres)	2,434	21,100
- 5 Free Use Firewood (MMBF)	0.02	0.93
- 6 Nonconvertible Products		
-- Christmas Trees Cut (trees)	10,447	43,421
-- Other Products Removed (\$000)	12	69
- 7 Regeneration Treatment (acres)	7,942	29,571
- 8 Timber Stand Improvement (acres)	5,116	15,961
III. FOREST ROAD INFORMATION		
- 1 Road Construction (miles)		
-- Appropriated Construction	0.2	0.3
-- Purchaser Credit Construction	6.2	25.3
Total Construction	6.4	25.6
- 2 Road Reconstruction (miles)		
-- Appropriated Reconstruction	2.7	18.6
-- Purchaser Credit Reconstruction	7.7	207.3
Total Reconstruction	10.4	225.9

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 3 (Southwestern)

CATEGORY DESCRIPTION	ARIZONA Apache/Sit	ARIZONA Coconino	ARIZONA Coronado	ARIZONA Kaibab	ARIZONA Prescott	ARIZONA Tonto
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	349	207	12	340	33	29
- 2 Employment Related Income (\$000) /1	9,737	5,704	382	9,255	908	795
- 3 Federal Income Tax Generated (\$000)	1,460	856	57	1,388	136	120
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	24.42	32.35	0.39	30.82	2.41	2.16
- 2 Volume Sold and Awarded (MMBF)	21.11	10.38	0.21	27.00	2.43	1.69
- 3 Volume Harvested (MMBF)						
-- Sawtimber	8.25	5.32	0.01	14.86	2.02	0.06
-- Roundwood	5.89	2.41	0.12	0.05	0.55	0.01
-- Firewood	7.24	7.31	0.09	3.09	2.31	1.67
-- Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Harvest Volume	21.38	15.03	0.22	18.00	4.88	1.74
- 4 Total Area Harvested (acres)	4,860	2,603	0	3,210	570	0
- 5 Free Use Firewood (MMBF)	0.6	1.3	0.1	0.1	0	0.6
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	2,261	209	228	1,195	41	0
-- Other Products Removed (\$000)	8	4	2	2	1	1
- 7 Regeneration Treatment (acres)	1,408	1,919	0	2,982	18	177
- 8 Timber Stand Improvement (acres)	3,593	1,731	0	1,685	163	460
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	0.0	0.0	0.0	0.0	0.0
Total Construction	0.0	0.0	0.0	0.0	0.0	0.0
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	0.0	4.5	0.0	2.2	0.0	0.0
Total Reconstruction	0.0	4.5	0.0	2.2	0.0	0.0

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 3 (Southwestern)

CATEGORY DESCRIPTION	ARIZONA SUBTOTAL	NEW MEXICO Carson	NEW MEXICO Cibola	NEW MEXICO Gila	NEW MEXICO Lincoln	NEW MEXICO Santa Fe
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	970	103	51	26	32	68
- 2 Employment Related Income (\$000) /1	26,781	2,816	1,411	720	942	2,128
- 3 Federal Income Tax Generated (\$000)	4,017	422	211	108	141	319
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	92.54	5.62	4.38	3.88	3.72	13.76
- 2 Volume Sold and Awarded (MMBF)	62.81	5.78	4.27	1.85	3.20	10.96
- 3 Volume Harvested (MMBF)						
-- Sawtimber	30.51	1.05	2.09	-0.27	1.37	0.94
-- Roundwood	9.03	0.66	3.01	0.13	0.05	0.98
-- Firewood	21.71	1.96	2.12	1.57	1.42	4.81
-- Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Harvest Volume	61.25	3.67	7.23	1.43	2.84	6.73
- 4 Total Area Harvested (acres)	11,243	212	863	0	251	156
- 5 Free Use Firewood (MMBF)	2.7	12.5	0.2	0.3	0.1	0.1
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	3,934	2,630	1,985	2,520	3,268	8,108
-- Other Products Removed (\$000)	17	9	8	0	1	45
- 7 Regeneration Treatment (acres)	6,504	3,615	191	889	137	241
- 8 Timber Stand Improvement (acres)	7,632	1,599	0	2,867	695	2,247
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	0.0	0.0	0.0	0.0	0.0
Total Construction	0.0	0.0	0.0	0.0	0.0	0.0
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	7.7	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	6.7	0.0	0.0	0.0	0.0	0.0
Total Reconstruction	6.7	0.0	7.7	0.0	0.0	0.0

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 3 (Southwestern)

CATEGORY DESCRIPTION	NEW MEXICO SUBTOTAL	REGIONAL TOTALS
I. EMPLOYMENT & INCOME INFORMATION		
- 1 Timber Related Employment (Jobs)	280	1,250
- 2 Employment Related Income (\$000) /1	8,017	34,798
- 3 Federal Income Tax Generated (\$000)	1,201	5,218
II. TIMBER PROGRAM INFORMATION		
- 1 Volume Offered (MMBF) /1	31.35	123.89
- 2 Volume Sold and Awarded (MMBF)	26.06	88.88
- 3 Volume Harvested (MMBF)		
-- Sawtimber	5.17	35.69
-- Roundwood	4.84	13.87
-- Firewood	11.89	33.59
-- Other	0.00	0.00
Total Harvest Volume	21.90	83.15
- 4 Total Area Harvested (acres)	1,482	12,725
- 5 Free Use Firewood (MMBF)	13.2	15.9
- 6 Nonconvertible Products		
-- Christmas Trees Cut (trees)	18,511	22,445
-- Other Products Removed (\$000)	63	80
- 7 Regeneration Treatment (acres)	5,073	11,577
- 8 Timber Stand Improvement (acres)	7,408	15,040
III. FOREST ROAD INFORMATION		
- 1 Road Construction (miles)		
-- Appropriated Construction	0.0	0.0
-- Purchaser Credit Construction	0.0	0.0
Total Construction	0.0	0.0
- 2 Road Reconstruction (miles)		
-- Appropriated Reconstruction	7.7	7.7
-- Purchaser Credit Reconstruction	0.0	6.7
Total Reconstruction	7.7	14.4

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 4 (Intermountain)

CATEGORY DESCRIPTION	IDAHO Boise	IDAHO Caribou	IDAHO Payette	IDAHO Salmon/Chal	IDAHO Sawtooth	IDAHO Targhee
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	1,288	163	1,172	203	141	156
- 2 Employment Related Income (\$000) /1	62,633	8,424	59,163	8,880	7,057	6,690
- 3 Federal Income Tax Generated (\$000)	9,395	1,264	8,874	1,332	1,058	1,003
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	39.71	10.27	33.96	9.09	4.10	8.67
- 2 Volume Sold and Awarded (MMBF)	45.17	6.73	39.05	5.22	3.84	8.19
- 3 Volume Harvested (MMBF)						
-- Sawtimber	57.56	8.56	51.40	5.24	3.90	1.34
-- Roundwood	0.16	0.09	4.84	0.66	0.97	0.29
-- Firewood	7.11	1.89	3.90	2.69	3.88	5.93
-- Other	0.05	0.00	0.39	0.00	0.00	0.00
Total Harvest Volume	64.88	10.53	60.54	8.59	8.75	7.56
- 4 Total Area Harvested (acres)	5,086	282	6,712	824	2,527	245
- 5 Free Use Firewood (MMBF)	0.63	0.10	0.04	0.99	0.00	0.99
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	2,732	4,031	797	1,245	1,601	3,079
-- Other Products Removed (\$000)	2	0	0	0	1	3
- 7 Regeneration Treatment (acres)	10,152	306	1,537	2,444	369	923
- 8 Timber Stand Improvement (acres)	8,101	676	1,384	1,570	168	1,762
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	8.6	12.8	25.1	1.5	0.0	0.0
Total Construction	8.6	12.8	25.1	1.5	0.0	0.0
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	1.5	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	48.7	12.1	47.2	0.0	0.0	0.0
Total Reconstruction	50.2	12.1	47.2	0.0	0.0	0.0

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 4 (Intermountain)

CATEGORY DESCRIPTION	IDAHO SUBTOTAL	NEVADA Toiy./Humb.	UTAH Ashley	UTAH Dixie	UTAH Fishlake	UTAH Manti/LaSal
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	3,123	87	197	279	87	90
- 2 Employment Related Income (\$000) /1	152,847	4,283	9,970	13,950	4,372	4,702
- 3 Federal Income Tax Generated (\$000)	22,926	642	1,495	2,092	656	705
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	105.80	8.18	14.52	19.25	10.55	16.76
- 2 Volume Sold and Awarded (MMBF)	108.20	8.59	21.62	9.99	8.34	22.27
- 3 Volume Harvested (MMBF)						
-- Sawtimber	128.00	3.00	6.00	17.58	4.21	3.13
-- Roundwood	7.02	0.02	1.97	0.07	0.10	0.19
-- Firewood	25.39	2.31	2.99	2.31	0.67	0.88
-- Other	0.44	0.00	0.08	0.00	0.00	0.00
Total Harvest Volume	160.86	5.33	11.04	19.95	4.98	4.20
- 4 Total Area Harvested (acres)	15,676	1,301	1,058	4,796	361	11
- 5 Free Use Firewood (MMBF)	2.75	0.00	0.39	0.20	0.30	0.02
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	13,485	2,640	2,681	5,622	6,428	1,964
-- Other Products Removed (\$000)	7	21	1	1	1	2
- 7 Regeneration Treatment (acres)	15,731	1,649	3,926	2,309	374	607
- 8 Timber Stand Improvement (acres)	13,661	0	370	1,971	298	689
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	48.0	0.0	0.0	1.6	0.0	0.5
Total Construction	48.0	0.0	0.0	1.6	0.0	0.5
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	1.5	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	108.0	0.0	1.0	15.6	1.5	9.3
Total Reconstruction	109.5	0.0	1.0	15.6	1.5	9.3

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 4 (Intermountain)

CATEGORY DESCRIPTION	UTAH	UTAH	UTAH	WYOMING	REGIONAL
	Uinta	Wasat/Cache	SUBTOTAL	Bri/Teton /2	TOTALS
I. EMPLOYMENT & INCOME INFORMATION					
- 1 Timber Related Employment (Jobs)	50	95	798	129	4,137
- 2 Employment Related Income (\$000) /1	2,560	4,331	39,885	5,967	202,982
- 3 Federal Income Tax Generated (\$000)	384	650	5,982	895	30,445
II. TIMBER PROGRAM INFORMATION					
- 1 Volume Offered (MMBF) /1	8.08	5.47	74.64	2.66	191.28
- 2 Volume Sold and Awarded (MMBF)	3.82	5.45	71.47	6.88	195.14
- 3 Volume Harvested (MMBF)					
-- Sawtimber	2.05	2.96	35.93	2.57	169.50
-- Roundwood	0.00	0.24	2.56	0.14	9.73
-- Firewood	0.47	0.79	8.12	5.47	41.29
-- Other	0.00	0.00	0.08	0.12	0.64
Total Harvest Volume	2.52	3.99	46.69	8.29	221.17
- 4 Total Area Harvested (acres)	257	201	6,684	474	24,135
- 5 Free Use Firewood (MMBF)	0.00	0.00	0.91	0.05	3.72
- 6 Nonconvertible Products					
-- Christmas Trees Cut (trees)	1,500	1,366	19,561	2,021	37,707
-- Other Products Removed (\$000)	1	1	6	2	36
- 7 Regeneration Treatment (acres)	125	217	7,558	55	24,993
- 8 Timber Stand Improvement (acres)	46	322	3,696	0	17,357
III. FOREST ROAD INFORMATION					
- 1 Road Construction (miles)					
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	0.8	2.9	0.0	50.9
Total Construction	0.0	0.8	2.9	0.0	50.9
- 2 Road Reconstruction (miles)					
-- Appropriated Reconstruction	0.0	0.0	0.0	20.0	21.5
-- Purchaser Credit Reconstruction	1.7	0.0	29.1	6.7	143.8
Total Reconstruction	1.7	0.0	29.1	26.7	165.3

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 5 (Pacific Southwest)

CATEGORY DESCRIPTION	CALIFORNIA Angeles	CALIFORNIA Cleveland	CALIFORNIA Eldorado	CALIFORNIA Inyo	CALIFORNIA Klamath	CALIFORNIA Lassen
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	5	2	262	12	638	919
- 2 Employment Related Income (\$000) /1	243	97	12,707	582	30,943	44,572
- 3 Federal Income Tax Generated (\$000)	36	15	1,906	87	4,641	6,686
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	0.36	0.18	60.13	3.68	52.66	90.17
- 2 Volume Sold and Awarded (MMBF)	0.10	0.23	46.24	3.97	52.17	117.47
- 3 Volume Harvested (MMBF)						
-- Sawtimber	0.00	0.00	17.99	0.21	44.89	48.06
-- Roundwood	0.00	0.00	0.00	0.00	0.08	0.09
-- Firewood	0.09	0.23	3.49	3.81	3.05	9.54
-- Other	0.00	0.00	3.24	0.00	7.68	26.83
Total Harvest Volume	0.09	0.23	24.73	4.02	55.70	84.52
- 4 Total Area Harvested (acres)	160	0	2,795	500	5,192	19,005
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0	0.0	0.0	0.0
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	0	0	13,400	15	8,516	14,287
-- Other Products Removed (\$000)	3	1	1	0	44	1
- 7 Regeneration Treatment (acres)	234	0	1,293	168	3,045	2,358
- 8 Timber Stand Improvement (acres)	665	0	4,976	688	6,333	14,095
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	0.0	0.0	0.0	7.7	4.1
Total Construction	0.0	0.0	0.0	0.0	7.7	4.1
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	0.0	0.0	4.6	0.0
-- Purchaser Credit Reconstruction	0.0	0.0	31.8	0.0	118.1	10.3
Total Reconstruction	0.0	0.0	31.8	0.0	122.7	10.3

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 5 (Pacific Southwest)

CATEGORY DESCRIPTION	CALIFORNIA Los Padres	CALIFORNIA Mendocino	CALIFORNIA Modoc	CALIFORNIA Six Rivers	CALIFORNIA Plumas	CALIFORNIA San Bernard
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	4	126	539	256	513	20
- 2 Employment Related Income (\$000) /1	194	6,111	26,142	12,416	24,881	970
- 3 Federal Income Tax Generated (\$000)	29	917	3,921	1,862	3,732	146
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	0.23	12.79	34.68	21.41	68.82	1.33
- 2 Volume Sold and Awarded (MMBF)	0.23	18.69	38.47	18.86	50.12	1.34
- 3 Volume Harvested (MMBF)						
-- Sawtimber	0.00	9.75	3.67	19.55	24.58	0.00
-- Roundwood	0.00	0.01	0.03	0.00	0.03	0.02
-- Firewood	0.22	0.57	2.21	2.06	5.11	1.52
-- Other	0.00	0.66	39.25	1.47	17.32	0.06
Total Harvest Volume	0.22	10.99	45.15	23.08	47.04	1.60
- 4 Total Area Harvested (acres)	50	376	2,424	318	8,922	53
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0	0.0	0.0	0.0
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	0	1,945	780	5,677	7,890	0
-- Other Products Removed (\$000)	0	2	7	10	1	1
- 7 Regeneration Treatment (acres)	65	1,050	2,147	1,070	2,583	102
- 8 Timber Stand Improvement (acres)	135	2,864	3,816	3,692	4,008	189
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	5.4	1.1	1.5	2.8	0.0
Total Construction	0.0	5.4	1.1	1.5	2.8	0.0
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	0.0	20.0	0.0	0.0
-- Purchaser Credit Reconstruction	0.0	39.0	15.7	12.4	31.7	0.0
Total Reconstruction	0.0	39.0	15.7	32.4	31.7	0.0

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 5 (Pacific Southwest)

CATEGORY DESCRIPTION	CALIFORNIA Sequoia	CALIFORNIA Shasta Trin	CALIFORNIA Sierra	CALIFORNIA Stanislaus	CALIFORNIA Tahoe
I. EMPLOYMENT & INCOME INFORMATION					
- 1 Timber Related Employment (Jobs)	198	644	273	313	768
- 2 Employment Related Income (\$000) /1	9,603	31,234	13,241	15,181	37,248
- 3 Federal Income Tax Generated (\$000)	1,440	4,685	1,986	2,277	5,587
II. TIMBER PROGRAM INFORMATION					
- 1 Volume Offered (MMBF) /1	33.06	80.22	32.96	85.19	77.00
- 2 Volume Sold and Awarded (MMBF)	13.87	57.58	35.68	67.23	74.42
- 3 Volume Harvested (MMBF)					
-- Sawtimber	13.90	31.75	19.47	21.64	43.18
-- Roundwood	1.69	0.01	0.03	0.00	0.01
-- Firewood	2.22	3.75	4.44	4.54	2.79
-- Other	0.56	21.24	2.48	3.67	20.34
Total Harvest Volume	18.36	56.75	26.43	29.85	66.32
- 4 Total Area Harvested (acres)	1,299	5,791	879	962	7,182
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0	0.04	0.0
- 6 Nonconvertible Products					
-- Christmas Trees Cut (trees)	500	5,438	3,855	0	3,188
-- Other Products Removed (\$000)	0	47	0	0	1
- 7 Regeneration Treatment (acres)	1,103	2,439	2,198	5,789	11,797
- 8 Timber Stand Improvement (acres)	1,824	9,111	4,054	5,373	8,952
III. FOREST ROAD INFORMATION					
- 1 Road Construction (miles)					
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	1.1	3.2	0.0	14.0	0.6
Total Construction	1.1	3.2	0.0	14.0	0.6
- 2 Road Reconstruction (miles)					
-- Appropriated Reconstruction	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	35.9	9.8	75.8	114.3	31.7
Total Reconstruction	35.9	9.8	75.8	114.3	31.7

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 5 (Pacific Southwest)

CATEGORY DESCRIPTION	CALIFORNIA Lk Tahoe BMU	REGIONAL TOTALS /2
I. EMPLOYMENT & INCOME INFORMATION		
- 1 Timber Related Employment (Jobs)	107	5,599
- 2 Employment Related Income (\$000) /1	5,190	271,554
- 3 Federal Income Tax Generated (\$000)	778	40,731
II. TIMBER PROGRAM INFORMATION		
- 1 Volume Offered (MMBF) /1	12.49	667.35
- 2 Volume Sold and Awarded (MMBF)	1.27	597.92
- 3 Volume Harvested (MMBF)		
-- Sawtimber	3.09	301.72
-- Roundwood	0.40	2.40
-- Firewood	1.33	50.98
-- Other	5.23	150.04
Total Harvest Volume	10.06	505.14
- 4 Total Area Harvested (acres)	56	55,964
- 5 Free Use Firewood (MMBF)	1.00	1.04
- 6 Nonconvertible Products		
-- Christmas Trees Cut (trees)	0	65,491
-- Other Products Removed (\$000)	0	121
- 7 Regeneration Treatment (acres)	167	37,608
- 8 Timber Stand Improvement (acres)	138	70,913
III. FOREST ROAD INFORMATION		
- 1 Road Construction (miles)		
-- Appropriated Construction	0.0	0.0
-- Purchaser Credit Construction	0.0	41.5
Total Construction	0.0	41.5
- 2 Road Reconstruction (miles)		
-- Appropriated Reconstruction	0.0	24.6
-- Purchaser Credit Reconstruction	0.0	526.4
Total Reconstruction	0.0	551.0

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Regional totals also represent state totals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 6 (Pacific Northwest)

CATEGORY DESCRIPTION	OREGON Deschutes	OREGON Fremont	OREGON Malheur	OREGON Mt. Hood	OREGON Ochoco	OREGON Rogue River
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	807	904	421	785	467	469
- 2 Employment Related Income (\$000) /1	23,153	25,820	11,666	27,175	13,441	12,975
- 3 Federal Income Tax Generated (\$000)	3,473	3,873	1,750	4,076	2,016	1,946
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	93.96	43.96	38.92	74.00	26.12	28.94
- 2 Volume Sold and Awarded (MMBF)	111.51	39.98	38.01	102.92	27.70	25.16
- 3 Volume Harvested (MMBF)						
-- Sawtimber	27.67	36.27	27.84	29.55	18.04	26.67
-- Roundwood	5.49	2.83	2.99	0.17	0.16	0.55
-- Firewood	9.29	1.90	2.93	1.77	1.97	0.68
-- Other	51.19	17.24	10.47	16.78	3.20	2.62
Total Harvest Volume	93.64	58.24	44.23	48.27	23.36	30.52
- 4 Total Area Harvested (acres)	12,271	14,042	12,082	2,385	8,121	12,046
- 5 Free Use Firewood (MMBF)	0.31	0.10	0.10	0.00	0.14	0.10
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	4,165	1,115	682	2,356	704	5,118
-- Other Products Removed (\$000)	83	2	4	116	5	5
- 7 Regeneration Treatment (acres)	8,852	3,085	9,654	3,877	4,805	1,507
- 8 Timber Stand Improvement (acres)	5,443	3,063	7,988	2,295	5,856	2,797
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	0.0	16.0	0.0	0.1	4.9
Total Construction	0.0	0.0	16.0	0.0	0.1	4.9
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	38.5	0.0	8.3	1.2
-- Purchaser Credit Reconstruction	20.7	0.2	12.8	78.2	27.7	7.4
Total Reconstruction	20.7	0.2	51.3	78.2	36.0	8.6

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 6 (Pacific Northwest)

CATEGORY DESCRIPTION	OREGON Siskiyou	OREGON Siuslaw	OREGON Umatilla	OREGON Umpqua	OREGON Wallowa/Whit	OREGON Willamette
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	599	89	501	740	436	1,453
- 2 Employment Related Income (\$000) /1	16,523	2,981	13,859	20,956	12,050	46,066
- 3 Federal Income Tax Generated (\$000)	2,479	447	2,079	3,143	1,808	6,910
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	24.44	28.68	76.51	71.22	49.14	106.61
- 2 Volume Sold and Awarded (MMBF)	28.22	36.67	76.06	58.14	53.51	72.11
- 3 Volume Harvested (MMBF)						
-- Sawtimber	34.51	4.06	32.20	40.83	28.53	80.48
-- Roundwood	0.06	0.01	0.99	0.05	0.37	0.03
-- Firewood	0.55	0.83	6.19	0.48	5.89	0.79
-- Other	2.07	0.01	16.59	11.24	12.20	9.63
Total Harvest Volume	37.19	4.90	55.97	52.60	46.99	90.93
- 4 Total Area Harvested (acres)	4,488	461	10,473	2,281	13,388	4,861
- 5 Free Use Firewood (MMBF)	0.00	0.02	0.00	0.00	0.00	0.00
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	2,048	711	2,259	1,858	1,537	7,516
-- Other Products Removed (\$000)	77	71	44	38	14	89
- 7 Regeneration Treatment (acres)	827	276	8,281	2,222	7,286	4,052
- 8 Timber Stand Improvement (acres)	3,410	8,528	2,931	1,920	7,329	12,887
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	5.4	0.0	0.0	5.2	0.2	2.7
Total Construction	5.4	0.0	0.0	5.2	0.2	2.7
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	1.6	0.1	11.4	24.9	0.0	0.2
-- Purchaser Credit Reconstruction	172.2	14.5	30.9	69.3	54.2	63.7
Total Reconstruction	173.8	14.6	42.3	94.2	54.2	63.9

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 6 (Pacific Northwest)

CATEGORY DESCRIPTION	OREGON Winema	OREGON SUBTOTAL	WASHINGTON Giff Pinchot	WASHINGTON Mt Baker/Sno	WASHINGTON Okanogan	WASHINGTON Olympic
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	259	7,930	602	179	181	162
- 2 Employment Related Income (\$000) /1	7,327	233,992	18,163	5,924	5,199	5,075
- 3 Federal Income Tax Generated (\$000)	1,099	35,099	2,724	889	780	761
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	55.26	717.76	63.78	15.16	31.47	13.50
- 2 Volume Sold and Awarded (MMBF)	35.37	705.37	57.50	11.90	19.45	9.38
- 3 Volume Harvested (MMBF)						
-- Sawtimber	11.49	398.13	35.56	5.23	9.06	8.13
-- Roundwood	2.13	15.83	0.01	0.07	0.65	0.28
-- Firewood	2.02	35.27	1.73	0.34	2.14	1.16
-- Other	8.77	162.01	3.46	1.08	0.47	0.49
Total Harvest Volume	24.41	611.24	40.76	6.71	12.32	10.07
- 4 Total Area Harvested (acres)	5,907	102,806	1,359	245	2,627	717
- 5 Free Use Firewood (MMBF)	0.00	0.77	1.60	0.00	3.05	0.00
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	2,603	32,672	2,602	6,288	545	1,382
-- Other Products Removed (\$000)	342	890	506	2	0	92
- 7 Regeneration Treatment (acres)	4,408	59,132	1,093	249	5,044	120
- 8 Timber Stand Improvement (acres)	2,704	67,151	3,073	340	2,242	999
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.4	34.9	6.7	0.0	4.9	0.0
Total Construction	0.4	34.9	6.7	0.0	4.9	0.0
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.7	86.9	5.3	0.0	0.2	0.0
-- Purchaser Credit Reconstruction	6.0	557.8	33.8	12.9	6.8	0.9
Total Reconstruction	6.7	644.7	39.1	12.9	7.0	0.9

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 6 (Pacific Northwest)

CATEGORY DESCRIPTION	WASHINGTON Wenatchee	WASHINGTON Colville	WASHINGTON SUBTOTAL	REGIONAL TOTALS
I. EMPLOYMENT & INCOME INFORMATION				
- 1 Timber Related Employment (Jobs)	600	703	2,427	10,357
- 2 Employment Related Income (\$000) /1	17,642	19,235	71,238	305,230
- 3 Federal Income Tax Generated (\$000)	2,646	2,885	10,685	45,784
II. TIMBER PROGRAM INFORMATION				
- 1 Volume Offered (MMBF) /1	50.38	59.12	233.41	951.17
- 2 Volume Sold and Awarded (MMBF)	30.71	36.22	165.17	870.53
- 3 Volume Harvested (MMBF)				
-- Sawtimber	29.12	26.69	113.79	511.92
-- Roundwood	0.19	0.45	1.65	17.48
-- Firewood	3.85	1.74	10.96	46.23
-- Other	23.27	1.52	30.29	192.31
Total Harvest Volume	56.44	30.40	156.69	767.94
- 4 Total Area Harvested (acres)	5,496	3,761	14,205	117,011
- 5 Free Use Firewood (MMBF)	0.00	0.00	4.65	5.42
- 6 Nonconvertible Products				
-- Christmas Trees Cut (trees)	4,058	450	15,325	47,997
-- Other Products Removed (\$000)	24	4	628	1,518
- 7 Regeneration Treatment (acres)	16,226	2,486	25,218	84,350
- 8 Timber Stand Improvement (acres)	2,111	2,643	11,408	78,559
III. FOREST ROAD INFORMATION				
- 1 Road Construction (miles)				
-- Appropriated Construction	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	3.7	25.1	40.4	75.3
Total Construction	3.7	25.1	40.4	75.3
- 2 Road Reconstruction (miles)				
-- Appropriated Reconstruction	0.3	0.0	5.8	92.7
-- Purchaser Credit Reconstruction	2.1	74.9	131.4	689.2
Total Reconstruction	2.4	74.9	137.2	781.9

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 8 (Southern)

CATEGORY DESCRIPTION	ALABAMA NFS in AL /2	ARK/OKL Ouachita	ARKANSAS Ozark/St Fra	ARK/OKL SUBTOTAL	FLORIDA NFS in FL /2	GEORGIA Chat/Ocon /2
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	544	2,881	1,119	4,000	355	372
- 2 Employment Related Income (\$000) /1	21,914	110,960	24,999	135,959	17,390	12,883
- 3 Federal Income Tax Generated (\$000)	3,287	16,640	3,750	20,390	2,608	1,993
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	35.44	125.03	55.73	180.75	48.33	11.56
- 2 Volume Sold and Awarded (MMBF)	26.46	98.90	54.84	153.73	35.73	11.24
- 3 Volume Harvested (MMBF)						
-- Sawtimber	13.48	89.26	31.95	121.21	3.57	18.09
-- Roundwood	17.57	25.75	13.26	39.01	28.46	8.47
-- Firewood	0.32	0.49	0.59	1.09	0.26	0.52
-- Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Harvest Volume	31.36	115.50	45.81	161.31	32.29	27.09
- 4 Total Area Harvested (acres)	5,006	25,285	9,876	35,161	3,955	5,376
- 5 Free Use Firewood (MMBF)	0	0	0	0	0	0
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	0	0	0	0	220	0
-- Other Products Removed (\$000)	0	0	16	16	22	1
- 7 Regeneration Treatment (acres)	2,132	14,510	3,755	18,265	5,326	1,895
- 8 Timber Stand Improvement (acres)	2,688	4,605	2,812	7,417	238	3,558
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.1	0.1	0.9	0.0
-- Purchaser Credit Construction	8.8	15.4	2.4	17.8	0.0	0.7
Total Construction	8.8	15.4	2.5	17.9	0.9	0.7
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0	0.0	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	0.0	20.7	56.7	77.4	27.8	3.8
Total Reconstruction	0.0	20.7	56.7	77.4	27.8	3.8

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 8 (Southern)

CATEGORY DESCRIPTION	KENTUCKY Dan Boone /2	LOUISIANA Kisatchie /2	MISSISSIPPI NFS in MS /2	N. CAROLINA NFS in NC /2	S. CAROLINA Mar/Sumt /2	TENNESSEE Cherokee /2
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	536	971	1,565	614	563	182
- 2 Employment Related Income (\$000) /1	14,457	36,098	25,688	15,207	13,416	2,530
- 3 Federal Income Tax Generated (\$000)	2,168	5,415	3,853	2,281	2,012	380
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	7.86	55.19	154.87	39.03	36.64	16.41
- 2 Volume Sold and Awarded (MMBF)	11.60	57.13	145.84	22.45	38.98	16.55
- 3 Volume Harvested (MMBF)						
-- Sawtimber	13.96	30.17	59.11	16.05	17.05	9.41
-- Roundwood	2.17	26.23	41.80	7.45	21.68	4.05
-- Firewood	0.61	0.21	0.28	0.96	0.20	0.71
-- Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Harvest Volume	16.73	56.61	101.19	24.46	38.93	14.17
- 4 Total Area Harvested (acres)	727	10,292	14,787	3,140	8,891	1,442
- 5 Free Use Firewood (MMBF)	0	0	0	0	0	0
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	0	0	0	0	0	0
-- Other Products Removed (\$000)	3	0	1	88	1	12
- 7 Regeneration Treatment (acres)	1,769	1,357	7,091	2,523	1,943	882
- 8 Timber Stand Improvement (acres)	156	2,152	1,594	4,519	2,549	881
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.2	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	3.2	4.3	6.1	0.8	0.7
Total Construction	0.0	3.2	4.5	6.1	0.8	0.7
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	13.9	0.0	3.1	0.0
-- Purchaser Credit Reconstruction	0.0	106.2	196.2	36.8	60.1	21.2
Total Reconstruction	0.0	106.2	210.1	36.8	63.2	21.2

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/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 8 (Southern)

CATEGORY DESCRIPTION	TEXAS NFS in TX /2	VIRGINIA GW/Jeff. /2	PUERTO RICO Caribbean /2	REGIONAL TOTALS
I. EMPLOYMENT & INCOME INFORMATION				
- 1 Timber Related Employment (Jobs)	1,008	720	0	11,430
- 2 Employment Related Income (\$000) /1	34,037	23,907	0	353,486
- 3 Federal Income Tax Generated (\$000)	5,105	3,586	0	53,078
II. TIMBER PROGRAM INFORMATION				
- 1 Volume Offered (MMBF) /1	67.70	28.60	0.00	682.38
- 2 Volume Sold and Awarded (MMBF)	58.47	28.42	0.00	606.61
- 3 Volume Harvested (MMBF)				
-- Sawtimber	26.78	12.20	0.00	341.09
-- Roundwood	12.30	12.12	0.00	221.32
-- Firewood	0.09	4.21	0.00	9.46
-- Other	0.00	0.00	0.00	0.00
Total Harvest Volume	39.17	28.54	0.00	571.86
- 4 Total Area Harvested (acres)	6,281	4,897	0	99,955
- 5 Free Use Firewood (MMBF)	0	0	0	0
- 6 Nonconvertible Products				
-- Christmas Trees Cut (trees)	0	0	0	220
-- Other Products Removed (\$000)	0	4	0	148
- 7 Regeneration Treatment (acres)	1,415	3,083	0	47,681
- 8 Timber Stand Improvement (acres)	1,529	2,188	0	29,469
III. FOREST ROAD INFORMATION				
- 1 Road Construction (miles)				
-- Appropriated Construction	0.0	0.2	0.0	1.4
-- Purchaser Credit Construction	2.3	3.5	0.0	48.2
Total Construction	2.3	3.7	0.0	49.6
- 2 Road Reconstruction (miles)				
-- Appropriated Reconstruction	0.0	0.2	0.0	17.2
-- Purchaser Credit Reconstruction	35.7	11.0	0.0	576.2
Total Reconstruction	35.7	11.2	0.0	593.4

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 9 (Eastern)

CATEGORY DESCRIPTION	ILLINOIS Shawnee /2	INDIANA Hoosier /2	OHIO Wayne /2	MICHIGAN Huron/Manist	MICHIGAN Ottawa	MICHIGAN Hiawatha
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	4	22	10	531	640	397
- 2 Employment Related Income (\$000) /1	230	1,277	510	30,510	33,947	26,806
- 3 Federal Income Tax Generated (\$000)	35	192	77	4,577	5,092	4,021
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	2.98	6.95	0.21	62.03	63.68	47.78
- 2 Volume Sold and Awarded (MMBF)	0.13	9.28	0.19	61.60	70.51	54.45
- 3 Volume Harvested (MMBF)						
-- Sawtimber	0.07	0.67	0.21	14.04	9.04	6.39
-- Roundwood	0.07	1.13	0.08	54.57	60.72	42.85
-- Firewood	0.07	0.08	0.13	0.76	0.01	0.10
-- Other	0.00	0.00	0.00	1.64	0.00	0.00
Total Harvest Volume	0.21	1.89	0.42	71.01	69.77	49.34
- 4 Total Area Harvested (acres)	10	103	57	8,095	11,280	9,021
- 5 Free Use Firewood (MMBF)	0.00	0.00	0.00	0.00	0.00	0.00
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	0	0	0	276	249	305
-- Other Products Removed (\$000)	0	0	0	0	4	6
- 7 Regeneration Treatment (acres)	200	200	67	3,332	5,554	8,119
- 8 Timber Stand Improvement (acres)	210	48	90	97	427	606
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	0.0	0.0	0.0	2.0	0.0	1.3
Total Construction	0.0	0.0	0.0	2.0	0.0	1.3
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	0.0	0.0	0.0	2.5	0.0	10.0
-- Purchaser Credit Reconstruction	0.0	0.0	0.0	12.0	0.4	12.8
Total Reconstruction	0.0	0.0	0.0	14.5	0.4	22.8

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/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 9 (Eastern)

CATEGORY DESCRIPTION	MICHIGAN SUBTOTALS	MINNESOTA Chippewa	MINNESOTA Superior	MINNESOTA SUBTOTAL	MISSOURI Mark Twain /2	NEW HAMP White Mtn /2
I. EMPLOYMENT & INCOME INFORMATION						
- 1 Timber Related Employment (Jobs)	1,568	423	645	1,068	835	448
- 2 Employment Related Income (\$000) /1	91,283	27,616	42,880	70,496	28,522	25,582
- 3 Federal Income Tax Generated (\$000)	13,690	4,142	6,432	10,574	4,278	3,834
II. TIMBER PROGRAM INFORMATION						
- 1 Volume Offered (MMBF) /1	173.49	59.21	71.16	130.37	49.45	22.25
- 2 Volume Sold and Awarded (MMBF)	186.56	52.52	85.90	138.42	49.06	20.71
- 3 Volume Harvested (MMBF)						
-- Sawtimber	29.48	7.97	5.72	13.69	37.12	7.44
-- Roundwood	158.13	44.15	53.12	97.27	3.36	14.32
-- Firewood	0.86	0.00	0.03	0.03	8.50	0.15
-- Other	1.64	0.00	0.00	0.00	0.46	0.55
Total Harvest Volume	190.11	52.13	58.87	110.99	49.44	22.46
- 4 Total Area Harvested (acres)	28,396	5,632	5,108	10,740	15,755	3,145
- 5 Free Use Firewood (MMBF)	0.00	0.00	0.00	0.00	0.00	0.00
- 6 Nonconvertible Products						
-- Christmas Trees Cut (trees)	830	631	476	1,107	0	303
-- Other Products Removed (\$000)	11	4	3	6	0	1
- 7 Regeneration Treatment (acres)	17,005	3,787	7,870	11,657	7,679	1,861
- 8 Timber Stand Improvement (acres)	1,130	1,751	889	2,640	5,646	0
III. FOREST ROAD INFORMATION						
- 1 Road Construction (miles)						
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	3.3	0.0	0.1	0.1	0.0	0.0
Total Construction	3.3	0.0	0.1	0.1	0.0	0.0
- 2 Road Reconstruction (miles)						
-- Appropriated Reconstruction	12.5	0.0	0.4	0.4	3.0	0.1
-- Purchaser Credit Reconstruction	25.2	0.3	26.2	26.5	39.3	4.3
Total Reconstruction	37.7	0.3	26.6	26.9	42.3	4.4

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 9 (Eastern)

CATEGORY DESCRIPTION	PENNSYLVANI A Allegheny /2	VERMONT Green Mtn /2	WISCONSIN Chequamegon	WISCONSIN Nicolet	WISCONSIN SUBTOTALS
I. EMPLOYMENT & INCOME INFORMATION					
- 1 Timber Related Employment (Jobs)	779	52	1,095	678	1,773
- 2 Employment Related Income (\$000) /1	48,502	2,246	66,829	41,141	107,970
- 3 Federal Income Tax Generated (\$000)	7,275	337	10,024	6,171	16,195
II. TIMBER PROGRAM INFORMATION					
- 1 Volume Offered (MMBF) /1	52.63	6.04	66.37	40.37	106.74
- 2 Volume Sold and Awarded (MMBF)	38.05	5.76	67.06	40.37	107.42
- 3 Volume Harvested (MMBF)					
-- Sawtimber	30.97	1.68	8.49	5.27	13.76
-- Roundwood	25.62	1.59	68.41	42.05	110.46
-- Firewood	1.02	0.14	0.48	0.60	1.08
-- Other	0.00	0.00	0.00	0.00	0.00
Total Harvest Volume	57.61	3.41	77.38	47.92	125.30
- 4 Total Area Harvested (acres)	6,733	1,129	10,348	8,309	18,657
- 5 Free Use Firewood (MMBF)	0.00	0.00	0.00	0.00	0.00
- 6 Nonconvertible Products					
-- Christmas Trees Cut (trees)	0	281	437	1,329	1,766
-- Other Products Removed (\$000)	0	2	12	4	16
- 7 Regeneration Treatment (acres)	4,850	288	5,665	2,940	8,605
- 8 Timber Stand Improvement (acres)	543	100	123	206	329
III. FOREST ROAD INFORMATION					
- 1 Road Construction (miles)					
-- Appropriated Construction	0.0	0.0	0.0	0.0	0.0
-- Purchaser Credit Construction	4.2	0.0	1.9	3.1	5.0
Total Construction	4.2	0.0	1.9	3.1	5.0
- 2 Road Reconstruction (miles)					
-- Appropriated Reconstruction	0.0	0.3	0.0	0.0	0.0
-- Purchaser Credit Reconstruction	75.3	0.2	0.4	2.7	3.1
Total Reconstruction	75.3	0.5	0.4	2.7	3.1

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT

for the Fiscal Year Ended September 30, 1997

Region 9 (Eastern)

CATEGORY DESCRIPTION	W. VIRGINIA Monongahela	REGIONAL TOTALS
I. EMPLOYMENT & INCOME INFORMATION		
- 1 Timber Related Employment (Jobs)	318	6,877
- 2 Employment Related Income (\$000) /1	11,504	388,082
- 3 Federal Income Tax Generated (\$000)	1,726	58,213
II. TIMBER PROGRAM INFORMATION		
- 1 Volume Offered (MMBF) /1	16.98	568.10
- 2 Volume Sold and Awarded (MMBF)	12.72	568.30
- 3 Volume Harvested (MMBF)		
-- Sawtimber	19.97	155.07
-- Roundwood	4.83	416.85
-- Firewood	0.40	12.47
-- Other	0.00	2.65
Total Harvest Volume	25.19	587.04
- 4 Total Area Harvested (acres)	2,658	87,383
- 5 Free Use Firewood (MMBF)	0.00	0.00
- 6 Nonconvertible Products		
-- Christmas Trees Cut (trees)	18	4,305
-- Other Products Removed (\$000)	3	39
- 7 Regeneration Treatment (acres)	1,073	53,485
- 8 Timber Stand Improvement (acres)	1,338	12,074
III. FOREST ROAD INFORMATION		
- 1 Road Construction (miles)		
-- Appropriated Construction	0.0	0.0
-- Purchaser Credit Construction	2.5	15.1
Total Construction	2.5	15.1
- 2 Road Reconstruction (miles)		
-- Appropriated Reconstruction	1.0	17.3
-- Purchaser Credit Reconstruction	4.4	178.3
Total Reconstruction	5.4	195.6

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Figures for these forests also represent state subtotals.

EMPLOYMENT, INCOME, AND PROGRAM LEVEL ACCOUNT
for the Fiscal Year Ended September 30, 1997

Region 10 (Alaska)

CATEGORY DESCRIPTION	ALASKA Tongass	ALASKA Chugach	REGIONAL TOTALS /2
I. EMPLOYMENT & INCOME INFORMATION			
- 1 Timber Related Employment (Jobs)	881	7	888
- 2 Employment Related Income (\$000) /1	39,505	305	39,810
- 3 Federal Income Tax Generated (\$000)	7,506	58	7,564
II. TIMBER PROGRAM INFORMATION			
- 1 Volume Offered (MMBF) /1	162.36	14.62	176.98
- 2 Volume Sold and Awarded (MMBF)	152.19	9.55	161.73
- 3 Volume Harvested (MMBF)			
-- Sawtimber	94.42	0.84	95.27
-- Roundwood	12.06	0.10	12.16
-- Firewood	0.02	1.26	1.28
-- Other	0.13	0.00	0.13
Total Harvest Volume	106.64	2.21	108.85
- 4 Total Area Harvested (acres)	2,247	301	2,548
- 5 Free Use Firewood (MMBF)	0.0	0.0	0.0
- 6 Nonconvertible Products			
-- Christmas Trees Cut (trees)	20	0	20
-- Other Products Removed (\$000)	0	0	0
- 7 Regeneration Treatment (acres)	10,788	273	11,061
- 8 Timber Stand Improvement (acres)	3,881	5	3,886
III. FOREST ROAD INFORMATION			
- 1 Road Construction (miles)			
-- Appropriated Construction	0.3	0.0	0.3
-- Purchaser Credit Construction	78.5	0.0	78.5
Total Construction	78.8	0.0	78.8
- 2 Road Reconstruction (miles)			
-- Appropriated Reconstruction	3.8	0.0	3.8
-- Purchaser Credit Reconstruction	89.7	0.0	89.7
Total Reconstruction	93.5	0.0	93.5

/1 "\$000" = thousands of dollars and "MMBF" = millions of board feet.

/2 Regional totals also represent state totals.

APPENDIX B -- Economic Account by Region and Forest

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Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 1
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
ID	Idaho Panhandle	29,310	17,031	12,308	12,279
ID	Clearwater	21,273	13,352	7,735	7,921
ID	Nez Perce	5,136	5,240	-121	-104
ID	State Subtotals	55,719	35,623	19,922	20,096
MT	Beaverhead/Deerlodge	2,386	2,645	-259	-259
MT	Bitterroot	1,450	1,620	-204	-170
MT	Custer	65	344	-299	-279
MT	Flathead	3,631	4,590	-960	-960
MT	Gallatin	680	1,120	-441	-441
MT	Helena	2,007	1,063	974	944
MT	Kootenai	28,098	25,542	2,449	2,556
MT	Lewis & Clark	951	1,022	-60	-71
MT	Lolo	9,941	8,793	1,132	1,148
MT	State Subtotals	49,208	46,739	2,319	2,468
All	Regional Totals	104,927	82,362	22,241	22,564

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 2
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
CO	Grand Mesa/Unc/Gunnison	617	593	24	24
CO	Arapaho-Roosevelt	60	345	-291	-284
CO	Pike-San Isabel	323	480	-177	-157
CO	San Juan/Rio Grande	1,111	847	264	264
CO	White River	799	162	468	637
CO	State Subtotals	2,911	2,427	288	484
NE	Nebraska /2,3	0	0	0	0
SD	Black Hills /2	25,308	18,478	2,811	6,830
WY	Bighorn	631	499	-43	132
WY/CO	Medicine Bow/Routt	4,446	2,314	1,340	2,132
WY	Shoshone	333	419	-86	-86
WY	State Subtotals	5,410	3,232	1,211	2,178
All	Regional Totals	33,629	24,137	4,310	9,492

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

/2 Forest figures represent state subtotals.

/3 There were no acres harvested on this forest in FY 1996.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 3
(in thousands of 1997 dollars) /1

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /2	All Resources NPV
AZ	Apache-Sitgreaves	4,815	5,189	-679	-374
AZ	Coconino	3,780	2,447	-1,310	1,333
AZ	Coronado	85	251	-223	-166
AZ	Kaibab	40,814	12,118	-6,174	28,696
AZ	Prescott	678	907	-842	-229
AZ	Tonto	7,394	1,077	-830	6,317
AZ	State Subtotals	57,566	21,989	-10,058	35,577
NM	Carson	1,924	2,073	-1,515	-149
NM	Cibola	335	2,297	-1,992	-1,962
NM	Gila	3,180	973	-799	2,207
NM	Lincoln	3,656	1,054	-696	2,602
NM	Santa Fe	235	1,034	-813	-799
NM	State Subtotals	9,330	7,431	-5,815	1,899
All	Regional Totals	66,896	29,420	-15,873	37,476

/1 The FY 1997 economic account information for Region 3 was estimated using data from the region's FY 1996 economic account spreadsheet. The reasons why this was done, and the procedures that were used to develop the estimates, will be explained upon request.

/2 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 4
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
ID	Boise	17,008	8,639	8,210	8,369
ID	Caribou	2,513	1,487	961	1,026
ID	Payette	44,359	34,856	9,503	9,503
ID	Salmon/Challis	927	771	115	156
ID	Sawtooth	695	563	77	132
ID	Targhee	582	260	237	322
ID	State Subtotals	66,084	46,576	19,103	19,508
NV	Humbolt/Toiyabe /2	313	415	-102	-102
UT	Ashley	1,394	1,570	-706	-176
UT	Dixie	5,261	5,159	23	102
UT	Fishlake	546	240	289	306
UT	Manti-Lasal	421	397	-28	24
UT	Uinta	813	582	55	231
UT	Wasatch/Cache	484	343	80	141
UT	State Subtotals	8,919	8,291	-287	628
WY	Bridger-Teton /2	800	615	151	185
All	Regional Totals	76,116	55,897	18,865	20,219

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

/2 Forest figures represent the state subtotals.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 5
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
CA	Angeles	882	391	-32	491
CA	Cleveland	8	35	-27	-27
CA	Eldorado	8,988	8,677	24	311
CA	Inyo	175	433	-259	-258
CA	Klamath	26,624	13,495	13,076	13,129
CA	Lassen	15,471	9,232	6,188	6,239
CA	Los Padres	8	83	-75	-75
CA	Mendocino	2,976	2,820	146	156
CA	Modoc	36,748	27,930	4,773	8,818
CA	Six Rivers	4,099	4,235	-137	-136
CA	Plumas	6,812	7,267	-482	-455
CA	San Bernardino	439	168	-88	271
CA	Sequoia	3,605	5,790	-2,234	-2,185
CA	Shasta Trinity	21,927	14,608	6,278	7,319
CA	Sierra	5,982	5,130	830	852
CA	Stanislaus	4,809	8,806	-4,079	-3,997
CA	Tahoe	7,982	14,623	-6,658	-6,641
CA	Lake Tahoe Basin	419	1,413	-997	-994
All	Regional Totals /2	147,953	125,136	16,246	22,817

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

/2 The state totals for California are the same as the regional totals.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 6
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
OR	Deschutes	24,024	9,384	14,639	14,639
OR	Fremont	10,992	4,746	6,084	6,246
OR	Malheur	23,541	10,999	11,952	12,542
OR	Mt. Hood	11,235	7,104	5,769	4,131
OR	Ochoco	6,276	6,231	552	45
OR	Rogue River	18,531	4,054	14,477	14,477
OR	Siskiyou	16,593	5,685	10,761	10,908
OR	Siuslaw	1,982	885	1,097	1,097
OR	Umatilla	21,489	7,057	14,832	14,431
OR	Umpqua	27,789	4,298	23,491	23,491
OR	Wallowa-Whitman	13,881	8,481	5,400	5,400
OR	Willamette	37,677	9,810	26,400	27,867
OR	Winema	3,361	4,700	-1,339	-1,339
OR	State Subtotals	217,370	83,434	134,114	133,936
WA	Gifford Pinchot	10,061	5,234	4,827	4,827
WA	Mt. Baker-Snoqualmie	931	750	125	181
WA	Okanogan	4,042	2,576	1,437	1,466
WA	Olympic	3,771	2,144	1,631	1,627
WA	Wenatchee	11,347	9,893	1,454	1,454
WA	Colville	7,376	4,202	3,197	3,174
WA	State Subtotals	37,528	24,799	12,671	12,729
All	Regional Totals	254,898	108,233	146,785	146,665

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 8
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
PR	Caribbean /2,3	0	0	0	0
AL	NF's in Alabama /2	5,708	4,628	922	1,080
AR/OK	Ouachita	38,619	19,557	19,675	19,062
AR	Ozark/St. Francis	14,782	10,159	2,981	4,623
AR/OK	State Subtotals	53,401	29,716	22,656	23,685
FL	NF's in Florida /2	5,126	2,078	2,469	3,048
GA	Chattahoochee-Oconee /2	3,772	2,315	1,290	1,457
KY	Daniel Boone /2	2,733	1,653	772	1,080
LA	Kisatchie /2	26,517	11,915	14,595	14,602
MS	NF's in Mississippi /2	17,789	10,043	7,299	7,746
NC	NF's in North Carolina /2	5,529	4,864	884	665
SC	Marion-Sumter /2	13,455	5,009	8,259	8,446
TN	Cherokee /2	2,052	2,429	-625	-377
TX	NF's in Texas /2	15,665	8,279	7,064	7,386
VA	George Wash./Jefferson /2	2,153	1,275	544	878
All	Regional Totals	153,900	84,204	66,129	69,696

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

/2 Forest figures represent state subtotals.

/3 There were no acres harvested on this forest in FY 1996.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 9
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
IL	Shawnee /2	12	50	-41	-39
IN	Hoosier /2	132	174	-61	-42
OH	Wayne /2	63	126	-63	-63
MI	Huron-Manistee	7,359	3,176	4,183	4,183
MI	Ottawa	11,862	4,398	7,214	7,464
MI	Hiawatha	9,755	4,101	5,464	5,654
MI	State Subtotals	28,976	11,675	16,861	17,301
MN	Chippewa	5,551	4,126	1,125	1,425
MN	Superior	3,893	3,929	-380	-37
MN	State Subtotals	9,444	8,056	744	1,388
MO	Mark Twain /2	10,618	6,970	3,175	3,648
NH	White Mountain /2	2,059	1,460	584	599
PA	Allegheny /2	19,947	8,257	11,246	11,690
VT	Green Mountain /2	452	245	185	207
WV	Monongahela /2	6,802	3,615	3,371	3,187
WI	Chequamegon	15,286	7,811	6,985	7,475
WI	Nicolet	11,804	5,688	5,580	6,116
WI	State Subtotals	27,090	13,499	12,566	13,591
All	Regional Totals	105,593	54,127	48,567	51,466

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

/2 Forest figures represent state subtotals.

Economic Account
For the Fiscal Year 1997 Timber Harvest

Region 10
(in thousands of 1997 dollars)

State	National Forest	PV of Benefits	PV of Costs	Timber Only NPV /1	All Resources NPV
AK	Tongass	5,152	40,433	-35,281	-35,281
AK	Chugach	201	1,041	-1,011	-840
All	Regional Totals /2	5,353	41,474	-36,292	-36,121

/1 The "timber only" NPV is calculated using detailed benefit and cost information and represents the NPV associated with timber costs and benefits only.

/2 The state totals for Alaska are the same as the regional totals.

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**APPENDIX C -- Statement of Revenues and Expenses
by Region**

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STATEMENT OF TIMBER SALE REVENUES AND EXPENSES

For the Fiscal Year Ended September 30, 1997

National Summary by Region

(In Thousands of Dollars, Except as Noted)

Account Description	Region 01	Region 02	Region 03	Region 04	Region 05	Region 06	Region 08
Revenues							
Timber Sales	52,291	21,132	6,789	34,212	65,203	162,590	84,974
Purchaser Road Credit	4,540	3,127	141	2,059	5,198	12,324	7,704
Associated Charges	5,932	976	286	1,509	10,044	25,871	1,714
Interest And Penalties	82	51	9	47	100	127	81
Total Revenues	62,845	25,286	7,225	37,827	80,545	200,912	94,473
Direct Expenses							
Timber Sale Expenses							
Harvest Admin /1	6,439	2,908	2,304	4,287	8,678	13,415	6,340
General Admin - Sales /1	14,379	5,519	5,066	8,731	18,487	31,233	13,895
Sale Preparation /2	8,455	4,355	4,145	9,393	24,385	32,375	16,003
Analysis/Documentation /2	9,791	2,234	2,344	4,436	4,834	17,861	5,196
Appeals/Litigation - Sales /2	209	66	389	55	213	1,505	61
Brush Disposal Fund /2	2,837	282	474	797	4,510	8,499	
Road Maintenance /2	1,987	364	287	550	1,712	4,758	791
Undepreciated Road Write-Off /1						668	
Depreciation Expenses /3							
Road Design And Construction	10,383	2,524	1,501	1,968	8,130	22,494	6,828
Purchaser Road Credits	6,457	2,527	768	1,748	8,774	23,809	7,759
Total Timber Sale Expenses	60,847	20,779	17,278	31,965	79,723	156,617	56,873
Timber Program Expenses							
Transportation Planning /1	2,238	674	362	746	2,228	4,314	1,425
Silvicultural Examinations /2	3,306	758	1,337	1,293	2,786	5,466	3,102
Genetic Tree Improvement /1	1,468	20	49	173	1,722	4,279	1,384
Appropriated Reforestation /4	575	109	182	544	588	1,101	1,381
K-V Reforestation /4	620	32	74	431	1,105	2,380	1,816
Appropriated Stand Improv. /4	249	154	125	186	460	981	728
Kv Stand Improvement /4	151	207	158	144	648	795	461
Depreciation /3							
Facilities Depreciation	218	15	22	61	309	1,098	93
Total Timber Program Expenses	8,825	1,969	2,309	3,578	9,846	20,414	10,390
Total Direct Expenses	69,672	22,748	19,587	35,543	89,569	177,031	67,263

STATEMENT OF TIMBER SALE REVENUES AND EXPENSES

For the Fiscal Year Ended September 30, 1997

National Summary by Region

(In Thousands of Dollars, Except as Noted)

Account Description	Region 01	Region 02	Region 03	Region 04	Region 05	Region 06	Region 08
Indirect Expenses							
Timber Sale Expenses							
Appeals/Litigation /1	243	90	346	127	583	390	405
R-10 Appropriated Road Mtce /2							
R-10 Land Line Location /2							
Total Timber Sale Indirect	243	90	346	127	583	390	405
Timber Program Expenses							
General Admin - Prog /1	9,003	1,716	2,507	4,054	14,950	20,394	7,137
Total Timber Prog Indirect	9,003	1,716	2,507	4,054	14,950	20,394	7,137
Total Indirect Expenses	9,246	1,806	2,853	4,181	15,533	20,784	7,542
Total Timber Expenses	78,918	24,554	22,440	39,724	105,102	197,815	74,805
Gain/Loss Before Extraord. Exp.	-16,073	732	-15,215	-1,897	-24,557	3,097	19,668
Extraordinary Expense	0	0	0	0	0	0	
Net Gain Or Loss	-16,073	732	-15,215	-1,897	-24,557	3,097	19,668
Volume Harvested (Mbf)	316,678	123,561	83,327	220,760	493,655	767,350	571,597

/1 Annual Expense

/2 Sale Activity Pool Cost, Amortized On Basis Of Annual Harvest

/3 Depreciated On Basis Of Useful Lives

/4 Growth Activity Pool Cost, Amortized On Basis Of Growing Stock Inventory

STATEMENT OF TIMBER SALE REVENUES AND EXPENSES

For the Fiscal Year Ended September 30, 1997

National Summary by Region

(In Thousands of Dollars, Except as Noted)

Account Description	Region 09	Region 10	Wash Off.	Natl Total
Revenues				
Timber Sales	59,962	2,945	0	490,098
Purchaser Road Credit	2,583	1,729	0	39,405
Associated Charges	581	14	0	46,927
Interest And Penalties	40	343	0	880
Total Revenues	63,166	5,031	0	577,310
Direct Expenses				
Timber Sale Expenses				
Harvest Admin /1	4,130	2,548	1,543	52,592
General Admin - Sales /1	8,889	7,774	14,914	128,887
Sale Preparation /2	11,808	6,271	3,634	120,824
Analysis/Documentation /2	2,917	4,594	252	54,459
Appeals/Litigation - Sales /2	45	30		2,573
Brush Disposal Fund /2	11	10	352	17,772
Road Maintenance /2	540	78		10,977
Undepreciated Road Write-Off /1				668
Depreciation Expenses /3				
Road Design And Construction	3,259	9,547	19	66,653
Purchaser Road Credits	2,726	8,643		63,211
Total Timber Sale Expenses	34,325	39,495	20,714	518,616
Timber Program Expenses				
Transportation Planning /1	1,280	2,244	1,504	17,015
Silvicultural Examinations /2	2,262	941	619	21,870
Genetic Tree Improvement /1	328		40	9,463
Appropriated Reforestation /4	961	63	684	6,188
K-V Reforestation /4	416	39	151	7,064
Appropriated Stand Improv. /4	334	199	253	3,669
Kv Stand Improvement /4	136	43		2,743
Depreciation /3				
Facilities Depreciation	43	555	17	2,431
Total Timber Program Expenses	5,760	4,084	3,268	70,443
Total Direct Expenses	40,085	43,579	23,982	589,059

STATEMENT OF TIMBER SALE REVENUES AND EXPENSES

For the Fiscal Year Ended September 30, 1997

National Summary by Region

(In Thousands of Dollars, Except as Noted)

Account Description	Region 09	Region 10	Wash Off	Natl Total
Indirect Expenses				
Timber Sale Expenses				
Appeals/Litigation /1	162	699	175	3,220
R-10 Appropriated Road Mtce /2		4		4
R-10 Land Line Location /2		4		4
Total Timber Sale Indirect	162	707	175	3,228
Timber Program Expenses				
General Admin - Prog /1	3,696	2,144	7,980	73,581
Total Timber Prog Indirect	3,696	2,144	7,980	73,581
Total Indirect Expenses	3,858	2,851	8,155	76,809
Total Timber Expenses	43,943	46,430	32,137	665,868
Gain/Loss Before Extraord. Exp.	19,223	-41,399	-32,137	-88,558
Extraordinary Expense	0	0	0	0
Net Gain Or Loss	19,223	-41,399	-32,137	-88,558
Volume Harvested (Mbf)	587,043	108,847	0	3,272,818

/1 Annual Expense

/2 Sale Activity Pool Cost, Amortized On Basis Of Annual Harvest

/3 Depreciated On Basis Of Useful Lives

/4 Growth Activity Pool Cost, Amortized On Basis Of Growing Stock Inventory

**APPENDIX D -- Summary of Revenues and
Expenses by Region, Forest, and Program Component**

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Summary of Timber Sale Revenues and Expenses

Region 1

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
ID	Idaho Panhandle	14,455	11,377	3,077	50.0	87.8
ID	Clearwater	10,002	9,081	921	39.3	93.7
ID	Nez Perce	3,744	5,344	-1,600	15.6	80.8
ID	State Subtotals	28,201	25,803	2,399	104.9	88.7
MT	Beaverhead	822	2,024	-1,202	6.6	53.1
MT	Bitterroot	253	344	-90	1.5	16.0
MT	Custer	0	27	-27	0.0	0.0
MT	Deerlodge	0	0	0	0.0	0.0
MT	Flathead	500	398	102	1.7	7.8
MT	Gallatin	73	102	-29	0.3	4.3
MT	Helena	18	69	-50	0.1	1.4
MT	Kootenai	15,438	16,375	-937	82.9	96.1
MT	Lewis & Clark	431	518	-87	2.3	33.6
MT	Lolo	4,629	4,664	-35	20.3	44.8
MT	State Subtotals	22,165	24,520	-2,355	115.7	58.3
	Regional Office	0	5,875	-5,875	0.0	0.0
All	Regional Totals	50,366	56,198	-5,832	220.6	69.7

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
ID	Idaho Panhandle	389	527	-138	2.6	4.5
ID	Clearwater	50	101	-50	0.3	0.6
ID	Nez Perce	140	447	-307	1.2	6.3
ID	State Subtotals	579	1,074	-495	4.1	3.4
MT	Beaverhead	830	1,032	-201	3.3	26.6
MT	Bitterroot	1,100	1,524	-424	6.8	72.0
MT	Custer	23	337	-314	0.2	24.8
MT	Deerlodge	0	21	-21	0.0	0.0
MT	Flathead	2,480	4,045	-1,566	17.7	80.3
MT	Gallatin	549	1,395	-846	3.4	55.5
MT	Helena	1,691	1,430	261	6.8	75.3
MT	Kootenai	130	199	-69	0.9	1.1
MT	Lewis & Clark	304	645	-341	2.9	43.6
MT	Lolo	4,441	4,919	-478	23.0	50.8
MT	State Subtotals	11,550	15,546	-3,996	65.2	32.9
	Regional Office	0	1,716	-1,716	0.0	0.0
All	Regional Totals	12,130	18,336	-6,207	69.3	21.9

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

Summary of Timber Sale Revenues and Expenses

Region 1

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
ID	Idaho Panhandle	46	530	-483	4.4	7.7
ID	Clearwater	25	310	-286	2.4	5.7
ID	Nez Perce	15	301	-286	2.5	12.9
ID	State Subtotals	86	1,141	-1,055	9.3	7.8
MT	Beaverhead	43	377	-334	2.5	20.3
MT	Bitterroot	20	183	-163	1.1	12.0
MT	Custer	17	304	-286	0.7	75.2
MT	Deerlodge	0	0	0	0.0	0.0
MT	Flathead	26	346	-319	2.6	11.9
MT	Gallatin	46	559	-513	2.5	40.2
MT	Helena	32	259	-227	2.1	23.3
MT	Kootenai	25	282	-257	2.4	2.8
MT	Lewis & Clark	27	208	-180	1.5	22.7
MT	Lolo	26	207	-181	2.0	4.4
MT	State Subtotals	263	2,724	-2,461	17.5	8.8
	Regional Office	0	520	-520	0.0	0.0
All	Regional Totals	349	4,385	-4,037	26.8	8.5

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

Summary of Timber Sale Revenues and Expenses

Region 2

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
CO	Grand Mesa/Unc/Gunn	540	753	-213	3.2	35.7
CO	Arapaho-Roosevelt	22	74	-53	0.1	14.5
CO	Pike-San Isabel	48	115	-67	0.3	8.8
CO	San Juan-Rio Grande	288	1,175	-887	2.5	30.5
CO	White River	487	910	-423	3.1	48.3
CO	State Subtotals	1,384	3,027	-1,643	9.2	32.9
NE	Nebraska /4	0	0	0	0.0	0.0
SD	Black Hills /4	14,080	6,084	7,996	46.9	72.4
WY	Bighorn	125	251	-126	0.9	16.7
WY/CO	Medicine Bow-Routt	3,251	2,862	389	13.6	68.4
WY	Shoshone	338	415	-77	1.9	32.9
WY	State Subtotals	3,714	3,528	186	16.4	53.0
	Regional Office	0	141	-141	0.0	0.0
All	Regional Totals	19,178	14,218	4,960	72.4	58.6

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
CO	Grand Mesa/Unc/Gunn	220	803	-584	3.4	38.0
CO	Arapaho-Roosevelt	66	256	-191	0.3	36.4
CO	Pike-San Isabel	58	283	-225	1.0	26.7
CO	San Juan-Rio Grande	133	602	-469	1.4	17.6
CO	White River	290	691	-401	2.1	33.6
CO	State Subtotals	766	2,636	-1,870	8.2	29.6
NE	Nebraska /4	0	0	0	0.0	0.0
SD	Black Hills /4	4,006	1,951	2,055	14.6	22.5
WY	Bighorn	212	326	-114	1.7	32.4
WY/C	Medicine Bow-Routt	322	387	-65	2.3	11.3
O						
WY	Shoshone	20	35	-15	0.2	3.8
WY	State Subtotals	554	749	-195	4.2	13.5
	Regional Office	0	1,383	-1,383	0.0	0.0
All	Regional Totals	5,326	6,719	-1,392	27.0	21.8

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 2

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
CO	Grand Mesa/Unc/Gunn	55	313	-258	2.4	26.3
CO	Arapaho-Roosevelt	76	88	-13	0.4	49.1
CO	Pike-San Isabel	198	321	-123	2.3	64.5
CO	San Juan-Rio Grande	115	876	-761	4.2	51.9
CO	White River	43	291	-249	1.1	18.1
CO	State Subtotals	486	1,889	-1,403	10.4	37.5
NE	Nebraska /4	1	25	-24	0.0	100.0
SD	Black Hills /4	67	250	-183	3.4	5.2
WY	Bighorn	54	306	-252	2.7	50.9
WY/C	Medicine Bow-Routt	116	416	-300	4.0	20.3
O						
WY	Shoshone	58	349	-291	3.6	63.3
WY	State Subtotals	228	1,071	-843	10.3	33.4
	Regional Office	0	381	-381	0.0	0.0
All	Regional Totals	782	3,616	-2,834	24.1	19.5

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 3

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
AZ	Apache-Sitgreaves	1,709	2,474	-764	10.7	51.2
AZ	Coconino	1	13	-12	0.0	0.3
AZ	Coronado	0	71	-71	0.0	6.8
AZ	Kaibab	128	209	-81	0.8	4.5
AZ	Prescott	0	0	0	0.0	0.0
AZ	Tonto	7	189	-182	0.1	8.0
AZ	State Subtotals	1,845	2,956	-1,111	11.7	19.3
NM	Carson	1	39	-38	0.0	0.1
NM	Cibola	108	241	-133	1.1	15.2
NM	Gila	0	12	-12	0.0	0.0
NM	Lincoln	0	21	-21	0.0	0.0
NM	Santa Fe	82	462	-380	0.9	13.2
NM	State Subtotals	192	775	-583	2.0	8.8
	Regional Office	0	663	-663	0.0	0.0
All	Regional Totals	2,037	4,393	-2,357	13.7	16.5

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
AZ	Apache-Sitgreaves	194	811	-617	3.8	18.1
AZ	Coconino	704	2,524	-1,821	7.9	52.5
AZ	Coronado	0	0	0	0.0	0.0
AZ	Kaibab	2,640	2,037	603	15.6	86.4
AZ	Prescott	556	498	58	2.7	55.4
AZ	Tonto	12	304	-292	0.2	10.7
AZ	State Subtotals	4,105	6,174	-2,069	30.1	49.5
NM	Carson	171	853	-682	0.9	25.5
NM	Cibola	107	250	-144	1.1	14.8
NM	Gila	-14	557	-572	0.0	0.0
NM	Lincoln	128	486	-358	1.6	57.3
NM	Santa Fe	36	293	-258	0.5	8.0
NM	State Subtotals	427	2,441	-2,013	4.2	18.5
	Regional Office	0	1,129	-1,129	0.0	0.0
All	Regional Totals	4,533	9,743	-5,211	34.3	41.2

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

Summary of Timber Sale Revenues and Expenses

Region 3

Fiscal Year 1996

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
AZ	Apache-Sitgreaves	79	1,025	-945	6.4	30.7
AZ	Coconino	75	1,196	-1,120	7.1	47.2
AZ	Coronado	17	275	-258	0.2	93.2
AZ	Kaibab	31	182	-152	1.6	9.1
AZ	Prescott	26	471	-445	2.2	44.6
AZ	Tonto	23	581	-557	1.4	81.3
AZ	State Subtotals	252	3,730	-3,478	19.0	31.2
NM	Carson	66	1,071	-1,006	2.7	74.4
NM	Cibola	70	509	-439	5.1	70.0
NM	Gila	67	914	-846	2.1	100.0
NM	Lincoln	28	211	-183	1.2	42.7
NM	Santa Fe	172	1,024	-852	5.3	78.8
NM	State Subtotals	403	3,729	-3,326	16.4	72.6
	Regional Office	0	845	-845	0.0	0.0
All	Regional Totals	655	8,303	-7,648	35.3	42.4

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

Summary of Timber Sale Revenues and Expenses

Region 4

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
ID	Boise	10,761	9,379	1,383	56.9	88.2
ID	Caribou	1,737	1,092	645	8.5	80.3
ID	Payette	5,617	5,076	542	29.8	49.1
ID	Salmon/Challis	773	1,896	-1,122	5.8	67.0
ID	Sawtooth	99	155	-56	1.1	13.1
ID	Targhee	328	968	-640	2.6	35.0
ID	State Subtotals	19,316	18,565	751	104.6	65.2
NV	Toiyabe-Humbolt /4	2	10	-9	0.1	1.1
UT	Ashley	436	630	-194	4.5	41.0
UT	Dixie	565	567	-2	2.9	14.5
UT	Fishlake	265	195	70	1.5	30.2
UT	Manti-Lasal	0	-85	85	0.0	0.0
UT	Uinta	7	10	-3	0.0	1.9
UT	Wasatch-Cache	381	345	36	1.8	45.6
UT	State Subtotals	1,654	1,663	-9	10.8	23.1
WY	Bridger-Teton /4	254	366	-112	1.9	22.4
	Regional Office	0	1,858	-1,858	0.0	0.0
All	Regional Totals	21,226	22,462	-1,236	117.3	53.2

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 4

Fiscal Year 1997

(in thousands of dollars, except as noted)

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
ID	Boise	180	343	-163	2.3	3.5
ID	Caribou	16	40	-24	0.1	1.3
ID	Payette	12,222	3,877	8,345	27.0	44.5
ID	Salmon/Challis	206	215	-9	0.6	6.8
ID	Sawtooth	338	559	-222	3.9	44.8
ID	Targhee	19	124	-105	0.4	4.8
ID	State Subtotals	12,980	5,159	7,821	34.2	21.3
NV	Toiyabe-Humbolt /4	264	766	-503	3.0	56.3
UT	Ashley	146	484	-338	3.4	31.1
UT	Dixie	968	2,663	-1,696	15.1	75.4
UT	Fishlake	180	327	-147	2.8	56.0
UT	Manti-Lasal	347	640	-293	3.3	78.7
UT	Uinta	526	448	78	2.0	79.6
UT	Wasatch-Cache	151	271	-120	1.4	35.5
UT	State Subtotals	2,317	4,833	-2,516	28.0	60.0
WY	Bridger-Teton /4	322	373	-51	1.8	22.0
	Regional Office	0	1,276	-1,276	0.0	0.0
All	Regional Totals	15,883	12,408	3,475	67.1	30.4

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 4

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
ID	Boise	93	600	-507	5.3	8.3
ID	Caribou	38	121	-83	1.9	18.4
ID	Payette	36	379	-343	3.8	6.3
ID	Salmon/Challis	32	554	-522	2.3	26.2
ID	Sawtooth	77	326	-248	3.7	42.1
ID	Targhee	121	855	-734	4.5	60.2
ID	State Subtotals	398	2,834	-2,437	21.6	13.5
NV	Toiyabe-Humbolt /4	48	168	-119	2.3	42.6
UT	Ashley	48	355	-307	3.1	27.9
UT	Dixie	49	363	-314	2.0	10.1
UT	Fishlake	36	104	-68	0.7	13.8
UT	Manti-Lasal	22	-27	49	0.9	21.3
UT	Uinta	25	85	-60	0.5	18.5
UT	Wasatch-Cache	30	106	-76	0.8	18.8
UT	State Subtotals	211	986	-775	7.9	16.9
WY	Bridger-Teton /4	61	444	-384	4.6	55.6
	Regional Office	0	422	-422	0.0	0.0
All	Regional Totals	717	4,854	-4,137	36.4	16.5

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 5

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
CA	Angeles	0	0	0	0.0	0.0
CA	Cleveland	0	0	0	0.0	0.0
CA	Eldorado	579	900	-321	2.9	11.9
CA	Inyo	86	206	-119	1.1	27.2
CA	Klamath	-31	39	-70	0.0	0.0
CA	Lassen	496	691	-194	4.3	5.2
CA	Los Padres	0	0	0	0.0	0.0
CA	Mendocino	1,759	1,430	329	4.6	41.5
CA	Modoc	1,832	652	1,180	3.5	7.7
CA	Six Rivers	1,392	1,677	-285	7.2	31.6
CA	Plumas	4,817	4,184	632	18.8	43.9
CA	San Bernardino	0	0	0	0.0	0.0
CA	Sequoia	3,461	3,990	-529	13.4	73.2
CA	Shasta Trinity	1,233	988	245	4.1	8.2
CA	Sierra	2,139	1,180	958	4.5	16.9
CA	Stanislaus	2,486	3,637	-1,151	12.4	41.4
CA	Tahoe	2,033	1,563	470	8.0	12.0
CA	Lake Tahoe Basin	0	0	0	0.0	0.0
CA	State Subtotals	22,283	21,138	1,145	84.6	17.1
	Regional Office	0	1,734	-1,734	0.0	0.0
All	Regional Totals	22,283	22,872	-589	84.6	17.1

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
CA	Angeles	2	48	-46	0.0	1.1
CA	Cleveland	1	19	-18	0.0	0.0
CA	Eldorado	3,006	5,646	-2,640	18.5	74.7
CA	Inyo	39	95	-56	0.5	12.5
CA	Klamath	8,841	10,111	-1,270	52.8	94.8
CA	Lassen	14,725	8,541	6,184	69.6	83.4
CA	Los Padres	1	27	-26	0.0	12.7
CA	Mendocino	1,183	1,888	-704	5.8	53.2
CA	Modoc	3,609	5,211	-1,601	40.3	89.2
CA	Six Rivers	2,651	3,170	-519	13.4	59.3
CA	Plumas	1,839	4,244	-2,405	19.0	44.3
CA	San Bernardino	26	101	-75	0.5	9.0
CA	Sequoia	50	951	-901	2.7	14.8
CA	Shasta Trinity	9,151	9,596	-445	41.8	84.3
CA	Sierra	3,774	4,373	-599	17.6	66.6
CA	Stanislaus	2,112	3,949	-1,837	13.4	45.0
CA	Tahoe	5,866	8,460	-2,594	41.2	62.2
CA	Lake Tahoe Basin	377	1,383	-1,007	6.8	87.2
CA	State Subtotals	57,255	67,813	-10,558	343.9	69.7
	Regional Office	0	5,622	-5,622	0.0	0.0
All	Regional Totals	57,255	73,436	-16,181	343.9	69.7

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

Summary of Timber Sale Revenues and Expenses

Region 5

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
CA	Angeles	6	183	-177	0.1	98.9
CA	Cleveland	7	54	-47	0.2	100.0
CA	Eldorado	69	570	-502	3.3	13.4
CA	Inyo	49	220	-171	2.4	60.3
CA	Klamath	34	367	-333	2.9	5.2
CA	Lassen	197	895	-698	9.6	11.5
CA	Los Padres	7	80	-73	0.2	87.3
CA	Mendocino	23	99	-76	0.6	5.3
CA	Modoc	29	132	-103	1.4	3.1
CA	Six Rivers	55	295	-240	2.1	9.1
CA	Plumas	130	654	-524	5.0	11.8
CA	San Bernardino	54	173	-119	4.9	91.0
CA	Sequoia	45	443	-398	2.2	12.0
CA	Shasta Trinity	87	549	-462	3.7	7.5
CA	Sierra	47	589	-541	4.4	16.6
CA	Stanislaus	65	631	-565	4.1	13.6
CA	Tahoe	65	2,040	-1,975	17.1	25.8
CA	Lake Tahoe Basin	39	181	-141	1.0	12.8
CA	State Subtotals	1,008	8,155	-7,147	65.1	13.2
	Regional Office	0	639	-639	0.0	0.0
All	Regional Totals	1,008	8,794	-7,786	65.1	13.2

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

Summary of Timber Sale Revenues and Expenses

Region 6

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
OR	Deschutes	6	65	-59	0.2	0.2
OR	Fremont	3,036	2,655	380	17.6	30.2
OR	Malheur	5,273	5,952	-679	18.4	42.2
OR	Mt. Hood	6,266	5,694	573	18.4	38.2
OR	Ochoco	1,535	2,928	-1,393	8.7	37.0
OR	Rogue River	12,850	6,088	6,762	22.5	73.8
OR	Siskiyou	13,669	9,113	4,556	31.9	85.8
OR	Siuslaw	522	492	29	0.5	10.7
OR	Umatilla	2,192	2,082	110	10.6	18.9
OR	Umpqua	26,927	12,653	14,273	51.4	97.7
OR	Wallowa-Whitman	2,593	2,409	184	10.4	22.1
OR	Willamette	25,891	14,382	11,509	54.9	60.3
OR	Winema	1,337	4,365	-3,028	13.0	53.3
OR	State Subtotals	102,097	68,879	33,218	258.4	42.3
WA	Gifford Pinchot	13,993	6,701	7,292	26.9	66.0
WA	Mt. Baker-Snoqualmie	789	4,685	-3,896	6.2	92.1
WA	Okanogan	1,114	1,652	-538	4.2	33.9
WA	Olympic	1,457	2,245	-788	4.0	39.5
WA	Wenatchee	909	1,679	-770	10.0	17.7
WA	Colville	3,486	3,828	-342	13.0	42.7
WA	State Subtotals	21,748	20,789	959	64.2	41.0
	Regional Office /4	0	5,681	-5,681	0.0	0.0
All	Regional Totals	123,844	95,349	28,495	322.6	42.0

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Includes Columbia River Gorge unit expenses.

Summary of Timber Sale Revenues and Expenses

Region 6

Fiscal Year 1997

(in thousands of dollars, except as noted)

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
OR	Deschutes	11,711	11,466	245	85.0	90.7
OR	Fremont	6,068	5,872	197	38.7	66.6
OR	Malheur	3,972	7,035	-3,063	22.1	50.6
OR	Mt. Hood	4,347	5,039	-692	15.9	32.9
OR	Ochoco	2,028	3,896	-1,870	12.5	53.7
OR	Rogue River	2,610	2,159	451	7.4	24.1
OR	Siskiyou	2,908	1,313	1,596	4.8	12.9
OR	Siuslaw	1,373	3,389	-2,015	3.6	74.1
OR	Umatilla	6,957	6,947	10	39.0	69.7
OR	Umpqua	212	183	29	0.7	1.4
OR	Wallowa-Whitman	3,836	6,471	-2,635	31.2	66.4
OR	Willamette	15,300	9,495	5,805	35.4	38.9
OR	Winema	2,058	3,701	-1,643	10.7	43.6
OR	State Subtotals	63,382	66,966	-3,584	307.0	50.3
WA	Gifford Pinchot	4,541	2,794	1,747	12.2	29.9
WA	Mt. Baker-Snoqualmie	8	43	-35	0.1	0.9
WA	Okanogan	1,677	2,044	-367	5.8	47.4
WA	Olympic	1,147	2,551	-1,404	5.1	50.5
WA	Wenatchee	2,010	7,618	-5,607	42.6	75.5
WA	Colville	3,222	4,328	-1,106	15.8	52.0
WA	State Subtotals	12,605	19,377	-6,772	81.6	52.1
	Regional Office /4	0	6,474	-6,474	0.0	0.0
All	Regional Totals	75,987	92,818	-16,831	388.6	50.6

/1 The net revenue calculations do not include extraordinary expenses.

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/4 Includes Columbia River Gorge unit expenses.

Summary of Timber Sale Revenues and Expenses

Region 6

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
OR	Deschutes	317	973	-656	8.5	9.1
OR	Fremont	26	150	-124	1.9	3.3
OR	Malheur	85	573	-488	3.1	7.2
OR	Mt. Hood	60	2,004	-1,944	14.0	28.9
OR	Ochoco	50	421	-371	2.2	9.3
OR	Rogue River	9	268	-259	0.6	2.1
OR	Siskiyou	17	154	-137	0.5	1.3
OR	Siuslaw	20	299	-279	0.7	15.1
OR	Umatilla	119	772	-653	6.4	11.4
OR	Umpqua	21	80	-59	0.5	0.9
OR	Wallowa-Whitman	70	749	-678	5.4	11.5
OR	Willamette	28	200	-172	0.7	0.7
OR	Winema	23	208	-185	0.8	3.1
OR	State Subtotals	845	6,851	-6,006	45.3	7.4
WA	Gifford Pinchot	33	296	-263	1.7	4.1
WA	Mt. Baker-Snoqualmie	75	105	-30	0.5	7.0
WA	Okanogan	25	686	-661	2.3	18.7
WA	Olympic	17	231	-214	1.0	10.1
WA	Wenatchee	64	439	-375	3.8	6.7
WA	Colville	22	274	-252	1.6	5.3
WA	State Subtotals	236	2,031	-1,795	10.9	6.9
	Regional Office /4	0	767	-767	0.0	0.0
All	Regional Totals	1,081	9,649	-8,568	56.2	7.3

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Includes Columbia River Gorge unit expenses.

Summary of Timber Sale Revenues and Expenses

Region 8

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
PR	Caribbean /4	0	0	0	0.0	0.0
AL	NF's in Alabama /4	1,882	1,583	298	13.4	42.7
AR/OK	Ouachita	16,026	7,529	8,497	80.6	70.0
AR	Ozark-St. Francis	7,090	5,026	2,065	43.2	94.3
AR/OK	State Subtotals	23,116	12,555	10,562	123.8	76.9
FL	NF's in Florida /4	718	611	107	6.2	19.3
GA	Chattahoochee-Oconee /4	1,760	2,287	-527	15.3	56.3
KY	Daniel Boone /4	915	1,776	-861	8.8	52.5
LA	Kisatchie /4	8,079	3,829	4,251	37.8	66.8
MS	NF's in Mississippi /4	16,358	7,164	9,194	76.0	75.1
NC	NF's in North Carol /4	1,464	2,871	-1,406	13.3	54.5
SC	Marion-Sumter /4	2,778	1,523	1,255	15.3	39.3
TN	Cherokee /4	907	1,026	-118	7.8	55.1
TX	NF's in Texas /4	3,723	2,046	1,677	16.7	42.7
VA	Geo. Wash./Jefferson /4	1,028	1,079	-51	7.6	26.7
	Regional Office	0	6,068	-6,068	0.0	0.0
All	Regional Totals	62,729	44,417	18,312	342	59.9

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 8

Fiscal Year 1997

(in thousands of dollars, except as noted)

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
PR	Caribbean /4	0	50	-50	0.0	0.0
AL	NF's in Alabama /4	2,054	1,864	190	17.6	56.3
AR/OK	Ouachita	5,479	3,064	2,415	34.1	29.6
AR	Ozark-St. Francis	71	167	-95	1.5	3.2
AR/OK	State Subtotals	5,550	3,231	2,320	35.6	22.1
FL	NF's in Florida /4	2,982	2,797	185	25.9	80.2
GA	Chattahoochee-Oconee /4	797	1,655	-858	11.3	41.7
KY	Daniel Boone /4	766	1,514	-748	7.3	43.8
LA	Kisatchie /4	3,784	1,824	1,959	18.6	32.8
MS	NF's in Mississippi /4	3,965	2,222	1,744	24.9	24.6
NC	NF's in North Carol /4	973	2,250	-1,277	10.5	43.0
SC	Marion-Sumter /4	2,918	2,223	695	23.5	60.4
TN	Cherokee /4	455	770	-316	6.2	43.9
TX	NF's in Texas /4	5,400	2,757	2,643	22.3	57.0
VA	Geo. Wash./Jefferson /4	1,912	2,659	-747	18.1	63.3
	Regional Office	0	3,623	-3,623	0.0	0.0
All	Regional Totals	31,557	29,440	2,117	222	38.8

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 8

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
PR	Caribbean /4	0	0	0	0.0	0.0
AL	NF's in Alabama /4	4	21	-17	0.3	1.0
AR/OK	Ouachita	6	46	-39	0.5	0.4
AR	Ozark-St. Francis	30	98	-67	1.2	2.5
AR/OK	State Subtotals	37	144	-107	1.6	1.0
FL	NF's in Florida /4	5	20	-15	0.2	0.5
GA	Chattahoochee-Oconee /4	9	61	-52	0.5	2.0
KY	Daniel Boone /4	10	91	-80	0.6	3.7
LA	Kisatchie /4	3	21	-18	0.2	0.4
MS	NF's in Mississippi /4	5	21	-16	0.3	0.3
NC	NF's in North Carol /4	63	129	-65	0.6	2.5
SC	Marion-Sumter /4	1	22	-21	0.1	0.2
TN	Cherokee /4	3	33	-31	0.2	1.1
TX	NF's in Texas /4	2	8	-6	0.1	0.4
VA	Geo. Wash./Jefferson /4	46	276	-230	2.8	10.0
	Regional Office	0	100	-100	0.0	0.0
All	Regional Totals	187	946	-759	8	1.3

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 9

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
IL	Shawnee /4	0	8	-8	0.0	0.0
IN	Hoosier /4	0	0	0	0.0	0.0
OH	Wayne /4	2	43	-41	0.0	10.2
MI	Huron-Manistee	3,038	2,307	731	46.4	65.4
MI	Ottawa	2,532	2,209	322	42.4	60.7
MI	Hiawatha	1,403	1,361	42	22.7	45.9
MI	State Subtotals	6,972	5,877	1,095	111.4	58.6
MN	Chippewa	2,392	1,836	557	34.5	66.2
MN	Superior	1,615	1,493	122	29.8	50.7
MN	State Subtotals	4,008	3,329	678	64.3	58.0
MO	Mark Twain /4	4,489	3,979	510	46.8	94.7
NH	White Mountain /4	920	1,776	-856	13.8	61.5
PA	Allegheny /4	24,910	6,349	18,561	56.6	98.2
VT	Green Mountain /4	195	367	-172	1.5	43.8
WV	Monongahela /4	6,493	3,649	2,844	24.3	96.6
WI	Chequamegon/Nicolet	6,429	4,868	1,562	104.9	83.7
	Regional Office	0	2,323	-2,323	0.0	0.0
All	Regional Totals	54,418	32,569	21,850	423.8	72.2

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 9

Fiscal Year 1997

(in thousands of dollars, except as noted)

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
IL	Shawnee /4	2	153	-151	0.1	50.5
IN	Hoosier /4	93	269	-176	1.7	89.1
OH	Wayne /4	26	238	-212	0.2	53.0
MI	Huron-Manistee	1,334	1,061	274	22.1	31.1
MI	Ottawa	1,271	1,580	-309	27.4	39.3
MI	Hiawatha	1,500	1,577	-77	26.1	52.9
MI	State Subtotals	4,106	4,218	-112	75.6	39.8
MN	Chippewa	1,152	1,029	123	17.6	33.8
MN	Superior	1,193	1,447	-253	29.0	49.3
MN	State Subtotals	2,346	2,476	-130	46.6	42.0
MO	Mark Twain /4	261	159	102	2.0	4.0
NH	White Mountain /4	473	942	-469	8.5	37.6
PA	Allegheny /4	0	0	0	0.0	0.0
VT	Green Mountain /4	221	362	-141	1.8	51.7
WV	Monongahela /4	97	106	-9	0.4	1.6
WI	Chequamegon/Nicolet	991	1,002	-11	19.2	15.3
	Regional Office	0	856	-856	0.0	0.0
All	Regional Totals	8,615	10,780	-2,165	156.0	26.6

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 9

Fiscal Year 1997

(in thousands of dollars, except as noted)

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2	Pct. of Total /3
IL	Shawnee /4	3	104	-101	0.1	49.5
IN	Hoosier /4	4	16	-12	0.2	10.9
OH	Wayne /4	2	69	-67	0.2	36.8
MI	Huron-Manistee	35	99	-64	2.5	3.5
MI	Ottawa	3	2	0	0.0	0.0
MI	Hiawatha	13	23	-10	0.6	1.1
MI	State Subtotals	50	124	-74	3.1	1.6
MN	Chippewa	2	18	-15	0.0	0.0
MN	Superior	1	3	-1	0.0	0.0
MN	State Subtotals	3	20	-17	0.0	0.0
MO	Mark Twain /4	7	42	-35	0.6	1.2
NH	White Mountain /4	5	25	-21	0.2	0.8
PA	Allegheny /4	10	62	-51	1.0	1.8
VT	Green Mountain /4	7	21	-14	0.2	4.5
WV	Monongahela /4	7	29	-22	0.5	1.9
WI	Chequamegon/Nicolet	33	48	-14	1.2	0.9
	Regional Office	0	34	-34	0.0	0.0
All	Regional Totals	132	594	-462	7.2	1.2

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

/4 Forest figures represent the state subtotals.

Summary of Timber Sale Revenues and Expenses

Region 10

Fiscal Year 1997

(in thousands of dollars, except as noted)

Timber Commodity Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
AK	Tongass	4,999	38,456	-33,457	106.6	100.0
AK	Chugach	0	0	0	0.0	0.0
AK	State Subtotals	4,999	38,456	-33,457	106.6	97.9
	Regional Office	0	6,867	-6,867	0.0	0.0
All	Regional Totals	4,999	45,323	-40,324	106.6	97.9

Forest Stewardship Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
AK	Tongass	1	4	-4	0.0	0.0
AK	Chugach	29	914	-884	2.2	100.0
AK	State Subtotals	30	918	-888	2.2	2.0
	Regional Office	0	132	-132	0.0	0.0
All	Regional Totals	30	1,050	-1,020	2.2	2.0

Personal Use Program Component						
State	National Forest	Revenues	Expenses	Net Rev. /1	MMBF /2 Harvest	Pct. of Total /3
AK	Tongass	2	47	-45	0.0	0.0
AK	Chugach	0	10	-10	0.0	0.0
AK	State Subtotals	2	57	-55	0.0	0.0
	Regional Office	0	1	-1	0.0	0.0
All	Regional Totals	2	58	-56	0.0	0.0

/1 The net revenue calculations do not include extraordinary expenses.

/2 MMBF = Millions of board feet.

/3 Harvest in the component comprises this percent of the total program.

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APPENDIX E -- Map of Regions and National Forests

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(Map not available with internet version.)