
USDA FOREST SERVICE CONTACT

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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:

$$\text{Sale Activity Expense} = (\text{PB}_{\text{cy}})(V_{\text{h}}/V_{\text{h}} + V_{\text{uc}})$$

Where:

PB_{cy} = pool balance in current year
 V_{h} = volume harvested
 V_{uc} = 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:

$$\text{Growth Activity Expense} = (\text{PB}_{\text{cy}}) \times (\text{V}_h / \text{GS}_v)$$

Where:

PB_{cy} = pool balance in current year
 V_h = volume harvested
 GS_v = 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:

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

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 activity pool."

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.

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