



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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MAY 22, 1979

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The Honorable Herman E. Talmadge
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate

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Dear Mr. Chairman:

This letter report responds to your June 8, 1978, request that we critique the extent to which the "Report of the Forest Service, Fiscal Year 1977" meets the requirements of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, concerning program evaluations, program accomplishments, and measurements of costs and benefits. We also considered the fiscal year 1978 annual report submitted in February 1979.

In our view, the Forest Service's annual reports could be improved by (1) relating accomplishments to specific activities performed in each program, (2) comparing these accomplishments to goals previously set forth, and (3) evaluating the benefits of the accomplishments against the costs of each program activity. Before we discuss our specific suggestions, it is important to develop a basic understanding of the context in which the annual reports are required.

The act requires three basic reports. The renewable resource assessment is to present an inventory and analysis of present and potential renewable resources and an analysis of improvement opportunities. The renewable resource program should include a set of goals for Forest Service programs. The annual report is to describe the progress in achieving these goals and to evaluate the benefits and costs of actually implementing the program. The purpose of the annual report is to enable the Congress, in its oversight, to determine the levels at which continuation of component elements of the program should be funded.

To develop an overall perspective of the Forest Service programs and the progress and accomplishments being made by these programs, it is necessary to examine these three

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reports. The annual report will be improved if salient information from the assessment and the program were included, along with program accomplishments, benefits, and cost information.

The following discussion provides some suggestions for improving the annual report.

GOALS AND OBJECTIVES

The annual report provides only general or broad goal statements. These should be more specific and in a quantitative form for each important component element within the individual programs, as in the assessment and the program reports. For example, with respect to the timber program, several goals are stated in the program report, and these are based on assumptions developed from the assessment report. However, the annual report does not provide a similar amount of detail, which precludes an overall perspective of program accomplishments.

All of the important goal statements need to be restated in the annual report. The various goal statements should be clarified in terms of more specific annual objectives and related to program costs, outputs, accomplishments, and benefits. This is the intent of the act's provisions that objectives should be set forth in qualitative and quantitative terms and accomplishments should be reported accordingly.

PROGRAM ACCOMPLISHMENTS

We believe that the annual report would be more useful if program accomplishment information were detailed in several ways. First, program accomplishments should describe the extent to which the broad goals of the programs were met. For example, it should be possible to see the progress and accomplishments in (1) increasing the overall supply of timber, (2) improving the utilization of available timber, (3) reducing timber imports, (4) improving protection of forests from wildfire, insects, and diseases, and (5) increasing utilization and growth on private forest land.

Specifically, program accomplishment information should describe how individual program components and activities contributed to whatever levels of the goals and objectives that were achieved. Thus, we believe, for example, that the annual report should discuss the contribution of such activities as silvicultural examinations, reforestations, timber stand improvements, road construction, and technical or financial assistance to private owners to the act's goals.

Program accomplishment information should also be developed at the smallest possible geographic units, that is, individual forests, if possible, since this is where decisions are made. This information can then be aggregated to show accomplishments at the State, region, and national levels.

MEASUREMENT OF COSTS AND BENEFITS

The annual report should clearly link costs and benefits to each program component and element. This information should allow comparisons among different components and elements based on the contribution made by each to program goals. Program benefits should not only measure the value of some particular output, such as timber or recreation, but also other direct and indirect effects. The impact can be negative, such as an adverse effect on water quality, as well as positive. Each activity's costs should include not only direct program costs but also opportunity and capital costs, such as the value of land and the timber on the land. Without considering these other benefits, negative effects, and costs, it is risky to base any decision on the benefit-cost ratios.

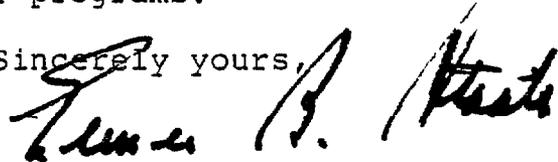
ANNUAL REPORTING APPROACH

The annual report is not presently prepared as an integral part of program planning, budgeting, and management. Truly meaningful program evaluation and benefit-cost reporting will only be achieved when this information assumes an essential role in management reporting processes. The annual report should be a logical byproduct of such an ongoing process. However, it is important to observe that the Forest Service programs are very complex multiobjective programs that may very well tax the current state of program evaluation.

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We have not obtained official comments from the Forest Service on this report, in accordance with a request from the staff of your Committee. Our current work for your Committee--assisting in oversight of soil and water conservation programs--could help you guide the Forest Service to improve the annual evaluation of their programs.

Sincerely yours,



Comptroller General
of the United States