# Evaluating the Integrated Resource Restoration Line Item

## Results from Phase 1

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# Executive summary

At the request of the U.S. Forest Service (USFS), we are conducting a third-party review of the Integrated Resource Restoration (IRR) budgetary approach, which has been implemented on a pilot basis for three years in USFS Regions 1, 3, and 4 since fiscal year 2012. Our objectives are three-fold: 1) To understand strategic planning approaches and whether improvements in efficiency, prioritization, flexibility, and achievement of restoration outcomes are occurring under the IRR pilot; 2) To assess internal perceptions of the pilot, current challenges, and opportunities for improvement; and 3) To determine the extent to which current performance measures and targets facilitate accomplishment and communication of outcomes under the pilot. Our evaluation will take place over two years, in three phases, and began in August 2013.

This report summarizes our findings from phase 1, which involved interviews with staff from the pilot regions. We found that, for the most part, the IRR pilot has:

- Resulted in greater emphasis and time spent on program integration and project prioritization at the regional and forest levels.
- Allowed staff to spend less time budgeting.
- Increased flexibility to move dollars between programs, enter into multi-year contracts, focus on priority work, and fund larger-scale projects in priority areas.
- Allowed forests to focus on the most important work in any given year and to focus on the highest priority work for individual units.
- Consolidated decision-making with line officers as opposed to program managers.
- Changed regional and forest level strategic planning approaches for identifying priority restoration projects.
- Supported continued involvement of collaborative partners in identifying restoration priorities on some forests and in some regions, although other units rely more on internal prioritization strategies.

IRR also raises some potential challenges that may require further discussion to decide if they are desired outcomes of IRR:

- With an integrated pot of money, a small number of hard targets, and declining budgets, IRR funds may be spent primarily on reaching hard targets, rather than on objectives that are not targeted, are hard to quantify, and/or are expensive.
- The focus on priority landscapes and large projects may lead to less attention on smaller or less integrated projects.
- IRR is resulting in significant organizational changes, which may be desired by leadership, but are creating some stress at lower levels. This may require additional support to ease the transition. Staff may benefit from additional information on the purposes of prioritization and strategies to do it.
- Tracking costs per accomplishment appears to be more difficult with the current system.

# Introduction

The Integrated Resource Restoration (IRR) budgeting tool is intended to provide the U.S. Forest Service (USFS) with increased efficiency and flexibility to conduct integrated restoration work and represents the most significant change in the budgeting system of the Forest Service in decades. Identifying and communicating early-on the impacts of the IRR approach, in addition to recognizing and addressing the challenges that will arise with this significant change in organizational management, are critical to the success of the IRR pilot. We were asked by the Forest Service to conduct a third-party evaluation of the IRR and its effects to provide an external and objective review for the Forest Service, Congress, and stakeholders as the pilot comes up for possible extension and expansion.

Our review focuses on three sets of questions:

- What strategic decision-making principles does USFS leadership use to allocate IRR funding? To what extent is the IRR fostering increased integration, efficiency, and effectiveness of restoration work on national forests?
- What are internal agency perceptions of the effects of IRR on efficiency, flexibility, integration, and prioritization? What is the level of internal support for the program; what are staff concerns; and what are the perceived opportunities?
- How well do the new performance measures reflect outcomes for IRR? What changes could be made as the pilot moves towards national implementation?

Our analysis is being conducted in three phases. Phase 1 took place between August and December of 2013 and involved interviews with key staff at the Washington Office and both regional- and forest-level staff in the pilot regions. Phase 2 will involve a survey in spring of 2014 of a larger group of staff in the pilot regions to further develop our findings, and phase 3 will involve case studies in late 2014 on national forests in the pilot regions to determine changes that have resulted from the IRR. This report is a synopsis of our findings from phase 1, during which we completed 56 interviews. Interviews were anonymous and were recorded, transcribed, and systematically reviewed to identify key points and themes. Interviews were designed to provide an initial assessment of the IRR pilot and a foundation for developing the web-based survey for phase 2 that will reach a broader group of staff and line officers involved with the IRR pilot.

## Key questions from the Washington Office interviews and stakeholders

As we prepared for our regional interviews, we endeavored to understand concerns and questions of importance to both the Washington Office and stakeholders. Concerns from national forest stakeholders and Forest Service partners were identified through reviews of interest group documents and editorials, examination of stakeholder comments on IRR, and informal interviews. The primary concerns we identified were:

- How legacy budget line item [BLI] programs included in IRR without targets are affected (e.g. do these programs receive less funding and/or emphasis);
- How restoration is defined, by whom, and what planning strategies are used to identify restoration priorities;
- Whether performance measures capture and communicate actual accomplishments;
- How changes to targets and performance measures affect different programs;
- Whether the USFS will request full authorization of IRR before evaluating its effects during the pilot period.

Interviews were conducted with USFS Washington Office leadership to identify their key concerns. Their primary questions were:

- Does the IRR allow the USFS to do more work on the ground and to gain efficiency?
- What are the challenges associated with IRR targets & performance measures?
- What are the best ways to measure 'efficiency' and 'integration'?
- How does the IRR pilot affect strategic planning?
- What are internal perceptions of the IRR and how can the approach be improved?
- What is the role of collaboration and communication in development and implementation of IRR-related projects?

With these questions in mind we developed a structured set of questions for our interviews in the pilot regions. The remainder of this report provides a summary of our findings. Background information on the IRR can be found in Appendix A, page 15.

# Findings

This section provides a summary of findings in the pilot regions, and is organized to parallel the primary themes we explored: 1) approaches to strategic planning; 2) whether and how the expected benefits of the IRR approach are playing out; 3) the efficacy of performance measures and targets; and 4) other suggestions, insights, and issues. All italicized quotes are from USFS staff.

## Strategic planning approaches in pilot regions

The key questions we explored for strategic planning were:

- How are regions allocating IRR dollars to forests?
- What guides restoration planning and priority setting at the regional and forest levels?
- How do current approaches compare to pre-IRR strategic planning approaches?

### Region 1

The Region 1 regional office (RO) solicits potential accomplishment data from its forests for three funding levels (a five percent reduction from the previous year's budget, the previous year's amount, and unlimited dollars but no change to infrastructure and staff). Regional program managers and directors then meet to determine what level of funding forests will receive based on forests' potential to: contribute to regional targets, accomplish restoration objectives, and provide high return and quality for investment. Some dollars are set aside off the top for work of regional importance (e.g. tree nurseries).

The region has a restoration strategy developed collectively among the forest supervisors and the RO to identify the restoration niche and priorities for each forest. The Watershed Condition Framework also guides priorities in this and all the pilot regions. According to regional leadership, collaborative groups also help to set restoration priorities and are central to successful implementation of the IRR approach. As one interviewee explained,

*"I think collaboratives are key to this because when you start talking about what your outcomes are and what your priorities [are] . . . it's imperative that we work with the public to determine what those outcomes are so that they can help hold us accountable."*

Other key findings:

- There is increased integration and prioritization at the RO as a result of staff working together more to determine restoration priorities and allocations of IRR dollars on forests.
- Forest supervisors have increased decision-making authority to decide what the priority work is on their forests due to the integration of the BLIs and acreage target.
- The RO interpreted IRR program direction to indicate that significant discretion should be left to forest supervisors to decide on priorities, and for this reason chose not to set aside a pot of money for intra-regional competition.
- Decisions about specific legacy roads projects are now made by the forests, rather than at the regional office.
- There is a decreased ability to require and track cost per accomplishment data from forests.

## Region 3

The Region 3 RO requires five-year restoration plans from its forests with information on restoration objectives, projected accomplishments, and funding requirements. Based on these plans, regional directors and program managers work together to determine funding allocations for each forest. This process has been in place for several years and continued, with increased validity and emphasis, with the advent of the IRR pilot. Before the IRR, the RO was already assigning dollars to the forests as an integrated pot of money. Therefore, there has not been significant change in strategic planning at the regional level due to IRR in Region 3. Although there is no formal, competitive process for allocating IRR funds to the forests, forest staff said this competition happens in reality because the RO decides, based on the five-year plans, which forests will receive more funding to implement pri-

ority restoration projects. Forests have the freedom to identify their priority work in their 5-year plans, but the regional office also has a role in deciding which forests will get increased investment under IRR based on their potential to accomplish their work and regional priorities.

Other key findings:

- There is increased collaboration internally at the regional level.
- The IRR gives increased validity to the 5-year plan requirement, clarifies restoration priorities, and emphasizes the importance of integration as a result of the IRR.
- There is potential for less emphasis on localized projects that are not in prioritized landscapes and projects that do not contribute to hard targets.
- The region did not assign targets in FY 12 to encourage forests to focus on their priority work; however, because they fell short in FY 12, targets were assigned thereafter.

## Region 4

Forests in Region 4 receive funding based on a sum of legacy BLI allocations from FY 11. The RO also sets aside approximately five to seven percent of the total IRR allocation for projects it selects as "focused investment projects." All forests are asked annually to propose one to three landscape-scale projects, three to four of which are selected by the RO for investment, based on criteria including: the level of integration, how well they achieve IRR targets and performance measures, levels of collaboration, and the number of jobs created. Most interviewees viewed this process positively; however, some noted the significance of this change for the field. As one regional leader explained, *"So the good thing was we got these nice projects done, but at the same time, in the declining budget years, we also made three or four forests winners and eight forests losers. Their NFRR budget went down 7 percent right off the top. So while it was a good thing in some ways, in others it was definitely a shift in the region's priorities and where we put money and work."*

As in Region 1, Region 4's strategic planning has changed significantly with the IRR pilot. Previously, the regional program managers and directors were able to prioritize all projects and distribute program-specific funding and targets to forests; with the IRR, more decision-making is localized with forest supervisors, aside from the focused investment projects chosen by the RO.

Due to declining budgets and changes to strategic planning, there are some concerns among staff that may merit attention:

- Some forest supervisors noted that due to litigation, politics, and overall forest compositions, intra-regional competitions for funding may consistently favor some forests over others.
- Relationships with partners (e.g. Rocky Mountain Elk Foundation, State of Utah, and others) may be affected because the forests are unable to guarantee funding for specific projects or program areas far in advance.
- IRR has made it more difficult to track cost per accomplishment for activities under IRR, potentially decreasing transparency and accountability of projects.

### Strategic planning on national forests

Forests that were already working in an integrated fashion were working well with IRR, and those that were not working well together were struggling with the new approach. We spoke with one national forest, which had already been utilizing an integrated planning approach that involved budgeting and planning based on projects (not functional programs) ranked in a prioritized list; on this forest funding and staffing follow the project priorities. Although the IRR was not a major adjustment for this forest, staff noted that program managers spent more time together than they had in the past to set the list of priority projects for the forest. This may be the result of the fact that in the past individual programs still had their own BLIs and hard targets, making it clearer how to allocate priorities across programs.

Other forests are allocating money to programs as needed to accomplish hard targets, particularly timber targets, and then are asking staff to integrate their planning across program areas with the remaining dollars. Some forests are dividing the money back out to various programs, mimicking how it was done pre-IRR. For instance, one forest held an initial meeting with their primary program managers, discussed each program's expected funding needs, accomplishment requirements, and upcoming projects, and then cooperatively decided how they would divide the IRR funds among the programs. Most participants described this process positively; however, they acknowledged that forest-level priorities were not discussed in-depth at this time and that integrated project planning had yet to be accomplished in any large-scale way on this forest.

Almost all forests noted increased levels of integration to some extent. One forest supervisor explained that the IRR pilot exposed the need for better communication and integration on their forest. Although they reported "tremendous growing

pains," the IRR pilot had dramatically increased the level of landscape-level planning and program integration on the forest.

Forests are reorganizing in various ways to align staff with the IRR. Some forests have assigned a staff officer to oversee all of the IRR program areas. Some have moved to forest-wide staffing, as opposed to organization at the district level. One forest re-structured their staff into planning, implementation, and monitoring groups to develop a holistic approach to projects and to increase integration across programs.

Other key findings:

- In Region 3, we heard that IRR supported multi-year restoration contracting and led to efficiencies: *"In the past we only did annual contracts because we only had enough money in one BLI to use in one chunk of a project that we're doing. But now, if we want to, we can drop what would have been two or three years' worth of money in one year and maybe gain efficiencies towards meeting project objectives."*
- Some forests in Regions 3 and 4 noted that the IRR created more noticeable prioritization of investments across forests. This appears to be the result of a stronger prioritization process at the regional level, by which multi-year, landscape-scale projects are selected for IRR funding. The design and selection of these kinds of projects means that shifts in budget allocations will be larger, last longer, and be felt more significantly by individual units.

## Changes in staff roles and prioritization strategies

A key question is how prioritization responsibilities are being shared between the RO and forests. Additionally, we looked at how program officers and line officers, at both the RO and forest levels, are sharing these decision-making responsibilities and how their respective roles are changing under IRR. In general, IRR has consolidated decision-making authority with line officers at both the forest and regional levels, and with others in regional leadership positions.

On national forests, line officers have more discretion under IRR to identify priority work for their forests, either in their 5-year restoration plans in Region 3, in identifying their priority projects for competition in Region 4, or more generally for all regions in identifying the suite of projects and activities they send to the RO each fiscal year with funding requests and accomplishment expectations. In all regions, the Watershed Condition Framework is used in tandem with other regional strategies and criteria to determine priorities (specifics for each region are discussed above).

On forests, program managers have less control over their specific pots of money under IRR, leaving the line officer with more flexibility to decide how dollars will be spent. The extent to which line officers share decision-making responsibilities with their staff officers and program mangers is highly dependent on leadership and relationships. Some forests indicated that all program managers were still involved in setting forest-wide priorities, and other forests stated this depended more on individual personalities and priorities of forest staff and leadership.

Either way, increased line officer discretion makes these personnel critical to the success of IRR. As one person explained, *"[IRR] has improved some integration among resources in some ways, in other ways it's detracted from that. Because [with IRR] you have one pot of money that's controlled by line officers who now can spend it in a myriad of fashions. If they don't want to integrate, they can just go take their money and go play with it in areas they want to go play, they don't have to worry about other resource areas. So, in some cases, it has brought people together: how are we going to spend our money? In other places, the line officer knows how they want to spend their money and they just cut people out of the loop, so it's a double-edged sword."* Although it is appropriate for line officers to make decisions about priorities on their forests, it appears that some line officers could do a better job of involving multiple program areas or, at the least, communicating with their staff about their rationale and process for prioritizing some resources or areas over others.
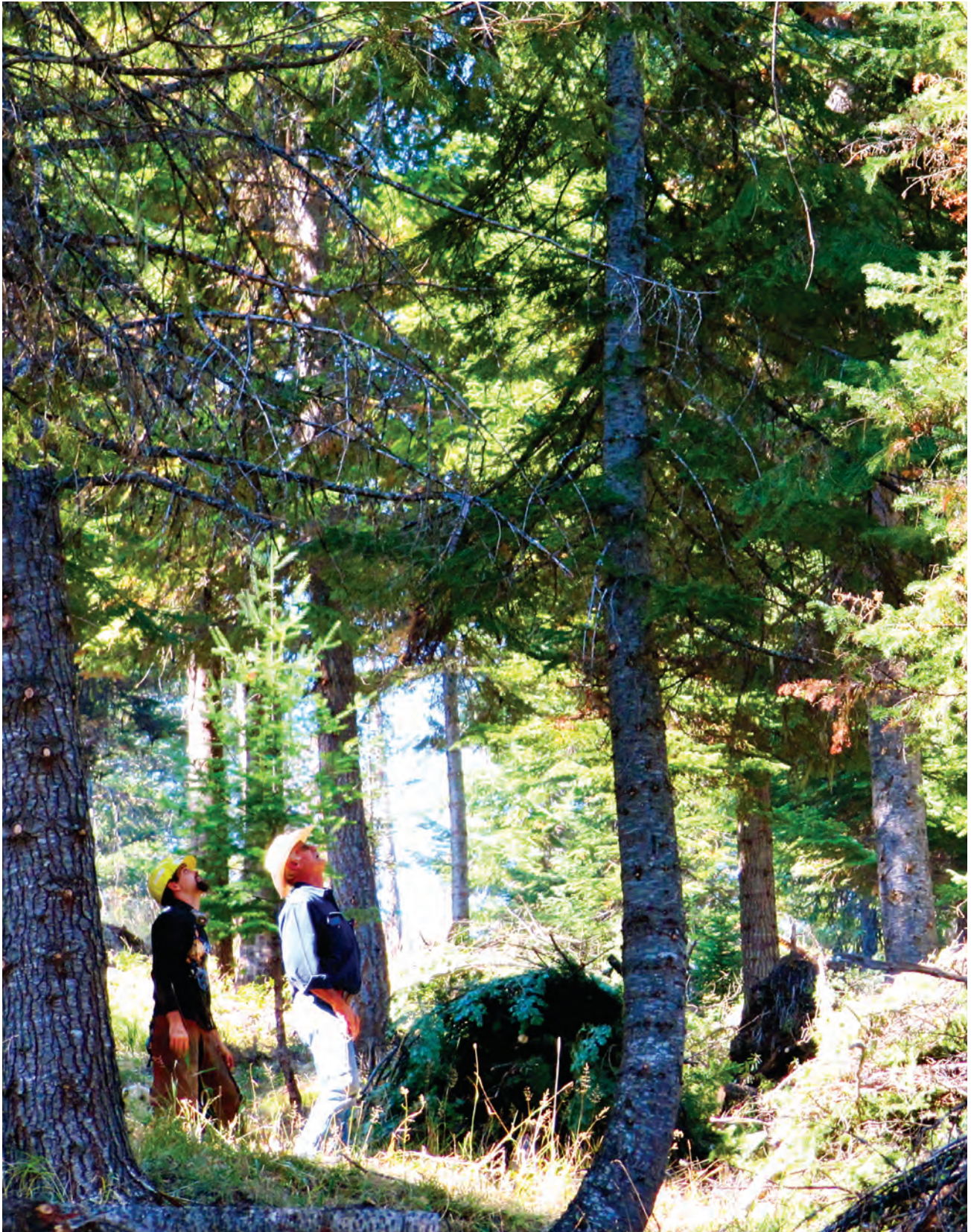
At the regional level, program managers have significantly less oversight over what is happening at the forest level. For instance, regional program managers used to work closely with their national forest counterparts to determine the priority work and targets and track accomplishments throughout the year. Regional program managers now work primarily with their regional program directors to communicate program priorities, and with their counterparts at the forest level to provide expertise. In all regions, we heard that the regional program managers and directors are working in a more integrated fashion to focus on regional priorities based on recommendations from regional foresters and regional prioritization strategies.

## Evaluating expected benefits: impacts of IRR on efficiency, integration, prioritization, and flexibility

### Efficiency
We consistently found that the IRR approach is increasing budgetary efficiency at the ROs. As one person stated, *"I think IRR's biggest initial advantage was its efficiency and effectiveness. It's a huge accounting tool to have those BLIs together."* As less time is spent on budgeting, more time is spent on determining priorities at the forest and regional levels. Staff noted inefficiencies with tracking accomplishments in current databases because those databases are not integrated and are redundant. The ROs may have a harder time tracking costs per accomplishment, which could lead to a loss of overall program efficiency in the long run.

### Integration and prioritization
Staff are spending more time at both the regional and forest levels determining priorities, and the IRR is forcing staff at both levels to work in a more integrated fashion. One person stated: *"[W]hen we go to put the budgets together here [at the RO], we are now talking . . . about what priorities there are in the fish world, in the reforestation world, in the timber world, and the fuels world, and trying to bring them together the best we can."* At the forest level, although integration will take time and practice, the IRR sends a clear message that integration is an

agency priority and is forcing staff to spend more time working collaboratively and communicating across programs. Most forest supervisors told us that IRR is increasing discussions on their forests around integration and prioritization. One person explained, *"The biggest improvement I've seen in the region is it has forced specialists on some forests to talk to each other. That's been a huge improvement for some forests."*

Improvements in prioritization and integration are leading to efficiencies in restoration work. In Region 3, efficiency has increased because the regional directors are working more closely together to integrate projects within specific areas instead of using a *"shotgun approach to restoration,"* by which multiple smaller projects were occurring across the region. As one person stated, *"Now we have all directors sitting at one table talking about the most important work that needs to occur in one single area instead of . . . everybody doing their own projects all over the place. Now we're getting a lot more done in one area."* In Region 4, we also heard that the IRR leads to more focused restoration projects, as opposed to more single-resource projects.

In Region 4, some also suggested that IRR has led to less integration: *"What IRR did was actually disincentivize the field from integrating because they integrated before IRR because each resource had a pot of money, but not enough. So they had to work together to get a project done. With IRR, none of them have any money. And so there is no incentive to get together and do something . . . So it's pretty much whoever is persuasive or whatever the line officer thinks is important or salaries, fixed costs get funded. So it's kind of a dis-incentive to integrate."*

Some attention is needed around the role of small or localized projects under IRR. One person explained, *"The integration of the big projects leaves [behind] those small standalone projects, what we call fine-scale projects, those one to ten acres, maybe habitat projects . . . . They don't receive the attention because they don't have the specific pot of money just for them. You have to be very conscious of that when you're going through and choosing projects that you don't lose sight of that."*

Fuels programs, in all regions to some extent, are struggling with IRR and integration because IRR parses out non-WUI fuels dollars from WUI fuels funding. One interviewee explained, *"Usually a fuels project cannot be defined as entirely WUI and non-WUI. They're always blurred."* Attention is needed in this area to maintain the integration of the fuels program and determine how to plan and communicate restoration accomplishments across these BLIs, if they are to remain separate. Some fuels managers said that fuels accomplishments outside of the WUI have decreased significantly under IRR, as other restoration work takes precedence.

More prioritization is occurring, yet the critical question in the long run is this: What drives prioritization? Is it targets, treating cheaper acres to increase accomplishments, or doing the most important restoration work on a forest? The process of prioritization depends on strong leadership at all levels of the agency. As one person noted: *"If we could get better at larger landscape scale project establishment, assessments, that truly do balance priorities, I think the [IRR] construct will make even more sense."* The question of what counts as restoration and who defines "restoration" is one of the most central issues to successfully implementing the IRR.

### Flexibility
The IRR has increased flexibility to allow forests to focus on their priority work and to focus on different types of work from year-to-year. As one regional director explained: *"They have a lot of watershed issues [on that national forest] . . . and they've actually increased the amount that they're putting towards legacy road and trail work because it's a bigger pot of money now, and they get to emphasize where they want to put it. I think that was the gist of IRR: we give you more flexibility by giving you this bigger pot of money to manage however you want."*

The IRR is also increasing the ability to fund larger-scale projects. As one regional program manager stated, *"IRR has done a couple things that have certainly made the budgeting process easier. It's*

*certainly made funding projects easier, especially large-scale projects easier, mainly because we don't have to worry about primary purpose as much."*

A number of forest level staff directors were generally pleased with increased flexibility: *"A lot of the projects that you've designed, and that you put in for grants and think about and plan for, are very closely related. I mean one of the major things you can do for wildlife habitat is control the exotic species that are present in that wildlife habitat. And so, it just makes it a lot easier to get stuff done efficiently on the ground if you're pooling those resources instead of keeping them separate."*

Along these lines, staff said that the IRR makes leveraging external dollars easier because their own dollars and targets are more flexible. Another person also noted, *"Mid-fiscal year when something changes via wildfire, or flood, or whatever crisis of the day is on the line, with IRR we can shift gears quickly and stay within the fiscal bounds of our allocation."*

### Other general observations
Most staff told us it is too early to point to specific outcomes from IRR but said it is "the right direction" for the agency. They indicated that IRR will allow them in the future to focus on priority landscapes and larger projects, but thus far most of the work under IRR was planned pre-IRR. Therefore, at present it is difficult to show that new and different kinds of projects are taking place. Staff expected that, after a few more years and with a commitment to IRR beyond the pilot, forests would begin to plan differently, and some of the impacts of IRR on restoration and landscape-scale planning would become more apparent.

With regard to increasing outputs, most felt IRR will lead to better and more integrated projects, but not necessarily an increase in outputs. As one IRR coordinator explained, *"[IRR] has not changed what we're doing, how we're doing it and how much we're doing. [IRR] makes it easier for us to do it . . . . I do not believe it's really going to result in a large increase in our output."*

## Performance measures and targets

### Targets

Staff appreciated that the rolled up acres target allowed them to focus on the most important work in any given year, perhaps focusing on more of one kind of work one year and another kind of work the next. We heard from regional leadership that the combined acres target gave forest supervisors the discretion to focus on their most high priority work on a forest and puts an onus on program managers to make a compelling case for their work in an era of declining budgets.

Nonetheless, the role of targets under IRR is the most significant issue we identified that would benefit from additional discussion in order to ensure that targets do not work against the goals of the IRR approach. The issue is that, with a small number of targets and declining budgets, work that is not associated with a hard target, is relatively more expensive, or leads to accomplishments that are difficult to communicate, may get less emphasis over time. For instance, most staff support the new

performance measure and target of watersheds that are moved to an improved condition class. However, they noted that forests likely have done work thus far in watersheds that were close to a threshold on the three-point scale and, therefore, could be moved up a condition class, even when these were not the most important places to work. In this way, targets affect choices about where to work, because staff must show measurable accomplishments internally, to stakeholders, and to Congress.

Programs that no longer contribute to a hard target appear likely to become less emphasized over time. For instance, aquatic organism passage or conservation education activities do not roll up into any of the hard targets under IRR. Staff noted that programs like these will suffer, particularly if budgets keep declining and targets do not. As one person summarized, *"At some point in time, as you get small enough as a staff, after funding gets tight enough, something has to go, and decision-makers need to make those decisions. Ultimately they're going to tell somebody what their priority is and if it's not a target, maybe you'll start to see that be*

*[de]emphasized."* Some staff would like to have an increased understanding from leadership about the importance of programs that no longer contribute to targets and no longer can be "protected" by program officers in those resource areas.

Groups of activities that no longer have individual hard targets, even if they do roll up to combined acres treated targets, also might become less emphasized over time for a number of reasons that may not align with strategic priorities. For instance, some acres are relatively more expensive to treat (i.e. reforestation and timber stand improvement); staff specialists in some areas (particularly fuels or wildlife staff who may be occupied with other responsibilities) may have less time to be at the table to advocate for those programs; some work may not be located in a priority landscape, even if it is priority work for that program (i.e. critical habitat improvements for threatened and endangered species that are outside of a large landscape-scale project); or forest leadership and/or local partners do not particularly value that work. Some staff recommended that the agency maintain minimum targets across program areas (these might be multi-year targets) to ensure a balance of programs.

The timber target, if it does not decrease commensurate with budgets, will to some extent work counter to the goals of integration and prioritization for restoration outcomes. For instance, in Region 1, the timber program and its associated hard target has become a de facto priority on some national forests. This is because it is the hardest target to meet due to time and costs, particularly in a region with high levels of litigation. On one forest, completing NEPA for several years out to support the timber program ranked as a higher priority than any other work on the forest. Another forest indicated that their smaller programs are operating at a minimal custodial level to provide adequate resources toward meeting the timber target. Similarly, in Region 4 we heard: *"I think that the targets that were selected to measure the success of IRR remain heavily stacked towards timber and commodity production. Because of that, it tends to deemphasize really important restoration work in other ecosystems . . . . I don't see*

*anything in the way that targets were designed for IRR that would encourage or incentivize anybody to go out and do important restoration work in sage grouse habitat . . . ."* Some staff in Region 4 felt it was not appropriate for their forest types to have timber volume as a target under IRR. Additionally, in some instances, projects were designed to meet timber targets were not in high priority areas for restoration.

In these ways, targets can work against the goals of integration and prioritization. In general, staff said that targets are not declining commensurate with budgets, and the result is that they will increasingly have to focus their efforts on meeting the most demanding targets. These issues may benefit from additional attention to ensure that targets are not working against strategic direction and goals of the IRR approach.

## Performance measures

Most staff support the outcome-based performance measure of "watersheds moved to a new condition class": *"I think it's a good performance measure, and I think that having that forces us as an agency to look at landscapes as opposed to divvying up money by ranger district. The watershed condition framework is more landscape-oriented and it sort of forces us to invest in places where we think it is important."* The terrestrial condition framework, some noted, will be a valuable addition by focusing increasingly not just on water quality, but also on an increased number of terrestrial conditions. Some characterize the watershed condition framework as still somewhat arbitrary and in need of further refinement. As one person explained: *"I don't see how those metrics actually tell us much about what's going on with the watershed."* One recommendation is to have a more sensitive continuum that would communicate successful, incremental improvements in more watersheds.

Staff suggested separating out accomplishments that are for restoration purposes from those that are not. They noted that not everything done under IRR is done primarily for restoration purposes (we heard this primarily about some timber har-

vest activities) and not all restoration accomplishments are made with IRR dollars (partnership and K-V funds might contribute to restoration accomplishments). A rolled-up report of restoration accomplishments under all BLIs would be of value if not already in place. Some restoration activities are not communicated via current IRR performance measures (i.e. some culvert replacement and road maintenance activities). Staff would like clear ways to communicate these accomplishments made with IRR funding.

Other concerns/ideas about performance measures:

- One interviewee in forest leadership said, *"I'm curious when you roll it up and the regional office and the Washington office looks at it, I don't know if they get a clear perspective of what targets were captured from what projects."*
- Performance measures may vary in definition across managers (e.g. how "miles of stream restored" are defined). Measuring watershed improvements may not be done consistently across forests; staff suggested improvements in this area if possible.
- Some staff would like to find more ways to represent accomplishments spatially and improve their ability to "tell the story" of restoration work in their regions.

## Other issues, insights, suggestions, and challenges with IRR

Staff note that IRR has shifted more discretion to forest supervisors to identify priority work and the balance of activities on a forest. Training, retreats, or other opportunities for communicating may be valuable for line officers to share and learn successful strategies for implementing IRR. In general, the IRR is resulting in significant organizational changes, which is creating some stress at lower levels. To support this transition, staff may benefit from additional clarification on the purposes of prioritization and strategies to do it.

There is debate about the composition of the IRR BLI (i.e., whether range planning or all fuels dollars should be included). This issue may benefit from ongoing reassessment to ensure the IRR composition is appropriate for the agency's restoration goals. Some suggested the name of IRR be changed to reflect resource stewardship more broadly, not just restoration.

According to staff, external partners are generally supportive or neutral with regard to IRR. Some partners who are interested in programs that were attached to individual BLIs (e.g. road decommissioning, forest products, or wildlife) are concerned that these programs will get lost. The IRR makes it more difficult to advocate for programs at the national level and with regional leadership in some cases. It is also more difficult to understand annual funding and associated accomplishments for particular resources, which makes some partners concerned about accountability and transparency, either generally or for their resources of interest.

Other observations:

- It takes more time to move year-end money to specific activities under IRR, because more people must be consulted: *"IRR has reduced the ability with extra [year-end] money to go in and ask for more [timber] volume. That's a . . . more difficult conversation now to have."*
- Some staff suggested that the WO and ROs consider what organizational changes can be made to reflect the IRR concept throughout the organization. Staff caution that specific program expertise not be lost in this process.
- Interviewees often asked for more sideboards and guidelines for implementation of IRR, but specific recommendations were few. Most asked for clarifications around what should count towards IRR accomplishments (e.g. stream miles restored or combined acres treated), tools and strategies for prioritizing projects, increased transparency about how the regions are allocating funding, clarification on the importance of localized projects and those that do not contribute to hard targets, and potentially including some minimum targets across resource areas to forests.

# Conclusion: summary of key issues to address

Based on our findings, the following are the primary issues that may need attention to be sure that implementation of the IRR is proceeding as intended.

- Strong leadership is critical to IRR's success; consider providing retreats for line officers and others in leadership to share approaches and lessons learned.
- The IRR represents major changes for staff across levels and program areas of the agency and is causing some stress internally. Consider how to increase opportunities to understand staff concerns, adjust the IRR as necessary, and communicate the importance of the changes under IRR.
- Additional clarification about the purposes of prioritization, and the tools and strategies for prioritizing work, may be necessary and useful for staff.
- Consider how localized or resource-specific projects fit into the overall scheme of prioritization under IRR; if these are important, it would be valuable to communicate to the field that not all projects will be in priority landscapes.
- The IRR interacts in significant ways with long-standing challenges associated with performance measurement and targets. Attention to this will prevent targets from undermining the strategic direction of the IRR approach. Particularly as budgets decline, funding may be shunted towards meeting hard targets. The agency may want to consider how to address several issues:
  - Maintaining an emphasis on important work that does not fall under a hard target or performance measure.
  - Balancing different types of resource work that fall under the combined acres treated target.
  - Ensuring important work with difficult-to-communicate accomplishments is not lost unintentionally. Further refinement of the Watershed Condition Framework may be important, so that accomplishments that do not result in a change in condition class are not undervalued.
- Addressing the difficulty of tracking and communicating information about costs per accomplishment. This supports strategic planning and is important for communicating with key partners and political representatives who may support the IRR approach in theory but are concerned about a loss of accountability or oversight in individual programs.
- Reassessing the composition of the IRR BLI and considering a name change if necessary.
- Updating reporting systems to better sync with the IRR and report accomplishments.

# Background on the IRR budget approach

## Introduction to the IRR

The central focus of national forest management today is to promote landscape restoration and ecological resilience. These goals are highlighted in the USDA Forest Service's 2012 report entitled Increasing the Pact of Restoration and Job Creation on Our National Forests (USFS, 2012) and in their 2012 planning regulations (36 C.F.R. §219 et seq.), which emphasize the importance of forest planning in stimulating integrated forest restoration, climate resilience, watershed and wildlife protection, and economic opportunities for local communities. System-wide programs such as the Collaborative Forest Landscape Restoration Program[1] and Watershed Restoration Program[2] are designed to support integrated restoration work across functional areas and are key components of the US Forest Service's strategy for accelerating forest and watershed restoration.

To effectively implement integrated restoration projects, the President's budget proposal for fiscal year (FY) 2011 introduced the Integrated Resource Restoration budget line item (IRR BLI), also known as the NFRR BLI. The following year, in FY 12, Congress approved the IRR on a pilot basis for three years (FY 2012–FY 2014) in three USFS regions—The Northern Region (Region 1), the Southwest Region (Region 3), and the Intermountain West Region (Region 4). The IRR consolidates multiple BLIs into a single funding stream to support integrated work across resource areas (See Table 1, page 15). In FY 2013, the NFRR BLI included the following previously independent BLIs (associated codes are in parentheses); these are referred to hereafter as 'legacy BLIs':

1. Wildlife and fisheries habitat management (NFWF)
2. Forest products (NFTM)
3. Vegetation and watershed management (NFVW)
4. The non-wildland urban interface (non-WUI) portion of hazardous fuels (WFHF non-WUI)
5. Legacy roads and trails (CMLG)
6. Road decommissioning associated with restoration objectives from the roads BLI (CIM)
7. National Fire Plan rehabilitation and restoration (WFM)

The FY 2011 Budget Justification initially proposed the IRR to merge only the first three legacy BLIs listed above; in FY 2012 the four additional BLIs were included (see also Table 1, page 17).

Through the consolidation of these legacy BLIs, according to the President's 2013 budget justification, the IRR is designed:

> "To facilitate a holistic approach to landscape management on National Forest System (NFS) lands. This includes actions to restore or sustain water quality and watershed processes; resilient and disturbance-tolerant landscapes; soil condition, stability and productivity; vegetative composition and condition; fish and wildlife habitat and populations; and aquatic ecosystems connectivity. The program directly funds landscape-scale restoration projects and leverages accomplishment of additional restoration objectives through program integration and partnerships. These investments will help sustain and restore the core components of functioning ecosystems, enhance watershed resilience in the face of climate change, and help meet the increasing demand for water resources" (USFS, 2013a, p. 1–8).

## IRR performance measures

Along with the IRR the USFS is shifting the focus of its performance measures toward restoration outcomes to supplement its traditional output measures. Outcomes are meant to be more meaningful metrics in terms of restoration goals, as opposed to outputs, which only report tasks accomplished. Each pilot region is currently required to monitor

the progress of the IRR through five performance measures (see Table 1, page 17). The primary outcome-based performance measure is the "number of watersheds moved to an improved condition class." This performance measure is based on the Watershed Condition Framework (WCF), an assessment tool used to measure watershed condition improvements based upon the watersheds' "geomorphic, hydrologic, and biotic integrity relative to their natural potential condition" (USFS, 2011b, p. 3).[3]

The second new performance measure, "the number of acres treated annually to sustain or restore watershed function and resilience," is an output-based measure and is a roll-up of nine traditional performance measures:

- Acres of forest lands treated using timber sales (TMBR-SALES-TRT-AC)
- Improved forest vegetation (FOR-VEG-IMP)
- Establish forest vegetation (FOR-VEG-EST)
- Improve rangeland vegetation (RGE-VEG-IMP)
- Acres of water or soil resources protected, main-

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tained or improved to achieve desired watershed conditions. (S&W-RSRC-IMP)
- Manage noxious weeds and invasive plants (INVPLT-NXWD-FED-AC)
- Highest priority acres treated for invasive terrestrial and aquatic species on NFS lands (INVSPE-TERR-FED-AC)
- Acres of terrestrial habitat restored or enhanced (HBT-ENH-TERR)
- Acres of lake habitat restored or enhanced (HBT-ENH-LAK)

A key change with these nine rolled-up measures is that there are no longer hard targets for accomplishments for each of these measures for regions and forests. Instead there is now a single hard target of total acres treated for watershed function and resilience, with the composition of those acres left to the discretion of decision-makers. The remaining three performance measures are output-based measures and include: the "miles of roads decommissioned," the "miles of stream habitat restored or enhanced," and "the volume of timber sold."

When the IRR BLI was initially introduced in the FY 2011 Budget Justification it included 1) the "number of watersheds in each of the three condition classes" and 2) the "number of acres treated annually to sustain or restore watershed function and resilience," as described above. The former performance measure was transformed into the "number of watersheds moved to an improved condition class" to better communicate progress made toward improving watershed conditions.

## IRR progress to date

In FY 2012, the USFS received $146,585,000 to implement the IRR in pilot status across three regions—the Northern Region (R1), the Southwestern Region (R3), and the Intermountain Region (R4) (see Table 2, page 18). The distribution of funding for each region was calculated using the regions' past performance, capability, and national targets (USFS 2013b) (see Table 3, page 18).

Each pilot region is required to submit an annual progress report summarizing their experience with the IRR program and their accomplishments for the performance measures outlined above. These reports include three to five case studies to describe how IRR: (1) allows greater integration for landscape-scale activities to occur; (2) increases efficiency and effectiveness of project planning and implementation; (3) increases both internal and external collaboration; (4) impacts project outcomes and outputs; (5) affects the way activities were selected; and (6) suggestions for how IRR could be improved.

According to the FY 2014 Budget Justification, "The agency met or exceeded its targets for both the outcome and the four output measures in FY 2012" (USFS, 2013a, p.1–31) (See Table 4, page 19). The USFS' *Integrated Resource Restoration FY 2012 Report* identifies an increase in flexibility and ease in the administration and integration of priority restoration projects (USFS, 2013c). According to this report,

> "All three pilot regions consistently reported that IRR provided increased flexibility. This flexibility was prominent in funding multiple restoration priorities, integrating planning efforts, leveraging IRR funding to support CFLR projects, and highlighting opportunities for partnerships. IRR fostered increased coordination across program areas and encouraged integrated planning efforts. As a result, efficiencies were gained through dialogue between resource functions" (USFS, 2013c, p. 7).

## Table 1    IRR performance measures and merged budget line items by fiscal year

| Fiscal year | Performance measures[4] | Merged budget line items[5] |
|---|---|---|
| 2011 (proposed but not approved) | ▪ Number of watersheds in each condition class<br>▪ Acres treated to sustain or restore watershed function and resilience | ▪ Fish and wildlife habitat management<br>▪ Forest products<br>▪ Vegetation and watershed management |
| 2012 | ▪ Number of watersheds moved to an improved condition class<br>▪ Acres treated to sustain or restore watershed function and resilience<br>▪ Volume of timber sold<br>▪ Miles of road decommissioned<br>▪ Miles of stream habitat restored or enhanced | ▪ Three BLIs from 2011 (see above)<br>▪ The (non-WUI) portion of hazardous fuels<br>▪ Legacy roads and trails<br>▪ Road decommissioning associated with restoration objectives (from the roads BLI)<br>▪ Post-fire restoration and rehabilitation |
| 2013 | Same as FY 12 | Same as FY 12 |
| 2104 | Same as FY 12 and FY 13 | Same as FY 13 but without post-fire restoration and rehabilitation |

**Table 2    IRR funding requests and allocations by fiscal year**

| Fiscal year | Funding requested (millions) | Funding received (millions) |
|:-----------:|:----------------------------:|:---------------------------:|
| 2011 | $694 | $0 |
| 2012 | $854 | $147 |
| 2013 | $793 | $145 |
| 2014 | $757 | n/a |

In addition, the USFS reported the IRR BLI promoted coordination across program areas resulting in increased levels of integrated planning within the pilot regions. Through this increased coordination, the USFS regions reported they were better able to set goals and priorities (USFS, 2013c).

Nonetheless, since the regions did not receive IRR funding until the second quarter of the fiscal year they were forced to implement existing NEPA-approved projects. The report outlined how FY 2012 may therefore not be a true indication of the IRR implementation as a result of this delayed funding and because implemented projects were not newly designed projects based on the IRR concept. The FY 2012 Progress Report identified additional concerns from the pilot regions, including the following issues:

- Larger landscape restoration goals could overtake smaller restoration projects and objectives;
- Continued pressure to meet traditional targets (i.e. timber volume sold, miles of road decommissioned) could reduce the overall success and potential of IRR in the pilot regions;
- Programs merged into the IRR without associated performance measures could lose funding altogether if other restoration objectives are considered more important;[7]
- The true extent of the restoration accomplishments were not being fully captured by the current performance measures; and
- The "cost per unit" is more difficult to track since IRR covers such a broad range of resources in a single budget line item, and the accomplishments are reported in multiple databases.

**Table 3    FY2012 IRR funding allocation by region (in thousands)**

| Funding allocation | Northern Region (R1) | Southwestern Region (R3) | Intermountain Region (R4) | Total IRR allocation[6] |
|:------------------:|:--------------------:|:------------------------:|:-------------------------:|:-----------------------:|
| FY2012 | $59,099 | $38,514 | $41,615 | $139,228 |

**Table 4    FY2012 IRR accomplishments by region (USFS, 2013c)**

| Performance measure | Northern region (R1) | Southwestern region (R3) | Intermountain region (R4) | Total IRR accomplishment |
|---|---|---|---|---|
| Acres treated to restore watershed function and resilience | 307,420 (128% of target) | 198,574 (70% of target) | 283,795 (126% of target) | 789,789 (105% of target) |
| Number of watersheds move to an improved condition class | 2 (100% of target) | 0 (no target) | 1 (100% of target) | 3 (100% of target) |
| Miles of road decommissioned | 383 (111% of target) | 69 (60% of target) | 286 (151% of target) | 738 (114% of target) |
| Volume of timber sold (ccf) | 423,416 (75% of target) | 224,481 (94% of target) | 206,294 (89% of target) | 854,191 (86% of target) |
| Enhanced | (142% of target) | (124% of target) | (157% of target) | (144% of target) |
| Miles of stream habitat restored or enhanced | 426 (142% of target) | 162 (124% of target) | 346 (157% of target) | 934 (144% of target) |

## Endnotes

1   The Collaborative Forest Landscape Restoration Program was established under section 4003(a) of Title IV of the Omnibus Public Land Management Act of 2009 (Pub. L. No. 111-11, tit. IV, 123 Stat. 991); See www.fs.fed.us/restoration/CFLRP for additional information.

2   The Watershed Restoration Program is a USFS directive established to protect watersheds in the National Forest System by integrating watershed conditions as a primary component of project prioritization (FSM 2521.11b). See www.fs.fed.us/restoration/Watershed_Restoration for additional information.

3   The "Number of watersheds moved to an improved condition class" performance measure incorporates 12 watershed condition indicators, including: water quality, water quantity, aquatic habitat, aquatic biota, riparian/wetland vegetation, roads and trails, soils, fire regime or wildfire, forest cover, rangeland vegetation, terrestrial invasive species, and forest health

4   Reported in USDA Forest Service Fiscal Year 2011, 2012, 2013, and 2014 Budget Justifications

5   Reported in USDA Forest Service Fiscal Year 2011 and 2014 Budget Justifications

6   The total funding allocated to the pilot regions was less than the full appropriation to "ensure a balance in the national allocations for restoration, resilience, and maintenance activities on all national forests and grasslands" (USFS 2013b).

7   The programs identified include: invasive species management, range planning, rehabilitation and restoration of burned areas, reforestation, threatened and endangered species, timber stand improvement, and trail projects associated with the Legacy Roads and Trails Program.

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