

**March 25, 2015**

**Written Testimony of Brian Holst  
Executive Director, Juneau Economic Development Council  
on behalf of the Visitor Products Cluster Working Group of Southeast Alaska**

**Submitted to the U.S. House of Representatives Committee on Appropriations  
Subcommittee on Interior, Environment, and Related Agencies**

The Juneau Economic Development Council on behalf of the Southeast Alaska Visitor Products Cluster Working Group appreciates the opportunity to submit testimony to the U.S. House of Appropriations Subcommittee on Interior, Environment, and Related Agencies regarding the U.S. Department of Agriculture's fiscal year (FY) 2016 budget request for the U.S. Forest Service recreation accounts as follows: Recreation, Wilderness & Heritage: \$263.94 million; Facilities: \$71.69 million; and Trails: \$82.51 million).

In 2010, the U.S. Department of Agriculture (USDA) and the U.S. Forest Service committed to the implementation of a Transition Framework for the Tongass National Forest in Alaska focused on supporting a diverse economy and developing a "region-wide job creation platform, with an emphasis on building upon current assets (e.g. workforce and natural resources) and current key economic sectors." (USDA Tongass Transition Framework, May 2010) To advance the goals and support implementation of the Transition Framework, the Juneau Economic Development Council (JEDC) convenes the Southeast Alaska Cluster Initiative under a contract from the U.S. Forest Service and support from USDA Rural Development.

Since 2011, the Visitor Products Cluster Working Group (VP-CWG) has successfully brought the region's private recreation and tourism industry sector together with federal, state and local agencies, university faculty, trade associations, economic development organizations, community leaders, and other stakeholders committed to addressing industry needs, concerns and opportunities on a cooperative basis.

### Priorities and Recommendations

Our priorities and recommendations are focused on agency accounts which support the Tongass National Forest's recreation program and infrastructure. The VP-CWG identified two legislative priorities which its member businesses believe are critical to sustaining southeast Alaska's recreation and tourism economy.

- Address the critical decline in federally appropriated funding for the Tongass National Forest recreation program, trails, and facilities.
- Support the reauthorization of the Federal Lands Recreation Enhancement Act to ensure recreation site fees and outfitter & guide use fees are retained in the Tongass and reinvested to provide suitable visitor experiences and enhanced business opportunities.

In line with VP-CWG priorities, we make recommend the Committee action as follows for the U.S. Department of Agriculture's (USDA) Forest Service budget proposal and request.

- ***Support USDA's proposed increase (average +2%) for the Forest Service's recreation program accounts including: Recreation, Heritage & Wilderness; Facilities; and Trails.***

National Forest System: Recreation, Heritage, and Wilderness

- FY16 Request: \$263,942,000; 1% increase
- FY15 Enacted: \$261,719,000

Capital Improvement and Maintenance: Facilities

- FY16 Request: \$71,695,000; level funding including national priority project funding in the amount of \$799,000 for the Mendenhall Glacier Visitor Center (Juneau, AK) Elevator Replacement Accessibility and Sustainability.
- FY15 Enacted: \$71,600,000

Capital Improvement and Maintenance: Trails

- FY16 Request: \$82,516,000; 6% increase
- FY15 Enacted: \$77,530,000

Further, the VP-CWG would like to highlight our support for the proposed national priority project at Mendenhall Glacier Visitor Center (MGVC) located in Juneau, Alaska. The MGVC is the most visited Forest Service site in Alaska with visitation nearly doubling in the past 15 years. The agency has acknowledged that demand at the MGVC is outpacing the agency's available resources and capacity to improve access, services and facilities.

Additionally, the VP-CWG requests that the Committee work toward increasing funding for these accounts to highest level possible with a minimum target of restoring funding to FY2010 levels in order to support reaching the goals outlined in the Forest Service's 2010 Tongass "Transition Framework" commitment to "invest in facilities, trails, and other activities to attract increased recreation and tourism use and jobs." (USDA Tongass Transition Framework, May 2010)

- ***Extend the authority for the Federal Lands Recreation Enhancement Act through September 30, 2016.***

Further, the VP-CWG believes that a 1-year extension of authority is a minimum and would urge the Committee to consider enacting a multi-year extension.

#### Rationale: An Economic Partnership

The Forest Service's recreation program and infrastructure underpins a strong and growing visitor industry in southeast Alaska and the Tongass National Forest.

Travel southeast Alaska's famed Inside Passage—an intricate network of coastal waterways that wind through a chain of thousands of islands below the steep Alaska Coast Range of the mainland—and you're surrounded by the Tongass, our nation's largest national forest and the world's largest intact coastal temperate rainforest. At nearly 17 million acres, the Tongass is

roughly the size of West Virginia and comprises 80 percent of the region's land base making the Forest Service far and away the principal land owner and manager in southeast Alaska. An additional 18 percent of the land base is owned by the National Park Service (Glacier Bay National Park), the State of Alaska, and Alaska Native Corporations leaving less than 1 percent in municipal and private ownership.

Scattered throughout the rugged and remote landscape and within boundaries of the Tongass are 34 communities, home to the region's 74,000 residents. All but 3 of the communities are accessible only by plane or boat. The small size and remoteness of the communities combined with the island and steep mountain landscape limits options for transportation and other basic infrastructures needed for economic development.

Yet it is this same rugged remoteness, richness of the natural resources, and scenic beauty which draws visitors from around the world. Since 1990, visitation to southeast Alaska has quadrupled from 235,000 visitors in 1990 to over 1,000,000 visitors in the summer of 2014 with expectations for that number to continue to rise in coming years. This influx of visitors propels the regional tourism and recreation economy, one of southeast Alaska's strongest economic sectors. According to the most recent research conducted by the State of Alaska's Department of Commerce, Division of Economic Development found that statewide the visitor industry plays the most important role in southeast Alaska where it accounts for 20 percent of employment and 13 percent of labor income.

The tourism economy is anchored by the cruise industry which brings the vast majority of visitors to the Tongass. The high volume of cruise passengers and a small but economically valuable market for independent travelers has provided numerous opportunities for entrepreneurship in southeast Alaska including businesses directly or indirectly dependent on access and services provided by the Tongass National Forest.

The interdependence between the tourism industry and the Forest Service management is illustrated by the core challenges identified by VP-CWG priority initiatives:

- Safe, accessible, and diverse trails and visitor facilities which provide for optimum outdoor recreational use of the region by residents and visitors, promote increased visitation to local communities, grow local economic development opportunities, promote wellness through physical activity, and protect the region's natural and cultural resources.
- Outfitter and guide permitting processes which enhance rather than limit economic opportunity. With the growth in the tourism industry, increasingly demand for commercial access exceeds permitted levels and a lack of permitting flexibility hampers the Forest Service's ability to make quick changes in response to market conditions.
- Continuance of Federal Lands Recreation Enhancement Act as well as increased transparency and private sector input in the decision making process as to where recreation fees are allocated.

Similarly, recent small cruise vessel market research conducted by the State of Alaska, Department of Commerce, Division of Economic Development indicated that among the challenges to economic growth is sufficient access to public land for land-based activities.

### Investing in Recreation, Investing in the Economy

Reversing the recent national trend of decreased investment in the agency's recreation program and infrastructure is crucially important in the Tongass National Forest. Federal investments to the region through the Forest Service recreation budget underpin the agency's ability to provide benefits including access, services, and infrastructure for the recreation and tourism economy across the country and in Alaska. The Forest Service estimates that outdoor recreation and tourism on the National Forest System contributes \$13 billion and an estimated 194,000 jobs each year to the U.S. economy.

In the Tongass National Forest, the recreation and tourism industry is the largest private sector employer and one of the fastest growing sectors of the economy. Counter to the growth in our industry and its importance to the economy, the Forest Service's investment in recreation on the Tongass has plummeted. In the past 5 years, federal investment in the Tongass recreation program has declined by an estimated 50 percent, nearly three times the percentage of decline in USFS recreation program funding levels nationwide. Notably, the Forest Service's allocation of appropriated funding for the Tongass recreation expenditures is less than 10 percent of the Tongass' overall budget.

By comparison the recreation and tourism industry is the agency's largest revenue producer generating approximately 50 percent of Tongass National Forest's annual revenue, an average of \$3.2 million annually for the past 5 years, through fees collected from commercial outfitter and guide operations, visitor centers, and other recreation facilities. This revenue is ensured through continued authorization of the Federal Lands Recreation Enhancement Act. Additionally, this return on investment would be maximized rather than undermined by enhanced appropriated support for the Tongass recreation program.

A recently released Region 10 Leaders Intent document indicates that due to the severe decline in funding the Forest Service will no longer be able to provide for the same level of recreation experiences and opportunities, or maintain the current inventory of cabins, trails and other recreation facilities currently in place. What concerns us the most is that even at current levels of funding, the lack of resources for and efficiency within the Forest Service recreation program are failing to meet the needs of the recreation and travel industry.

### Summary

We appreciate the Committee's attention to these issues and the importance of the Forest Service's recreation budget to local economies nationwide including ours in a remote corner of Alaska. We are encouraged by the Administration's budget proposal which proposes a very small increase in the Forest Service's recreation accounts and seeks to extend the FLREA authority for 1 year. These actions are good first steps. With Committee support for these actions at the national level, we are optimistic that the deep declines in the Tongass National Forest recreation program can be reversed and the partnership between the Forest Service and the visitor products industry strengthened for the benefit of the southeast Alaska's economy, communities, residents, and visitors.