

TELENEWS CONFERENCE
UNDER SECRETARY for Natural Resources and the Environment Mark Rey
and
DR. JONATHAN KUZEL director of the Sierra Institute for Community and the Environment in
Northern California

REGARDING SECURE SCHOOL RULES FUNDING AUTHORIZATION

March 29, 2006

MR. DAN JIRON: Good afternoon. Welcome to our press teleconference today. In a couple minutes I'll be turning over this call to our Under Secretary, Mark Rey. If you have follow-up questions after this conference call today, please dial our main press number in Washington at 202-205-1134. You can also obtain information on today's subject at our website by visiting WWW.FS.FED.US.

On that, I'll turn it over to Under Secretary Rey.

SEC. MARK REY: Thanks, Dan. And thanks for all of you for joining us this afternoon. Today we are announcing in the Federal Register a 30-day extension for public comment on the administration's proposal to reauthorize the Secure Rule Schools and Community Self Determination Act of 2000 and fund it through a proposal to Congress to legislate for the Forest Service the authority to convey isolated parcels of Forest Service land to generate revenues to pay for the reauthorization.

The comment period was originally scheduled to close tomorrow March 30th in response to requests that we received to extend the comment period, we are now extending it until May 1. So we will continue to accept comments until May 1 on the proposal.

So far we have received around 4,000 comments; three quarters of those have been form letters, which is not surprising. About 95 percent of those comments have spoken in broad terms about the proposal. About 5 percent of the comments have spoken to individual parcels of land and whether those parcels should or shouldn't be considered for conveyance if Congress were to enact the administration's proposal to grant us that authority.

The comments are evenly divided around the country with comments from about 46 states, which is probably 15 more states than are affected by our proposal, but since these are national forests that's probably not relevant.

That's what we've received so far. It's about average for a federal rulemaking proposal -- this not being rulemaking but a legislative proposal, but nevertheless the comments have been rolling in.

As we have stated before Congress in our budget oversight hearings, and I think in previous press briefings, in putting this proposal forward we mean to be precise, transparent and to accomplish a broadly-agreed upon public purpose-- that being to fund rural school systems.

Our extension today of the comment period fits within our desire for transparency to give everyone a fair chance and maybe even little more than a fair chance to offer us their views.

So in today's Federal Register there will be a simple notice extending the comment period until May 1. We will be receiving comments until and through that date.

Additionally today what we want to do is spend a few minutes with you sharing the results of some research on the implementation of the Secure Rule Schools legislation. Recently a second piece of research on the implementation of Titles II and III of the bill and most specifically the implementation of the Resource Advisory Committees that were authorized and established under the 2000 legislation has been completed by the Sierra Institute for Community and Environment.

The results of that research will be posted today on our website for your perusal. There is a very literate -- that is to say well-written -- executive summary of the research that will be available on the website. Copies of the full report have been shared with the committees of the Congress with oversight and appropriations responsibilities for the 2000 legislation.

Joining us on the call today is Jonathan Kusel who's the principal investigator in this particular study and the director of the Sierra Institute for Community and the Environment in Northern California. Dr. Kusel led a research team consisting of about seven research associates, at the Forest Service and the Bureau of Land Management's request and with our support, to evaluate the implementation of the Secure Rule Schools legislation and the functioning of the Resource Advisory Committees. Without therefore further delay I'll let Dr. Kusel introduce himself and then summarize the results of the study and then both he and I will be available for whatever questions you have.

Jonathan, I hope you're on.

DR. KUSEL: I am indeed. Thank you very much. Under Secretary Rey asked that I share with you some of the major findings and when one works on a study for a couple years it's always hard for us social scientists to condense a couple years' worth of work into about five or six minutes. But I will do that.

As Under Secretary Rey indicated, I was principal investigator for the study. And just again to be clear, our study focused on Title II and Title III. Of course Title I was the money going to county roads and schools associated with Forest Service lands.

Title II is the money allocated to Resource Advisory Committees. These are the 15-member, multi-interest committees that make recommendations on projects to improve forest and watershed health. Title III are the counties receive to address things like search and rescue and fire prevention and county planning among other things.

By the way, the Sierra Institute is based in the rural Northern Sierra, but we work locally, regionally and nationally on rural community and natural resource issues.

The study that I'm addressing here, we conducted 16 field studies in 9 states to examine Title II and Title III and 15 of the 16 studied the individual case studies included resource advisory committees or RACs. And we looked projects on the ground, and we talked to quite a number of RAC members, as well as county and agency officials. We were in Alaska in Rangel, Petersburg area. Arizona, eastern Arizona in particular the RAC there. California, 3 RACs. Idaho, a couple of RACs there. Mississippi, the Southwest Mississippi one RAC. Lincoln County, Montana, 4 RACs in associated county areas. In Oregon the Allegheny National Forest area, 4 county area, don't have a RAC but we're looking at how they were managing the Title III funds. And then in Washington the Colville and Olympic Peninsula RACs.

Some individual findings. Perhaps most importantly our study showed how successful the legislation has been in developing collaborative relationships among the RAC members, between the RACs and the counties and federal agencies as well.

As a social scientist looking at community based forestry issues for the last 15 years, I have to say that I was quite skeptical about the likelihood of success. But in general the success of RACs, the success exceeded or surpassed what even the most optimistic folks felt was going to happen.

And truly an impressive collaboration developed among RAC members. Again these are people that had been warring or fighting each other for years, and indeed they were quite skeptical about getting together, sitting in the same room and deciding what projects they might support. Again they were very, very successful.

This is the first legislation to require multi-stakeholder collaboration to fund resource management projects. And I think it's been understated to say that this thing has just been successful. It's been more than successful.

A key ingredient of RAC success is that they've actually had money for projects on the ground work. They knew that if they came together and didn't actually make recommendations that a lot of the important work that they have ultimately generated wouldn't happen. So they got to work, and they were successful working together.

The work of the RAC though goes quite a bit beyond just voting to support projects. Many members of RACs reported an increasing openness among representatives from the different interest groups, and these relationships now are also extending beyond individual RAC work. I can't help but mention there were also some surprising projects that resulted. The Freemont Winema RAC for example unanimously approved an old growth thinning project. Commenting on another fuel thinning project one environmentalist said that had someone in the past mentioned that she would support a project of the kind that she had supported she would have dismissed them as crazy. And there were some industry representatives who supported a number of restoration projects that they would not have been a part of in the past.

Another key finding is that new and improved relationships among RAC members, interest groups they represent, and the Federal Land Management Agencies have also resulted from this legislation.

They really are doing things a little bit differently in the agencies. Both the Forest Service and the Bureau of Land Management reported that they are learning more than ever from a lot of the RAC members, and RAC members have reported they are finally understanding some of the challenges that the agencies have faced.

Truly from this work, agencies are learning some new ways of doing business, and perhaps maybe we can teach some old dogs new tricks.

Another key finding, it isn't all perfect. Appreciation for the agency constraints processes and possibilities for public engagement along with understanding of RAC work has not really extended to the larger public. That is, RAC members know what's going on, the agency knows what's going on, but really a lot of people don't know the tremendous success, the exciting projects that have been the result of the RAC efforts.

And so perhaps good news really has actually turned out to be no news in this case.

Some other things I have to also just mention Title III which is the county projects. Again as I mentioned at the outset, there's so much more than can be said. But with Title III the county projects, what was surprising to us was that unlike the RAC projects that really were quite competitive in nature and RACs received quite a lot of proposals for RAC money, with the Title III projects half of the counties and half of all projects were administrative allocations and not competitive processes or competitive grant allocations. And that's a challenge for the future of the legislation.

And again as I mentioned, I could go on, but let me stop there. Those are some of the key findings, and we don't normally with the kind of work that we do reach out and say this thing ought to be continued. But in fact one of the final conclusions from this study is that given the tremendous success both with Title II and Title III projects we have concluded and said if there is a way to continue this legislation it really is a start this first six years, and it ought to be continued.

SEC. REY: Thanks, Jonathan. Jonathan would you be willing to give out your phone number in case any of the reporters have follow-up questions after we're done today?

DR. KUSEL: Absolutely. I can be reached in my office at 530-284-1022. That's the Sierra Institute Office.

SEC. REY: Thanks again. The Sierra Institute Study was the second in two commissions studies that the federal land managing agencies in charge of the legislation supported. One a couple years earlier was done by Boise State University. And because it was earlier in time had findings that were more preliminary in nature, had findings that were generally consistent with those that you just heard.

I think it's fair to say that the findings both by Boise State University and by the Sierra Institute weighed in the administration's decision to recommend reauthorization of the Secure Rules School Legislation. And as I said earlier as well, we shared the results of the Sierra Institute Study and

before that the Boise State University study with the authorizing committees with responsibility for oversight of the Secure Rule Schools legislation.

Some of what you've heard today has actually been transmitted in the form of testimony during oversight hearings that were held last year on the legislation as Congress was first considering what to do about reauthorization.

But since we just completed the printing of the Sierra Institute Study I thought it was worthwhile today to give you something of a little larger news than a simple comment of deadline extension.

So with that we'd be happy to respond to any questions you've got if you want to direct them to either me or if they're relevant to the study to Jonathan.

MR. JIRON: Okay. I think we'll move to question and answers. Our first question is going to come from Deb Frasier from the Rocky Mountain News. Go ahead, Deb.

REPORTER: Yes. Secretary Rey, I've noticed and I'm sure you have too, a great deal of criticism of the idea of selling 300,000 acres. And that criticism includes of course four former Forest Service heads. Of the responses, 4,000 you've received, what percentages are for and what percentages are against?

SEC. REY: I don't have the exact breakdown, but the fact that three-quarters of them are form letters should tell you that at least that many are against it because there are groups that have organized to turn out form letters and postcards against it. And we've received a multitude of both.

The people who are for it are less well-organized. And so I don't expect we're going to see campaigns associated with them trying to advance their point of view.

So without knowing the exact numbers, I think what I would do is acknowledge, given the campaigns and the form letters, that the vast majority are expressing their opposition to this. And that's not a surprise either on the basis that we have considerable experience with organized campaigns both for and against any proposition.

But with regard to this specific one, it's not surprising because as we've said all along we understand that the selling of public lands is a sensitive proposition and one that Congress will countenance only in circumstances where the proposal is precise, transparent and designed to achieve a broadly agreed-upon public purpose.

MR. JIRON: Moderator, before we go to the next question I'd ask that you once again remind reporters how to queue up in the question.

Operator: Thank you. Once again please press *1 if you would like to ask a question and #2 to remove your request.

MR. JIRON: Okay. Our next question is going to be from Eve Byron from Helena Independent Record. Go ahead, Eve.

REPORTER: Thank you. Secretary Rey, I was wondering how this change in the comment period might affect the timeline that you have with this prospect?

SEC. REY: I don't think it will affect the timeline much at all. Congress is just back from a recess. They have another extended recess in April. So to the extent that what we're involved in here is finalizing a proposal to send to them, I still think it will be timely even with this extension of the comment period.

In a very real sense they have everything they need to evaluate this proposal before them already except for the final list of tracts, which is this comment period is about. So they can already do a broader assessment of what they think about this proposal -- and if it is not a proposal that they want to favorably consider, what they want to proffer as an alternative. The only thing they won't have is the exact and final list of sites that we recommend. And they'll have that in time to make a determination on it if they choose to.

MR. JIRON: Okay. Our next question is going to be from Jim Spencer from the Denver Post. Go ahead, Jim.

REPORTER: Mr. Under Secretary, when you talk about alternatives that the Congress might offer you, do you foresee any of those alternatives being something besides selling Forest Service land to pay for the schools? I mean does the administration have any other funding source that it could conceive could do what you want to do with reauthorization of the rural schools legislation?

SEC. REY: As we've said before and even before Congress in testimony, we didn't decide upon this alternative for funding as a first resort. Indeed, it was more of a last resort among all the alternatives we looked at.

But the key here is that in order to fund the reauthorization of this legislation in a budget deficit environment, you either have to find spending cuts or revenue raisers. Those spending cuts or revenue raisers have to be from or contribute to a mandatory account because that's what the account was that funded the original legislation.

And they have to either save money or raise revenues within the time period of the reauthorization.

Now under the Forest Service -- Bureau of Land Management manage any mandatory accounts. That sort of eliminates spending cuts going in.

The other question is, are there revenue raisers you can use. And are they revenue raisers that will contribute to a mandatory account, and will the contributions occur -- that is, will the money come in during the time period that legislation is reauthorized and the expenditures are going to go out?

And as we looked through a fairly long list of alternatives, asking Congress to give us the authority to sell land, authority which we now lack, it was the only thing we came up with that met those criteria. There are a number of other revenue-raising ideas that we considered that did not generate

mandatory revenues. There were a few others that we considered that didn't generate mandatory revenues within the required timeframe.

So in our search, which was pretty extensive, this was the only thing we came up with.

Now what we've said again in testimony before Congress is that we are open to alternatives. You know, that's always the case because the development of a budget or a legislative proposal is a negotiated process between the executive and the legislative branches. So it should go without saying generally but specifically in this instance that we've indicated that we'd be open to looking at alternatives.

But I will tell you this. It's now been two months and so far nary another alternative has emerged. And I suspect that our colleagues on Capitol Hill are going through the same search we did. So far they haven't come up with anything.

I'll also tell you I don't feel any sense of vindication in that regard, but it does suggest that our search was pretty thorough, and that the search for alternatives is going to be very difficult.

MR. JIRON: Okay. Our next question is from John Murray, Clarks Fork Chronicle.

REPORTER: I have questions for Dr. Kusel on the recommendations. I went out to your website and saw the report, and I just wanted you talk a little more in detail about your first two recommendations, in particular the first one suggests that RACs represent a new model for establishing public agency consultative arrangements. These can be used for activities that go beyond the public law in the future. Can you talk about some of those?

DR. KUSEL: Be happy to. RAC members and RACs in general prove to be as I mentioned at the outset very effective bodies. And I think within limits, and it's important to state within limits because these folks are serving as volunteers -- within limits that they may be utilized for other consultative type of arrangements.

And we said that simply because of the power of the RACs because of the agreement that has been generated because this is an experiment, in my mind, that has been extremely successful in the first five years and really ought to be considered for uses in other venues.

And again there have been some other RACs. The Bureau of Land Management started these in the 1980s. But RACs felt comfortable and had established a new working relationship with the agencies in ways that we felt that they could do more than just simply make recommendations on projects.

SEC. REY: If I could bootstrap on that. We did testify last year in oversight that we thought one of the changes that Congress could consider in the reauthorization is making the Title III project subject to the approval of the RACs to get some greater competition in terms of what gets funded.

So we are already looking at ways to expand the role of the Resource Advisory Committees because we believe they've been effective too.

REPORTER: Then as a quick follow-up, the second recommendation in the report says the RACs, the agencies and third parties should do more outreach in education to inform others about the work and lessons of RACs. Can you talk a little bit about that?

DR. KUSEL: Yeah. I mentioned that in terms of essentially good news amounted to not very much news at all beyond the RAC participants. And I've said it in the briefings that I've provided that the agency needs to look at this more seriously as do RAC members and do more outreach efforts.

Now they're challenged simply because a lot of them say, well this really isn't our responsibility, we're doing the work, putting in a lot of time doing this. And the agencies are saying, We're putting in a lot of energy coordinating and making these things work and supporting the projects that the RACs are recommending for approval.

So a lot of folks are working hard on this, but we are saying they ought to look a little bit or dig a little bit deeper or perhaps even allocate some small portion of RAC funding or some funding to make sure that other folks know what's happening.

And there's a couple of reasons for this. One, again as I said several times, it's been very successful. But two, we found that some RACs were far more successful than others in generating interest or at least generating understanding of this process; and as a result they're getting many more applications for funding. And we think that when you get more applications you actually get to pick and choose some of the better ones.

So it improves the quality of the projects that are getting done. And that's not to say that projects to date haven't been good projects. But in general when you get to choose you essentially recommend support for one out of five, you've got really quite a better selection and you end up with better projects.

So one of the values of extending information about this is helping folks apply and perhaps even supporting them to apply, building capacity in rural areas to again increase understanding and increase the array of folks who participate and benefit from this funding.

MR. JIRON: Okay, thank you, Jonathan. Our next question is going to be coming from Cynthia Maude the News Observer. Go ahead, Cynthia.

REPORTER: Yes. This is for Mr. Rey and a question from the South, the Mountains of North Georgia. The Southern Environmental Law Center did an analysis of the federal lands potentially for sale, and they have said that a disproportionate amount of the land proposed for sale is in the South. I wondered what you had to say about that.

SEC. REY: I'm not sure a disproportionate amount of it is, but certainly a significant acreage is in the South. When we queried the national forests, we queried them to identify for us parcels that fit the criteria in each of their national forest plans as being isolated, difficult and expensive to manage, and no longer meeting national forest system needs.

And we didn't ask them to do an evaluation of how those parcels were distributed regionally or across the country.

So consequently they popped up wherever they met those criteria without regard to what region they were in. We have received some comments to date along the lines that most of the benefits to rural schools will inure to rural school systems in the West; so therefore how is it equitable to sell lands in other regions to pay for that benefit?

And that's a good point. I guess our response to that would be threefold. First, these are after all national forests that are managed for national purposes, something I think that environmental activists like the Southern Environmental Law Center remind us with literally every brief they file in a federal court.

And so therefore when you're administering national programs you look at them as national lands managed for national purposes.

The second thing is that it is a misnomer to some extent to generalize the proposition that mostly western school systems will benefit from this. There are in fact a number of school systems in heavily timber federal land districts in the South, the Lake States, and in other regions of the country where the schools are dependent upon this revenue and where its loss would be significant to them.

That having been said, I guess my third point is that we are sensitive to the need to maintain at least some degree of regional equity here in the legislation that we sent up to Congress last week, legislative proposal we sent up does contain some direction to us to consider regional equity when we construct the final list of tracts we'd suggest to Congress ought to be authorized for conveyance.

MR. JIRON: Okay, thank you.\ Our next question is from Bettina Boxall, Los Angeles Times. Go ahead, Bettina.

REPORTER: Hi. Mr. Rey, have you gotten a sponsor yet in Congress for the proposed legislation that you sent over?

SEC. REY: No, and I don't think we will in the sense of someone sponsoring it as a separate piece of legislation. I think the point in time when Congress will have to consider what they want to do with our proposal is at that point in time that they take up the reauthorization of the Secure Rule Schools legislation. The Senate Budget resolution which was enacted the week before last provides a footnote if I can call it that, legislative language in essence, that says that the budget resolution contemplates the reauthorization of Secure Rule School legislation provided that the reauthorization is revenue-neutral and a funding source is identified to make it revenue-neutral.

Today and tomorrow and Friday the House is going to consider and hopefully enact its budget resolution, and I'm told they will probably take a somewhat similar approach.

What that means is that it will then be up to the authorizing committees that originally enacted the Secure Rule Schools legislation to produce a piece of legislation that fits that criteria that

reauthorizes the bill in a revenue-neutral fashion. At that point they will either include our offset and our legislative language to authorize that offset, or they won't. If they don't and they have another offset to make it revenue neutral, then it will proceed I guess. And I we'll see what happens.

If they don't, and reauthorize it in a way that's not revenue-neutral, then it will be subject to a budget point of order on the Senate and the House floor most likely, and it will probably fall to a budget point of order under that scenario.

So I don't think anybody's going to take this legislative proposal separately and sponsor it and introduce it. I suspect that the cosponsors of the reauthorization of the Secure Rule School legislation will decide whether they want to include it or not when they get to the point of moving that reauthorization forward. Hopefully that was clear enough in terms of the mechanics as we think they're going to play out.

MR. JIRON: Okay, thank you. Our next question will be John Driscoll from the Times Standard. John, can you tell me what city you are in?

REPORTER: Yes. We are in Eureka, California. Hi, Mr. Rey. With most of this land considered isolated or difficult to manage, will the Forest Service realistically be able to sell all that within the reauthorization period? Do you have a great deal of interest in these remote spots already?

SEC. REY: We won't need to sell all of the land. We've identified 309,000 acres that fit those criteria to meet the revenue mark of \$800 million we think we've probably only need to sell somewhere between 150,000 to 175,000 acres given the average land values based on previous land exchange transactions.

I believe we can sell that amount of land within a five-year period if Congress gives us the authority to do so. I'm not overly concerned about that.

MR. JIRON: Okay, thank you. Our next question is Pam Sohn, Chattanooga Times Free Press. Go ahead, Pam.

REPORTER: Thank you. I actually have two questions. My first question is you had mentioned alternatives that you would hope would be offered to you. What kind of alternatives would you like to hear, would you like to see come out from Congress?

SEC. REY: I don't have alternatives that I'm seeking from Congress. I don't know of any myself. We put forward the only one we could think of. I'm not ruling out our willingness to consider alternatives. In fact we said we would. But I don't know of any, and I'm not looking for anything specific.

REPORTER: My second question was, several of the Southern states -- you touched on this earlier -- are feeling left out a little bit or disproportionate.

SEC. REY: We lost you.

MR. JIRONE: Repeat your last question again, Pam, one more time? Pam?

REPORTER: -- have said it would be dead on arrival. What's your reaction to that?

SEC. REY: We lost you from disproportionate to dead on arrival. I don't know what went in between, but why don't you repeat it so I don't misinterpret your question?

REPORTER: Okay, thank you. Some Congressmen here have referred to this as dead on arrival when it reaches Congress. What's your reaction to that?

SEC. REY: Well, my reaction to that is that particular phrase is probably the most overworked phrase that's used in the legislative process, and it's usually used for shock value as opposed to substantive content. In this particular case, there is I think a broad majority of people in the Congress who support reauthorization of this legislation for many of the reasons that Dr. Kusel has indicated. It's accomplished a lot of good.

So I start from the premise that there's probably a majority if not a super majority of people that want to see this bill reauthorized. And in order to do that to have it funded. That requires a funding source, and right now this proposal, our proposal, is the only funding source on the table.

So if somebody wants to reach for the superlative and say it's dead on arrival, I guess my reaction is they have to then assume the burden of coming up with an alternative.

MR. JIRON: Thank you. Our next question is from Estelle Fenell from KMUD Radio in California. Go ahead, Estelle.

REPORTER: Thank you. Yeah. My question is for Dr. Kusel and possibly Mr. Rey too. And forgive my ignorance, but Dr. Kusel you talked about the RACs and the exciting projects that they were involved with. I wondered are these separate from funding rural schools? Is this a whole other mechanism that's folded into the Secure Rules School funding? And as a follow-up to that I'd also like to ask, you mentioned three RACs in California. I was wondering which ones they are.

DR. KUSEL: In answer to your first question, it's important to make the distinction between Title I which Department of Agriculture money flows to roads and schools, and Title II is money that flows to these Resource Advisory Committees. And California unlike some of the other states that had multi-county RACs, California was unique in that virtually all but one are one county, one RAC.

I mentioned the Del Norte, Siskiyou and Tuolumne RACs as RACs that we went in and visited. We spent time in the field, 10 to 14 days at each field, sometimes actually a little bit longer, as part of our case study process. So though I mentioned only three in California there's quite a bit more than that in California because of the numbers of counties that receive money through Title I, Title II, and Title III.

SEC. REY: Let me go back for those of you who didn't cover the 2000 legislation and augment Jonathan's answer with a little bit of history. The 2000 legislation was designed primarily to provide guaranteed funding for the operation of rural school systems and to offset the dramatic decline in timber receipts. The way the legislation is structured though is that the counties who elect that guaranteed funding would take 80 percent of it and apply it to schools and then take 20 percent of it to provide to Resource Advisory Committees to use for public lands projects.

The first part of that is Title I. The second part is Title II. Then in Title III we gave them the option to instead of providing the money to the Resource Advisory Committees to do public land projects to use some of that money to do other kinds of projects approved by the counties.

So it's all part of the same financial support to the counties.

The idea of having a portion of the money reinvested in federal lands was actually Senator Wyden's idea. He convinced Senator Craig they would have sponsored the original legislation. But this would be a useful way not only to provide funding for the school systems but also to connect county and federal government and local groups and federal land managing agencies. I'd say based on Dr. Kusel's research Senator Wyden's and Senator Craig's vision was realized.

DR. KUSEL: If I may just add one more comment to that, and that is in an early chapter in our study we review the evolution, the development of that Act, which will give you even more background.

REPORTER: Thank you very much.

MR. JIRON: Okay, thank you. Our next question is from Beth Gallaspy at Beaumont Enterprise in Beaumont, Texas. Go ahead, Beth.

REPORTER: Thank you. If I can get a little clarification on a couple of points. Earlier Mr. Rey was speaking about likely if authorization is given probably only needing to sell 150 to 175,000 acres to meet a \$800 million mark. How would you determine which acreage to sell?

SEC. REY: That's the process that we're going through right now. It involves several steps. The first step was to query our individual national forests to develop a list, exclusive list of candidate parcels that met the criteria of being isolated, difficult and expensive to manage and no longer meeting national forest system needs.

Second step is to provide that list, the entire list, of all the parcels that are candidates to the public for their review and comment. After those comments are completed we will adjust the list because we have said and do believe that we'll find some parcels that probably shouldn't have been on the list in the public comments will help us identify those winners. After that we'll rework the list and we will likely array it from top to bottom with the top parcels being the ones that are the least controversial based on the comments we have received and are likely to return the most in proceeds if they are sold moving down the list to those that are less valuable and/or more controversial.

Then that final list prioritized in that fashion will be submitted to Congress because nothing can happen unless Congress provides the legislative authority to proceed.

REPORTER: Okay. The other thing I hoped you could clarify, in discussing the 2000 legislation you mentioned the rural schools and the RACs-- isn't there some funding provided for counties for rural roads as well? How does that fit in?

SEC. REY: Yes, we've been shorthanding this as rural schools because that's where the majority of the money goes. But in the 1908 legislation that first shared timber receipts with the counties, those receipts were to be used for rural schools and roads. And the 2000 legislation provides the same authorities, and most counties are using them for schools because that's where the need is greatest. Some counties are using them for county road maintenance as well.

REPORTER: And would that still be permitted to continue if this is reauthorized?

SEC. REY: Nothing in our proposal would change that. That would be for Congress to decide as they reauthorized it.

REPORTER: Thank you.

MR. JIRON: Okay, thank you, Beth. Our next question is from Jane Braxton Little. Jane, go ahead.

REPORTER: Hi, Jonathan. Hi, Mark. I have two questions. The first one concerns Title III. Jonathan, in your report you mention, document that there were several unacceptable allocations and a lack of disclosure of how the money was spent. How would those lapses be addressed if the legislation is extended?

DR. KUSEL: Hi, Jane. I think that it's really a question that Mark probably should handle, and when you say the precise wording that we used, we said they certainly challenged the spirit and intent of the framers of the legislation. We did not, nor was it our charge to identify what perfectly fit or didn't. But we looked at some expenditures, particularly in Title III, and said this really looks like it pushes the spirit and intent of the Act.

With that I'll turn it back to Mark.

SEC. REY: Jane, I think the answer to that question is what we recommended during the oversight last year, and that is to make the approval of the Title III projects subject to the review by the Resource Advisory Committees. If that was done in the reauthorization then I believe the Title III projects would be formulated and approved in a way that it's transparent and meritorious as the Title II projects are.

REPORTER: Thank you. The next question concerns the RACs themselves, the Title II RACs. The bulk of the projects has been proposed and designed by the Forest Service. Critics say that's a backdoor way to get Forest Service work done without the conventional reviews. Is this a concern that you have, and if so how would you address it?

DR. KUSEL: Jane, I'm not sure who you're addressing the question, but if I may take first shot unless Under Secretary Rey would like first shot at that.

SEC. REY: No. Go for it.

DR. KUSEL: What we found is it really varied considerably. Some of the Idaho RACs for example tended to have more Forest Service projects or were funding more Forest Service projects. There are a number of RACs however that the vast majority of the projects are not agency projects. So it really varies, and it's not accurate to say that they are all agency or even a majority of agency.

The answer is, it varies considerably. There is a safeguard built into the process and the RAC process itself. With respect to your concern about well are these just end-arounds and working through the RAC -- what we found is there is sufficient representation by the diverse interest groups -- industry, environmental and other -- and there is a failsafe mechanism in the requirement of a super majority; that is, with a 15-member RAD, three subgroups, five each. In each of the subgroups there must be a super-majority or three members approving a project.

And with a subgroup, one of the subgroups is dominated by environmental folks, so folks are thinking it's an industry end-around project or an agency end-around. It is avoided simply with that super majority voting requirement. And we did not have any RACs in our study saying, we are approving projects that are inappropriate. And that included both industry and environmentalists.

REPORTER: Thank you.

SEC. REY: Having been a party at the creation in a different capacity what I can tell you is that the legislative provisions that governed the creation and the operation of the Resource Advisory Committees was debated nearly as long as the United Nations Charter was, I'm quite sure of that -- with the idea being that we wanted the Resource Advisory Committees to function in basically the way that Jonathan's research suggest they have functioned.

The other thing I'll say is there's no end round here that simply because the project has been approved by the Resource Advisory Committees, whether it was suggested by the Forest Service or not, does not absolve the Forest Service of complying with NEPA and doing whatever other environmental requirements are necessary to initiate or propound any project.

REPORTER: Thank you both.

MR. JIRON: Okay, thank you. Our next question is from Katrina Schwab from the Silver State Post.

REPORTER: Hi. I'm not really sure who I need to address this to.

MR. JIRONE: Sorry to interrupt. This is Dan. Can you tell us what city you're in?

REPORTER: In Deerlodge, Montana.

MR. JIRONE: Okay, go ahead.

REPORTER: Okay. I guess what I'm trying to figure out here, it sounds like you got two things going. You've got the study and you have the Secure Rule Schools legislation. I'm trying to figure out a little bit, what's the bottom line on the study? Are you planning to go somewhere with this, ask Congress to give the Resource Advisory Committees more power? What's the point?

SEC. REY: Go ahead, Jonathan.

DR. KUSEL: It is not the purpose of the Sierra Institute to carry this study beyond that where we report on the findings, and we have reported to not only the administration but as Under Secretary Rey indicated at the outset we've reported to members in Congress who then it is really up to them and the administration to take our recommendations.

We at the Sierra Institute feel very strongly that our job is not just to produce a report, file it on the shelf and know that folks will carry it on. We do continue to talk to people, share with many of the folks with whom we were involved in developing the study, share our findings so they too can then carry forth with our findings and recommendations.

SEC. REY: Yeah. I think the simple answer to your question is, Congress is considering whether to reauthorize this legislation. And they have to make a decision this year about whether to do so or not. Obviously one of the questions that members will ask in making that determination is, has the legislation worked?

This study and a preceding study by Boise State University was our effort to commission some independent researchers to give us first, because we have to decide whether we're going to recommend reauthorization -- and we have -- and then Congress second, some insights as to whether the bill should be reauthorized.

REPORTER: Okay.

MR. JIRON: Okay, thanks. Our next question goes back to Debbie Frasier at the Rocky Mountain News in Denver. Go ahead, Debbie.

REPORTER: Yes. Under Secretary Rey, how are you responding to the criticisms that more than a quarter of the \$800 million generated by the sales will benefit rural schools in Oregon and Washington, yet only 6 percent of the sales would be occurring in those forests' state. And your previous role as a lobbyist for the timber industry in those states?

SEC. REY: Well, just to set the record straight, I was a lobbyist for the timber industry in all 50 of the United States, so if that's a problem it extends beyond the geographical boundary.

But that was now over 10 years ago, so I suspect the statute of limitations is probably expired on the relevance of that question.

But to the heart of your question which is how do you reconcile the majority or significant amount of the money going to Oregon and Washington with only a comparatively small amount of the land that's identified for sale being in Oregon and Washington -- I think there are two answers. One I've already given, and that is these are national forests, this is a national program, and that's how we're looking at it. We have a national need to support rural school systems that without the support will otherwise have to significant curtail or end in some cases their operation.

But as to why so much of that money is involved in Oregon and Washington goes to a different issue. That is, where were the decline in timber receipts originally the most dramatic? The answer is, Oregon and Washington.

In the 2000 legislation, the formula for the distribution of revenues was based upon giving the counties involved an amount equivalent to the average that they enjoyed during the three highest years of timber receipts over a preceding 15-year period.

So it was a very specific and set formula.

What that means is, where receipts declined the most dramatically and the hurt was the deepest, those counties got the most. And that happened to be Oregon and Washington.

Conversely where receipts hadn't yet declined because nobody had found spotted owls or their biological equivalent, the amount of money the counties got was somewhat less because the decline was less and the hurt was less.

Now what we've said in testimony is that six years later there may be some cause to review that distribution formula, particularly since we know that some counties in the course of six years have adjusted better by diversifying their economies than others. And it may be that the counties that got the most money before aren't necessarily the ones that need the money the most now.

What we've indicated to Congress is we're open to working with them to readjust the revenue distribution formula should they want to do so. And we can provide them our data in terms of what we understand to be the economic situation in various counties accordingly.

So it isn't an automatic or a given that in this reauthorization Oregon and Washington or for that matter any other county or state will get the same amount of money they got in the 2000 legislation. That's still left to be decided.

MR. JIRON: Okay. Our next question is to Jerry Whitehead, Sierra Mountain Times. Jerry, can you say what city you're from?

REPORTER: Twain Harte, California.

MR. JIRONE: Okay. Go ahead, Jerry.

REPORTER: Okay. This is for Secretary Rey. Assuming SRS is reauthorized, after five years when it's up for expiration again the funding would ideally go back to the timber receipt sharing formula that was developed by the 1908 and 1930s legislation. Is that correct?

SEC. REY: That would be our proposal. Yes.

REPORTER: Okay. I guess my question is, what makes you think that this receipt-sharing will provide enough funding? And do the receipts show any signs of increasing to their highest levels I guess which were in the late 1980s?

SEC. REY: Good question. What the federal government committed to in 1908 was to share a portion of our receipts, 25 percent of the gross receipts whatever that was. From 1908 through the mid 1970s that wasn't an extraordinary amount of money. Then in the mid 1970s timber sales increased, and they peaked during the decade of the '80s before the crash occurred during the 1990s.

Now we have stabilized our timber sale programs, Forest Service and Bureau of Land Management, and receipts are increasing somewhat. They are today about where they were in the early 1970s, which is to say they are about where they were in all but 15 years of this now almost 100-year program.

We don't think they're ever going to get to where they were in the late 1980s. But they will be stable, we think, and predictable, we think, and a little higher than they are now, we think. And much of that is based in part on the new social compact that the Resource Advisory Committees have helped create.

So what we believe our reauthorization proposal will do will be to give those counties who need some additional time another five years to diversify and transition to a level of receipts that's predictable but not as high as they enjoyed during the late 1980s but nevertheless can still be counted upon as a part, if not as large a part, of their school budgets.

REPORTER: Okay. And just a quick followup question if I could? Are there going to be any types of restrictions on who can actually purchase these tracts of eligible land?

SEC. REY: So far in the proposal that we've set forward, we haven't issued any restrictions, but we have given some entities a preferred place in line. One of the comments that we've gotten which we thought was valid was, people said if we accept for the sake of argument the proposition that some of these tracts don't meet national forest needs that's not the same as saying they no longer meet public needs. They could be fulfilling another public purpose, and indeed we know that on some of these isolated tracts with road frontage we have given county governments special use permits to put on picnic tables because they make a great turnoff for casual picnicking.

So in response to that comment, what we've said in the legislative proposal, what we proposed in the legislative language we sent to Congress is that we give state and local governments or land

trusts acting on their behalf a right of first refusal to purchase these tracts at fair market value before we put them out for auction.

We haven't restricted anybody from bidding, but we have made it clear that in some cases there won't be any bidding if a state or local government or a land trust steps in and says we want to maintain this as a state or a county park or something that might ultimately be a state or a county park.

We have a tract for instance in Northern Idaho called English Point on the Lake Coeur d'Alene which we're getting a lot of commentary on because it has some developments and hiking trails. It's a piece of isolated Forest Service land adjacent to some rather high end subdivisions, and the people in those subdivisions quite enjoy having that open land there. It doesn't mean that necessarily a piece of property that meets the National Forest needs. Indeed, we've probably created one heck of a good county park there. Maybe we'll convey that to the county, maybe upon reflection we'll keep it in national forest ownership, but it is the kind of tract that probably no longer meets national Forest Service needs but does meet some justifiable public needs.

REPORTER: Okay, thank you.

MR. JIRON: Thank you. Our next question, and we're starting to run out of time, but our next question is to Tim Thornton from the Roanoke Times in Roanoke, Virginia. Go ahead, Tim.

REPORTER: Thanks a lot. My question is really basic. There are a lot of things in the federal budget that do not have a revenue source tied to them. How did this legislation get so lucky?

SEC. REY: Well, the way it got so lucky is that in 2000 when this legislation was enacted in the first place, its authors were able to secure a commitment on the part of the Budget and Authorizing Committees to commit a certain amount of the budget surplus that existed at that time to funding this legislation.

And that's how it was funded. Now under the provisions of the Gramm, Rudman, Hollings Bill and subsequent budget authority that Congress has enacted, this would require an offset to be reauthorized.

But you're right. I mean there are a lot of programs that don't have a funding source but they do exist within the overall caps on budget expenditures, and if they are going to exceed those caps then like this proposal would they need an offset.

REPORTER: Thanks.

MR. JIRONE: All right. We're coming down to our last question. We have maybe a couple more people still in the queue. Estelle at KMUD Radio in Northern California, go ahead.

REPORTER: Thank you very much. This is a quick follow-up question. We talked about how the money would be divided between schools and other projects. I figured that it comes out to about \$640 million to schools. Am I right in that instead of the \$800 million?

The other thing, you mentioned about counties deciding between schools and roads. Am I right in assuming it could be that in any particular area 100 percent of the funding would go to schools?

SEC. REY: On the latter of course you are definitely right and indeed there are some areas where that is the case. The 1908 legislation does give the final call on that distribution to the states and counties, and each state has its own rules in that regard.

Whether the number distribution you gave is right or not, I couldn't tell you because that would be a function of aggregating all the individual state and county decisions which do change under the provisions of state legislation over time.

REPORTER: Thank you.

MR. JIRON: Okay. And our last question today, Pam Sohn, Chattanooga Times. Go ahead, Pam.

REPORTER: This question is for Mr. Kusel. What did the study cost, and what percent of your institute's funding comes from the Department of Agriculture and Interior and Forest Service?

DR. KUSEL: This particular study was funded two-thirds by the Department of Agriculture, one-third by the Department of Interior. And if your question is broader than that, which I detect it hints of, it's asking how much are we funded by the government versus foundations and other sources of funding. And it varies considerably, and sometimes the vast majority of our funding may be through foundations.

SEC. REY: I think the question is how much did the study cost as well.

DR. KUSEL: I'm sorry.

SEC. REY: I can't remember.

DR. KUSEL: The study was about \$450,000.

REPORTER: Okay. Thank you.

MR. JIRON: Okay. In a couple of seconds I'll turn it over to Under Secretary Rey to close out our call today. I would just remind you that our main press office number in Washington, DC, is 202-205-1134, or you can visit us at WWW.FS.FED.US. Thanks very much. I'll turn it over to Under Secretary Rey.

SEC. REY: Thanks for your attention today. As I said earlier, the full study will be on our website. Some of you have already access the Sierra Institute's website where you can find it there as well. In the interest of full disclosure, Jonathan is in addition to being a researcher a private citizen. And he's communicated to us that the idea of land sales is not his first choice either. So in case you find that comment on his website, I don't want you to be surprised by it, because I wasn't.

As we've always said, we understand this is a sensitive proposal. It's the best alternative we could come up with. Actually it's the only alternative we could come up with. And so far it's the only alternative on the table.

As a matter of housekeeping, one other thing I'll mention for you is that perhaps as a consequence of the fact that we had difficulty with our computer systems initially for the first couple days and accessing the maps on our website, a number of the groups decided to do their own work in providing maps for the public to use. One of those groups was the Sierra Club, and I'm here to tell you that the hardware and software they use are much more accessible than ours. So I'm now considering outsourcing some of our IT work to the Sierra Club, although we'll still have to watch carefully the content provider part of that job to make sure it's done accurately because unfortunately even though they're easy to access, the Sierra Club maps are not very representative of what is being considered here.

Now what the Sierra Club maps do unfortunately is, depict all of the lands surrounding the parcels that we mean to convey as Forest Service holdings, which they are not-- thereby giving the impression that they are not isolated in some cases when they are.

So the maps are easy to access but very confusing and misleading to read. I am afraid that had the people who developed these maps been around in 1492 Columbus would still be looking.

So with that, I'll wish you a good day, and thank you for your participation.