

## **MEDIA BRIEFING ON PAYMENTS TO STATES LEGISLATIVE PROPOSAL**

DAN: Hi. This is Dan Jiron, national press officer for USDA Forest Service. I work in the Washington Office of the Forest Service. After this conference call today if there are follow-up questions please call me on my mobile. I'm at 202-365-6105. Starting on Monday you can use our regular press number which is 202-205-1134. I'm here today in Denver with Agriculture Under Secretary Mark Rey. And also on the phone with us today is Agriculture Deputy Under Secretary Dave Tenny (sp). I'll be turning this call over to Mark Rey.

SEC. MARK REY: Well, thanks, Dan. And good morning to you all, and thank you for joining us today. This past Monday the President announced as part of the administration's Fiscal Year 2007 Budget Proposal the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000. That legislation provided guaranteed funding to rural counties to use for their school and road systems and offset declines in timber receipts over the decade of the 1990s.

The 2000 legislation's authorization expires at the end of this fiscal year -- that is fiscal year 2006. So without action the legislation would expire, the guaranteed funding payments would be eliminated, and the counties would not receive that support for rural schools.

We are pleased to support reauthorization of the Secure Rural Schools legislation. As we announced on Monday we proposed a funding offset for the \$800 million in guaranteed funding that we're devoting to rural schools. That funding offset comes in the form of a proposal to Congress to grant the Forest Service the legislative authority to convey isolated parcels of Forest Service land that no longer meet National Forest System needs, are expensive to manage and are detached or isolated from national forest units as a whole.

Today we are putting up on the Forest Service website for public review a candidate list of all the parcels that we believe potentially meet that description. In addition to the list there are four National Forest maps that are representative of the kind of parcels that we're talking about to illustrate graphically what we have in mind. Those four National Forest Service maps are the Bitterroot National Forest in Western Montana, the Black Hills National Forest in South Dakota, the Ochoco (sp) National Forest in Oregon, and the Bienville (sp) National Forest in Mississippi.

By the end of the month we will also have live on our website digitized maps of all of the national forests with the parcels that we're talking about in this proposal so that everybody can see not only what their legal descriptions are, which is what we're posting today, but how they lay on the land and how they look with regard to national forest acreage as a whole.

The list that we're posting on the website today involves 2,930 individual parcels in 34 states comprising a total of 309,421 acres. Now as we indicated earlier this week when we announced our proposal to reauthorize the Secure Rural Schools Legislation to make an \$800 million offset we don't think based on average transaction prices that it will take as many parcels or

as much land as we're listing today. Indeed, we think based on average transaction prices that in order to meet that \$800 million offset we're talking about selling somewhere between --

As I was saying, we announced earlier this week that we think to meet the \$800 million offset we would need to sell somewhere between 150,000 acres and 200,000 acres at the outside, or for estimating purposes around 175,000 of the 309,421 acres that we're listing today.

As we put the maps on the website at the end of the month, we're going to give the public a 30-day comment period to review the maps, to review the list, and to tell us whether they think any particular parcels don't meet the description of being isolated and no longer necessary to meet National Forest System needs. And then we'll revise the list one more time before transmitting it to Congress.

Let me, before I turn it over to questions, put our proposal today in a broader context involving public land sales. We appreciate that over the last two decades conveying federal lands out of federal ownership is a sensitive issue. There have been proposals over the last two decades that Congress has acted favorably on. There have been proposals that Congress has declined to act on.

What is common in our judgment to the former category of proposals, the ones that Congress has acted on, are three characteristics which we're endeavoring to meet with this proposal. The first characteristic is that the proposal be confined and clear in exactly what is being discussed and exactly what is being considered for conveyance out of federal ownership.

Our objective with the posting today and the later posting of maps later this month will be to give everyone involved the ability to look at each and every tract that's under consideration to satisfy themselves if they want to that these tracts are worthy for what we're proposing.

So the proposal first has to be confined.

The second characteristic common to successful proposals in the past is that it has to be transparent with the public having an opportunity to comment and reflect on it. And I don't think we can get any more transparent than putting it forward as part of the administration's budget request.

And the third characteristic common to successful proposals in the past is that the funds that are generated have to go to a broadly supported public purpose, and in our judgment making sure that rural school systems don't fail fits that description.

If you look at our proposal last year which Congress enacted favorably on to allow us to convey no longer needed administrative sites to use the funds to tackle our widely recognized maintenance backlog, I think you have one example of a successful proposal. We hope that this example will be a second success in that we meet first the requirements of preciseness or precision, transparency and a good public purpose for the proceeds that we propose to generate.

Let me offer you an additional context for this proposal, and that is what it means to the management of the National Forest System as a whole.

The parcels that we've identified in the list we've proposed today are parcels that as I said earlier are isolated, expensive to manage, and no longer meeting National Forest System needs. In some cases they are part of the Forest Service ownership more as an accident of history than anything else.

I'll draw your attention to the map of the Bitterroot National Forest which is on today's website. If you look at that you'll see that the parcels that we're proposing to convey are isolated 40 and 60-acre tracts in the Bitterroot Valley. Those parcels were originally transferred some number of years ago as unpatented parcels from the General Land Office to the Bureau of Land Management. Then in the '70s the Bureau of Land Management and the Forest Service traded lands in Eastern and Western Montana for management efficiencies.

We conveyed into BLM ownership some isolated Eastern Montana parcels. It was conveyed from BLM to us some isolated Western Montana parcels. So these are parcels that are outside the proclaimed boundary of the Bitterroot National Forest and were never part of the original lands reserved for National Forest purposes when the Bitterroot Forest Preserve was created by Theodore Roosevelt at the turn of the last century.

As we looked at these conveyances we're also looking at our ongoing program of land acquisition. On an average basis using land and water conservation fund authorities and other authorities, the Forest Service acquires on the average about 100 to 115,000 acres of land annually. These are highly sensitive lands that do meet National Forest purposes and needs and represent tracts that should be in federal ownership. And that's going to continue to be ongoing, so in the broad scheme of things we probably net out this conveyance proposal in less than two years as we continue the acquisition of highly sensitive lands that make more sense to be in federal ownership.

So that's what our proposal is in a nutshell. Again, on the web today is a complete list of legal descriptions of all the parcels that have been preliminarily identified as being isolated, difficult to manage and no longer meeting National Forest needs. Now the task will be to hear from people about whether they concur that each of these parcels fits that description, and then based on that commentary rework the list to send it on to Congress.

With that I think we'd be happy to respond to any questions you've got about the proposal.

OPERATOR: Thank you. We will now begin the question and answer session. If you'd like to ask a question please press \*1. You'll be prompted to record your name and affiliation. Withdraw your request, press \*2. One moment please for the first question.

Bruce Ritchie from the Tallahassee Democrat. You may ask your question.

REPORTER: Thank you. How does the funding for the next five years under this proposal compare to existing funding now. Is it as little as 50 percent below what has been funded as some have suggested?

SEC. REY: The original legislation was designed as a transitional measure to allow the counties to transition from the period of higher federal receipts and quite frankly to allow the federal land managing agencies, the Forest Service and the Bureau of Land Management, to bring some stability to the timber program after the up and down movements of the 1990s.

And it was scheduled to expire at the end of this fiscal year. Our judgment is that some counties have been more successful than others in making that transition, and that therefore there is still a need for a continuation of this program we propose for another five years. But in the course of doing that we want to honor the original intent of the 2000 legislation by making it clear that this is an extension of a transition that must at some point occur.

So what we propose is to start ramping down the funding over the five-year reauthorization that we're proposing. In the first year which would be Fiscal Year 2007, counties would get about the same amount or close to it that they have under the 2000 legislation. But that would start to then reduce each successive year. In total over the course of the five-year reauthorization we anticipate that the combination of the guaranteed payment and timber receipts which are beginning to increase a bit now will provide the counties with, on the average, about half of what they enjoyed under the 2000 legislation each year. But that won't be the same for each year; it will be a ramp-down over the five year period.

OPERATOR: Our next question comes from Lenore Rutherford, the Union Democrat.

REPORTER: I believe you just answered it. What happens after five years?

SEC. REY: After five years of course we'll be taking a look at it as it was anticipated I guess we would at the end of the authorization for the 2000 legislation. But assuming at that point in time the counties or most of the counties successfully made that transition, we would go back to the receipt-sharing formula that was developed by 1908 and 1930s legislation. So the counties would continue to get a share of the actual timber sale receipts minus a guaranteed payment.

We think those receipts are going to continue to increase a bit. I don't know that they'll ever get to the level that they were in the late 1980s, but they're at least stabilizing and increasing which should give the counties some greater predictability.

Additionally as some of these lands are conveyed out of federal ownership into private ownership, if Congress looks favorably on this proposal the counties will benefit by the addition of these lands to their tax rolls so there will be some additional revenues for the counties being generated through that mechanism.

OPERATOR: Our next question comes from Janet Wilson from the Los Angeles Times.

REPORTER: Hi. Can you hear me? I have a couple questions actually. I'm wondering what zoning would be in place on these parcels, who would be responsible for that? For instance if they're in holdings in the National Forest would there be any limitations on what could be built from a federal perspective, or would it be completely county or local zoning?

And also, how are they going to be sold? Just kind of a basic technical question about how they'll be put on the auction block.

SEC. REY: Okay, two very good questions. First though, we don't anticipate any of these parcels will be in holdings. The contrary, they're mostly instances where the National Forest has 40 acres or thereabouts that's surrounded by other private lands, just the reverse of a holding, although I don't know there's a technical term for such a thing. I guess it would be an ex-holding.

So we don't expect to be selling in-holdings.

The second question, how will they be conveyed --

REPORTER: Well, so would the zoning be -- wherever they are, the zoning would then go to the local jurisdiction?

SEC. REY: Yeah. That was the second question.

REPORTER: Yeah. Oh, I'm sorry. Okay.

SEC. REY: The zoning that would then take place would be the local county or city jurisdiction. Some of these tracts are actually within the standard metropolitan area of some fairly sizable cities in the West. So the local jurisdiction, whether it's city, township or county, would prevail with regard to zoning.

And then your third question is how will they be conveyed? And the answer is they will be appraised first under a standard government appraisal practices to set the base price, and then they'll be put out for competitive auction.

OPERATOR: Our next question comes from Dan Berman, Greenwire.

REPORTER: I'm curious, the original 2000 bill had an establishment of Resource Advisory Committees and something that's been fairly popular throughout the West, and I'm wondering after the five years what is going to be the fate of those committees and that aspect of the Rural Schools Bill?

SEC. REY: Good question. The contribution and the successes that those Resource Advisory Committees made are very broadly and well recognized and that is one of the reasons why we believed reauthorization of this legislation was justified. So they will continue to operate over the five-year reauthorized life of this legislation.

They have been especially helpful in improving the relationship between the federal land managing agencies and local governments and local groups. They've been instrumental in finding cost-share monies and providing funds for investments in public land stewardships. And they've also been helpful in attracting a large amount of volunteer assistance, particularly young volunteers, to work on the National Forests and the Bureau of Land Management lands.

So we obviously want them continued during the five-year life of this legislation.

What we'll be endeavoring to do during the next five years is to find ways to continue the Resource Advisory Committees beyond the expiration of this reauthorization, and that may come in the form of subsequent legislative proposals, probably not this year but in out years.

OPERATOR: Jim Barnett with the Oregonian. Your line is open.

REPORTER: Mark, I want to ask you a policy question about decoupling. But I had one quick question about the step-down of the guaranteed payments. You're saying it starts at 100 percent of the current level for 2007 and works down to 20 percent by 2011. Is that correct?

SEC. REY: We're haven't refined it that closely. It will be close because we want it to be a step-wise function. I'm just looking at a spreadsheet now and it looks like the payment in '06 was about \$421 million in total, and we're looking at about \$412 for '07, and then it starts to decrease in each successive year.

REPORTER: What's the first year it will be zero?

SEC. REY: The first year? Well, it will never be zero because they'll always be getting their share of timber receipts.

REPORTER: I'm sorry. I meant the guaranteed portion.

SEC. REY: Guaranteed portion will be zero in Fiscal Year 2013.

REPORTER: 2013, okay. And so this is in addition to receipts going forward. It's the guaranteed payment plus the receipts?

SEC. REY: Correct.

REPORTER: Okay. And also, this is not Forest Service but what about BLM lands, the O&C counties?

SEC. REY: This amount, like what I've been talking about is a Forest Service BLM total.

REPORTER: Right. Okay. So, okay. Got it.

SEC. REY: Be about the same.

REPORTER: I want to ask about decoupling. That was a big policy question back in 2000, decoupling funding for schools and roads to the harvest. Does the administration support decoupling in its proposed reauthorization? And will you support it going forward beyond this expiration?

SEC. REY: Well, that's an interesting question. There are some people who would tell you the 2000 legislation would implement decoupling. There are some people including myself who will tell you that we don't really think that's true because of the tie back into management of the National Forests through the work done by the Resources Advisory Committees.

And as a staff person who worked on the 2000 legislation, I kind of think my view is as good as anybody's, with some humility. So I don't think the 2000 legislation was decoupling although some other people including some of the other staff who worked on it would tell you it was.

Whether it was or it wasn't, what we're proposing is to extend the same approach that was embodied in the 2000 legislation. If people want to call that decoupling, then they can. If they don't want to and I choose not to, then they won't.

REPORTER: Can I follow up on that briefly, just going on beyond 2013 then would the payment be contingent on what is harvested in that year?

SEC. REY: If nothing else is done that is what would occur.

REPORTER: Okay. Thank you.

SEC. REY: But that's a hypothetical because obviously we're going to be looking at how the legislation is working from 2007 through 2012 and the administration in place at the time which obviously will not be our administration will have to make their own conclusion about what's best to do next.

So if nothing else occurs, that would be the case; but I don't know that it's a safe bet to say nothing else will occur.

OPERATOR: Our next question comes from Lee Garnett with Oregon Public Broadcasting Radio. Your line is open.

REPORTER: Thanks. I spoke with Josh Cardin, Senator Ron Wyden's chief of staff, who was the chief negotiator with you six years ago when this county payments arrangement was struck. He says that you're acting arbitrarily because there was no agreement to phase this out after six years, and that this is going to amount to a 60 percent reduction in funding to the counties over time. So how much more logging would have to be done to make up the difference?

SEC. REY: Let's go to the first question, and that is was there any agreement to phase this out? Indeed, Josh and I were both in favor of making this the 2000 legislation an unlimited authorization. Unfortunately, he and I both lost. The authorization was limited, and it does expire at the end of 2006. So to say that there was no agreement that it was going to expire is sort of contrary to the plain language of the statute. And you know, back then Josh and I were interested in doing something different than what the Congress as a whole ultimately decided to do.

So absent some further action the amount of guaranteed payments that the counties will get beginning with Fiscal Year 2007 is zero, and that's the way the legislation was written in 2000 after the negotiations back and forth between the majority and the minority and between the House and the Senate. And it just can't be any plainer than that. Notwithstanding what we would have liked to have seen or what we'd hoped people would think, the plain language of the statute argues against that.

I think that the average amount with timber receipts included with the guaranteed payment that the counties will get will be about 50 percent of what they got under the 2000 legislation, albeit it won't be the same percent every year given the ramp-down.

Then your last question is, well how much more timber would have to be harvested in order I guess to return the counties to the full amount that's provided under the 2000 legislation is one that's unanswerable. First of all, that won't dictate how much timber is harvested. Forest plans, the environmental statutes will.

But secondly that question presupposes that the counties cannot make this transition and are still dependent on the same level of federal financial support either through timber harvests or through guaranteed payments. And that's an assumption we're not prepared to agree with. Indeed, we know some counties today that have successfully made the transition, but more importantly we also know a lot that haven't completed it. And that's why we're in favor of reauthorizing this legislation another five years.

REPORTER: Well, your former boss Senator Craig has really reacted pretty harshly to this. Have you seen his press release?

SEC. REY: I've seen his press release. I think part of it commends us for being in favor of reauthorization. Part of it raises questions about land sales because we and he both know that's a sensitive issue. That's why we want to handle this well and properly so that we can make this as successful as our proposal last year was to convey excess administrative facilities.

Or as successful as the Southern Nevada Land Act has been. That statute which was passed about three years ago, four years ago by the Nevada delegation directs our sister agency, the Bureau of Land Management, to sell 100,000 acres of isolated BLM parcels within the standard metropolitan area of Los Vegas and to use the proceeds for acquisition of sensitive lands in the Tahoe Basin, forest health and watershed treatments and other important environmental purposes.

So both of those are examples of a land sale proposal that met the criteria that I laid out earlier and were ultimately embraced by Congress. We hope this one will as well. But we also appreciate that we bear the responsibility of putting it forward in a fashion that warrants that level of support.

OPERATOR: Our next question comes from Joel Southern with Alaska Public Radio. Your line is open.

REPORTER: Thank you, Operator. Mark, I'm sorry I haven't a chance to look at your list here yet, but I'm just curious if any of the properties that you want to offload are in the Tongass or Chugach Forest up in Alaska. As you well know there are a lot of contentious issues involved there, both from the environmental side and also from the other side that feels there's just way too much public ownership of land in Alaska. And of course the Chugach sort of borders the most populous areas of Alaska, but are you looking to get rid of anything there? And if so, what sorts of things?

SEC. REY: One of the things about the two Alaska National Forests is that they are generally contiguous. They came into the Forest Reserves as fairly undivided blocks in part because there wasn't that much private development or settlement in Alaska at the turn of the last century.

So there aren't very many tracts in Alaska that meet the definition of being isolated, difficult to manage and no longer necessary for National Forest needs.

In the totality of the 25 million acres of Alaska National Forests, the region has identified only 99 acres in a handful of parcels that meet that description. So this is, I don't think in broad terms, going to be a big-time Alaska issue.

REPORTER: If I could just follow up with one thing, the list you have here are you just going to winnow from this list, or is it possible if you had somebody that said, well you ought to look at this parcel, that you would add to the list as well?

SEC. REY: I don't think we have intentions to add to this list. This is our regional foresters' and forest supervisors' first cut at a list that meets the criteria that I've described and that are provided in each of the National Forest plans.

Now it's certainly possible that we missed some and we'll certainly listen if people advise us of that and point out specific instances. But you know, here we have a list that is more than adequate to meet the revenue need that we've established for the important public purpose that we've defined. So I don't see a great need to go beyond this list to add other things.

REPORTER: Just one other quick thing. The 99 acres in Alaska --

SEC. REY: If you have a particular one you're interested in, we're always willing to listen.

REPORTER: Of the 99 acres up in Alaska, is that both parcels in Tongass and Chugach or one or the other, or what?

OPERATOR: Our next question comes from Greg Lemon with NewWest.net.

REPORTER: Yeah. My question, we're right on the border of the Bitterroot, so it's going to focus on that and then it's handy that your map's up on the website. I've covered the Valley County Resource Advisory Committee quite extensively over the last couple years and they've done quite a bit of work on some of these lands you're putting up for sale. For instance the Fepper (ph) 80 would be a good example where they had some very long nights trying to work together

with the local forest on hazardous fuels reduction. That work's just been completed. I mean some of the piles haven't even been burned. And now it's coming up for sale, so my question I guess initially is could you address that concern, some of the money that's been invested just recently on these lands? The Willoughby 40 is another one where an educational project has been done.

And secondly, in the Bitterroot land swaps have been kind of popular in the last few years, and been a way that the state and federal government enforces have been able to consolidate land. Some checkerboard's been shored up and it's been a good thing for people as far as access-wise and cleaned up a lot of boundaries.

Couldn't these lands, particularly in the Bitterroot since that's the map I'm looking at, couldn't these lands be used to firm up some public access, to expand some of the boundaries of the National Forest rather than selling it off?

Sec. Rey: Good questions. Let me address both of them. First let me address them generally. This is a candidate list. I believe it is probable that in reviewing this candidate list and seeking public comment on it we're going to find some tracts, a couple and maybe more than a couple, that for one reason or another after further reflection and review we're going to drop from the list. That's the point of putting it up so that everybody can take a look at it.

And I appreciate that you're already to the point of looking at specific tracts, because that's the kind of commentary we need.

As I said, we had 309,421 candidate acres. We probably need only about half that to meet the revenue goal that we're seeking. In the balance we likely would not then convey once we hit that revenue goal.

As far as the isolated tracts that you referenced, yes we did fuels work on one of those isolated tracts in the Bitterroot primarily because of its proximity to other private lands. The point of the fuels work was to protect the adjacent or surrounding private lands, and it was a good investment. It needed to be done. It probably has enhanced the value of that particular tract.

But the fact that we made that investment to protect the private lands doesn't by itself mean that this land should be retained in federal ownership if it isn't serving National Forest needs; because indeed the reason we did the fuels work was not for National Forests' benefits but to benefit the private owners that surround it so that if a fire started on our isolated tract it wouldn't blow up and compromise the surrounding private lands.

You're also correct that we do block up our ownerships with a lot of exchange work, and that will continue. And some of these tracts might have otherwise been available for exchanges that are now going to be used for a different purpose.

In offering this proposal we had to make a basic decision that providing some additional opportunity to stabilize the rural schools and to continue the work of the Resource Advisory Committees was worth delaying our exchange program to some extent.

Also I'll tell you that looking at conveyances versus exchanges we spend about twice as much money and twice as much time for an average exchange as we do for a cash conveyance, either one where we're buying the property and putting it into federal ownership or in more a limited sense one where we're conveying land out of federal ownership into private ownership.

So it may be as we continue to try to block up our ownership this will give us some experience to suggest that reciprocal conveyances are more efficient than exchanges. But that's something we want to look at and get some more experience with.

OPERATOR: Our next question comes from Rocky Barker.

REPORTER: Mark, your budget makes major cuts across the board, and Senator Craig's reaction already shows that this is not going to be an easy thing to do, and it certainly doesn't have anywhere near the support or collaborative effort that the Southern Nevada Land Act had. Do you really have -- I hate to be cynical but -- do you have another goal out there in terms of trying to make clear just how serious the Forest Service budget cuts are this year?

SEC. REY: Well, first Rocky, we don't want any reporters to be cynical. That would be a bad thing. So I'm hoping that nothing in this proposal has caused you to be cynical. This proposal is basically what it presents as. We view the reauthorization of the Secure Rule Schools Bill as an important thing both for the health of rural school systems as well as the health of the National Forest System. In a budget deficit environment which is the one we're in, as opposed to a budget surplus environment which is the one we were in 2000, we have to find offsets.

There aren't \$800 million worth of funding cuts that we could find to offset this line item, and so that's why we're looking at this as a revenue raiser. We're sensitive to the fact that public land sales are things that have to be done carefully with as much transparency and precision as possible. We're also mindful of the fact that they are easy to demagogue.

I read the coverage, and I've seen what some of the folks have said. For instance I note that Mike Francis of the Wilderness Society who's quoted in the LA Times as saying, we think it's a perverse incentive that forces good county commissioners and good Forest Service personnel to make bad resource decisions in order to generate money for counties and schools. Steve Holmer of the American Lands Alliance was quoted in the Oregonian as saying, We still see a lot of incentives for resource extraction and lack of adequate standards.

Marty Hayden from the Earth Justice Legal Defense Fund was quoted in the Oregon Statesman as saying, Trouble for this proposal is good for us. And my favorite so far is from Andy Stahl from the Forest Service Employees For Environmental Ethics in the High Country News saying, quote, "This is a wise users dream; it's bad."

Now what's impressive about those quotes --

REPORTER: We wouldn't want federal officials to be cynical either, would we?

SEC. REY: What's impressive about all of those quotes is that they were delivered in either 1999 or 2000 about the original Wyden-Craig legislation. The Mike Francis quote from the November 15, 1999 issue of the Los Angeles Times. The Steve Holmer quote was from the September 8, 2000 issue of the Oregonian. The Marty Hayden quote was from the May 6, 2000, issue of the Salem Statesman's Journal. And the Andy Stahl quote came from the December 20, 1999 issue of the High Country News.

So I would urge you as you listen to people commenting broadly about this proposal you're going to hear some of the same stuff from some of the same people, and it's not dissimilar to what they said, were all the bad things that were going to happen if the original legislation passed six years ago, and none of those bad things have happened.

REPORTER: My follow-up if you don't mind, so did you talk to Senator Craig and his staff before you announced this?

SEC. REY: We had briefings with both of the original sponsors of the legislation in the Senate just before we made the announcement as a courtesy because they were the original cosponsors of the 2000 legislation.

REPORTER: But no collaborative effort?

SEC. REY: Well, the collaborative effort starts now. I mean you have to have a starting point, a proposal. This is our proposal. Now it's time to sit down and see what we can work out in the interest of seeing this legislation reauthorized.

OPERATOR: Thank you. Next question comes from James Bruggers with Courier Journal. Your line is open.

REPORTER: Thank you. First of all, when exactly is this list going to be posted?

SEC. REY: It's up now.

REPORTER: It's up? I keep clicking it and it doesn't seem to work, but --

Secondly, a number of forests in the East and in particular Indiana and Kentucky, the Hoosier and Daniel Boone, they aren't yet fully acquired. And some people that I've been talking to here are asking me whether the decision to sell these parcels -- I think there will be some from both forests -- is that sort of a recognition that it's not practical to fill in the acquisition boundaries that were established?

SEC. REY: No. First of all as a matter of clarification we did not identify any parcels on the Hoosier which we thought met the criteria of being isolated, difficult to manage and no longer necessary to meet National Forest needs.

REPORTER: Okay.

SEC. REY: There are some parcels in the Daniel Boone in Kentucky. But the fact that there are isolated parcels should not be viewed as a change in our vision or our efforts to fill out some of the purchase units that exist in the Eastern National Forests. We're going to continue to acquire land as we have each year, and some of that land will come in those purchase units where the purchase units are still viable.

REPORTER: Okay.

SEC. REY: Now in some cases, I don't know of any examples to cite you off the top of my head but I know there are some out there-- in some cases time has passed the purchase units by and there's been sufficient development within the boundaries of the purchase unit, there's some question as to whether those purchase units can ever be filled out based on what's happened on the neighboring lands.

REPORTER: Right. I'm clicking on small tracts of forestland on your website. I'm getting "not available." So I don't know. Am I the only one that's having that problem right now?

DAN: It could be that we're getting a lot of hits right now, so just ask your patience and our technical people will work out any problems that might be occurring.

SEC. REY: If you continue to have that problem call Joe Walsh in our Washington office and he'll try to guide you into the website.

REPORTER: And what's that phone number?

DAN: It's 202-205-1134.

REPORTER: Thank you.

DAN: But if there's anything wrong now it will be functioning shortly but my guess is there's lots of hits going on into it.

OPERATOR: Our next question comes from Ryan Savalow (sp), Redding Record.

REPORTER: Hello. Can you guys hear me?

SEC. REY: Yeah.

REPORTER: All right. In my county or my area here, we've got the heads of the folks, the chief lobbyists for the Secure Rural Schools Funding Act, and they are talking about how they're actively still lobbying Congress to reinstate the bill all the way. My question was, if they do get Congress to pass it does this stuff suddenly all just go off the market?

Does that make sense?

SEC. REY: Yeah, it does. There are two questions though that they have to approach with Congress. One is, can they get a full funding reauthorization for the 2000 Act which I know they would prefer.

REPORTER: Right.

SEC. REY: And then the second is, how will that be paid for? You know, to do that they have to go through the same exercise that we went through which is to find the funding offset either in the form of additional revenue raisers or additional spending cuts. So what happens next is not completely clear. I think the first thing they'll try to do is to say the transition has been more difficult than we thought. It makes more sense to provide a full funding reauthorization for the next years to enhance that transition.

And then if they have some success there then the question will be, well how would you pay for that?

But those are the two questions that would have to be answered.

DAN: Thank you for that. Coordinator, next question. For those listeners who are on the Forest Service website having trouble getting in, refresh your browser now and you should be able to. Refresh your browser. Thanks.

OPERATOR: Jennifer Bowles, Press Enterprise.

REPORTER: Hi. I'm wondering if you can explain if the reason for this effort really stems from a loss of timber harvest receipts. Can you explain to our readers why you include forestlands in Southern California where there are no timber harvests besides the dying trees affected by the bark beetle?

SEC. REY: Well, we look at this as a national program and a national need. And there isn't going to be at least in our proposal one-to-one correspondence between where we have excess tracts to sell and where we have declining revenues to the counties. But in California the state as a whole, as in many other states, allocates education budgets according to need. So to the extent that the state is faced with rural school systems in Northern California that have much more dramatic funding needs, that's going to take funding from Southern California school systems because the state is going to try to equalize the support that it provides to the counties and to the school systems.

So there is a benefit even in the urban areas of states that have a significant number of rural school systems.

OPERATOR: Our next question comes from Mike Taugher. Please state your affiliation.

REPORTER: It's Mike Taugher from the Contra Costa Times. I hope this isn't a dumb question, but do you have any examples of when the federal government has sold land to fund ongoing programs? Also, you addressed this a little bit but I'm wondering if you could elaborate a

little bit on the extent to which your ability to trade for in-holdings or checkerboard land would be affected by these sales?

SEC. REY: Sure. The examples of federal land sales are fairly numerous. The Bureau of Land Management has an ongoing authority which we lack, Forest Service, to sell to convey into private ownership land that no longer meets federal land ownership needs.

REPORTER: But do they use that money specifically to fund ongoing operations?

SEC. REY: In some cases they do; in some cases it goes back to the general fund or the Treasury. Additionally we have limited authority under the Sykes Act to sell tracts and return that money to wildlife habitat purposes. That's extraordinarily limited though.

We also have very limited authority under a piece of legislation passed in 2000 also to sell small tracts for the express purpose of rural school construction. In other words, a piece of land for a county to build a new school on, and that money is retained for broader habitat purposes.

More recently the Southern Nevada Land Act which I referenced earlier was a congressional direction to BLM mandating the sale of 100,000 acres of federal land within the metropolitan area of Los Vegas. All of those revenues go for habitat management or land acquisition purposes.

REPORTER: Exactly.

SEC. REY: Last year Congress enacted legislation that we requested giving the Forest Service the authority to convey into private ownership excess administrative sites, old warehouses, office facilities which we no longer need, and to retain the receipts from those sales to put into our maintenance backlogs.

So those are some of the examples.

Now your second question --

REPORTER: Can I follow up first?

SEC. REY: To answer these tracts slow down our normal land exchange program, the answer is perhaps for a few years to some extent. But as I said earlier, we looked at that as compared to the value of funding rural schools and continuing the work of the Resource Advisory Committees, and believe that's a fair trade in priorities.

REPORTER: I don't know if you can hear me. I was trying to follow up there on your -- most of those examples you mentioned sounded like they were selling assets to get wildlife habitat or some other asset. I'm looking for if you have any clear examples of where the government has sold or actually the Forest Service has sold land to fund an ongoing program?

SEC. REY: Actually only about half of those were assets sales to buy other assets. The rest were asset sales with the receipts going into ongoing programs. That's the case with the Sykes Act, the Rural Education Act. For about half the Southern Nevada Lands Act. And for the excess facilities conveyance that Congress passed last year. Those are not to acquire new assets. They're to go into forest health and watershed work, wildlife habitat improvement or facilities maintenance.

REPORTER: Thanks.

OPERATOR: Our next question is from Rebecca Huntington with the Jackson Hole News and Guide.

REPORTER: This is a little bit technical, and forgive my ignorance. But what would be the legal mechanism that you're proposing that would ensure that the authorization would allow sales only from this list that you're now putting to the public and that other lands couldn't be added at some later point once the authorization is in place?

SEC. REY: Once we have this list finalized, it will be our proposal to Congress that it be memorialized in the legislative authority so that the authority to convey lands will be limited to lands on the list. That's pretty straightforward and about as simple as we can make it.

DAN: We're about running out of time. I think we have time for about another couple of questions.

SEC. REY: We got time.

DAN: Okay.

OPERATOR: Our next question is from Diane Deets, Register Guard.

REPORTER: Yes. My question is, I think the fellow from Contra Costa was trying to ask, does this have the sense of eating the seed corn? That's the question, selling off land to pay for an ephemeral program. But so if you could address that.

My other question is, what's the average size of these tracts and who did the forest managers consult to make their list?

SEC. REY: Let's go with the first question first. I don't think assuring the education of rural schoolchildren is an ephemeral purpose. I think that's an investment in the nation's future as important as any other investment we can make. So from our standpoint that purpose justifies the approach that we're proposing.

Second, these lands, and I've heard lots of analogies, but these lands don't reasonably meet the definition of seed corn. They are lands as I said at the outset that in many cases are in National Forest ownership as a result of an accident of history, a boundary survey that was improperly done 100 years ago or conveyances and transactions during a period of time when we weren't consolidating our ownerships around specific environmental goals.

So I can't accept any variation of the analogies or metaphors that we've heard suggesting that we're selling seed corn to support immediate consumption.

The purpose we're doing this for is a very valid purpose, an investment in our future, and the lands we're talking about are not lands that qualify as being that vital.

Your second question was, how did the forest supervisors go about identifying these lands. Each of our national forest plans has criteria for these kinds of holdings. They've been maintained over time in part in anticipation of the need to exchange now and again to block up ownerships.

So these are the parcels that were identified by the regional foresters and the forest supervisors as meeting the criteria that were in the National Forest plans.

That having been said it's still important to give everybody an opportunity if they want to review each parcel individually and if there are some that single out as maybe vital notwithstanding the fact that they meet the criteria in the forest plans then that's something that we want to hear about over the next period of time so we can adjust the list accordingly.

REPORTER: A follow-up?

SEC. REY: Sure.

REPORTER: Mark, is this mainly you talking, or is the deputy talking?

SEC. REY: So far you've only heard my dulcet tones.

REPORTER: Oh, okay, thank you.

SEC. REY: But Dave you can jump in anytime you want.

DAVE: Thank you, Mark.

OPERATOR: Our next question is from Penelope Purdy with the Denver Post.

REPORTER: Hi, Mark. This is Penelope. Good to talk with you. This actually is a follow-up to the question from the caller from Montana was asking. As you know, you have referenced several times the previous effort to sell administrative sites and whatnot. That list ended up including things like river access and incredibly pricey land in Eagle County near Vail that was near the trailhead for a wilderness area. People in Colorado are pretty jumpy about the idea of selling off what the Forest Service considers isolated parcels because there are other public values involved with some of these things.

What considerations did the Forest Service give to other considerations than the fact that it may be not completely adjacent to existing federal lands but that there are other uses for these properties, and that they should therefore remain in the public ownership?

SEC. REY: Some of the criteria that are embodied in the Forest plans speak to whether there's a broader public purpose to the land whether or not it meets national forest needs. I will say though that the majority of the criteria go to whether the land meets National Forest needs, is actually manageable as part of the National Forest system.

I anticipate there will be some tracts -- and you've given us a couple that may be examples of that -- there will be some tracts that meet a different public purpose unrelated to National Forest management. And that public purpose is better served by keeping the lands in public ownership.

That's one of the reasons we're putting the list out for public comment to identify those sorts of things and then adjust accordingly.

But I would also submit to you that public ownership doesn't necessarily equate to national forest ownership. One of the ways we might deal with a tract like that is to convey it into other public ownership and convey it to the county or the municipality who might actually be able to manage it more effectively than we could.

So that's another option that would be available as we isolate those particular parcels.

REPORTER: Can I do one follow-up?

SEC. REY: Sure.

REPORTER: This also relates to something you said earlier where you talked about the fact that swaps and exchanges sometimes take twice as long. Part of that of course is that groups like Nature Conservancy, Trust for Public Land have to raise the money to do those transactions. What kind of consideration should the Forest Service give to that fact that some of these parcels may be candidates for such deals but that the groups involved, the nonprofits and the state and local agencies involved, may not be able to come up with the bucks in time to buy them under this program.

SEC. REY: We are involved in an active acquisition program that involves a variety of partners including the Nature Conservancy, the Trust for Public Lands, and others. I feel quite confident that none of the parcels we've identified on this list are parcels that we acquired as a consequence of their work and their assistance. Most of what we acquire, in fact all of what we're acquiring into federal ownership with their assistance are lands that are environmentally sensitive and do meet National Forest needs.

REPORTER: Let me restate my question, Mark. I'm not so concerned about what you're trying to acquire. What I'm concerned about is that some of these parcels based on some of the stuff that has happened here in Colorado could be candidates for these nonprofits or government open space programs for them to acquire them from the Forest Service. But if they're being up for public auction going to the highest bidder which could include these trophy home developers, TPL and Nature Conservancy and our open space programs, they're not going to be able to come up with the bucks in time.

So what I'm concerned about is not that the Forest Service is going to be unable to acquire things, but that these other government agencies and private groups will not be able to buy them and therefore we're going to see Trophy Homes springing up along the banks of the Colorado River. That's the concern.

SEC. REY: I think that's a concern that is well identified and one that will have to vet during the public comment process. It may be that as we go forward with this proposal we provide a mechanism if there's a bid from an NGO or a local government that we hold it until they can assemble the money. But I'd rather wait and see how many parcels, if any, fit that categorization before we start spinning off options from this proposal.

Because the other option is just to delete those kinds of tracts from the list.

REPORTER: Thank you.

OPERATOR: Our next question comes from Andy Mead with the Lexington Herald Leader. Your line is open.

REPORTER: Hi. I have a couple of questions. One, your background material says payments will be targeted to the most affected areas. How will you determine that in the Daniel Boone National Forest covers some of the poorest counties in the nation. Will that mean they would be more likely to get more money?

The second question, when does the 30 days start? There are about 50 parcels it looks like for sale in the Daniel Boone, and I'm not sure if someone could go visit 50 parcels in 30 days.

SEC. REY: The comment period will start once we have the digitized maps up on our website. That will be by the end of the month, so in reality starting from today the public will have more like 45 days to do what they want to do in terms of visiting parcels and evaluating them.

Your first question with regard to how the payments would be distributed is one I'll have to answer with some context to it. In the 2000 legislation there was a statutory formula that dictated the distribution of payments to the counties. And the formula was designed to basically provide the counties the equivalent in a guaranteed payment of what their timber receipts were the three highest years during a span of years and from the 1980s.

And so what for the most part counties got as a consequence of the 2000 legislation is a payment that equaled what they would have received from timber receipts during the days of higher timber harvest levels.

We justified that on the basis that those counties that had the sharpest decline in timber sales levels were the ones most hard hit by federal land management policy and the ones that needed the most help during the initial transition period.

Now it's six years later, and some counties have done better than others. One of the things we want to explore with Congress is should the formula be modified to reflect which counties are doing better than others right now, or other things. But rather than offer a specific proposal there we're going to wait until we get into the reauthorization process with Congress and talk that through.

OPERATOR: Our next question comes from Pascal Busselier (sp) with Ubinet.com.

REPORTER: Thank you, Moderator. The proposal precludes conveyance of lands that have certain designations like wilderness, national recreation areas and wild and scenic rivers. Now looking at the approximately 85,000-plus acres that are proposed for California especially in the Sierra region it seems that some of those parcels actually either provide river access or are located on state wild and scenic rivers. Will those be reconsidered or does it just apply to federal wild and scenic rivers?

SEC. REY: The proposal that we've set forward applies to federal wild and scenic rivers corridors. What we'll want to do from here forward is to have a dialog not only with individuals but with states about tracts that affect state designations. The fact that they're in a state wild and scenic river corridor doesn't by itself necessarily mean that conveyance into private ownership is going to encumber or violate the state wild and scenic river statute. That's a more complicated question that would go to the specifics of the state statute and one that we'll have to work out during this 30-day period.

REPORTER: Well, as a follow-up, especially in Sierra Nevada the checkerboard ownership of the National Forest within those state corridors and also their proximity to now already logged properties there are certain rumors that big timber companies would for example acquire those parcels and or maybe even through exchange and then basically just clearcut old growth.

Is there any way that there is a limitation on how much one single entity could acquire?

SEC. REY: Well, first of all they won't acquire them through exchange. They would be buying them at fair market value through an auction. Secondly given the nature of California forest practice rules if the tract was acquired by some entity who wanted to harvest timber they would be bound by the state forest practice rules which restrict both the amount of clearcutting and the amount of old growth harvesting.

Third, because of the isolated nature of some of these tracts it's probable that they are not of sufficient size via their isolated nature to actually represent a functioning old growth reserve.

So those are the things that any potential purchaser will have to evaluate as they decide whether they want to bid on this. But at least on the face of it we don't have any intention to eliminate nongovernmental organizations from bidding; nor do we have any intention of eliminating for-profit entities from bidding.

The idea is to convey into private ownership the tracts that no longer meet National Forest needs.

REPORTER: Okay, thank you.

OPERATOR: Our next question comes from John Sowell, the News Review.

REPORTER: Good morning. Do you have any sense of how once they go back to looking at timber receipts are they going to use the historical Forest Service and BLM percentages? And how specifically are the Oregon and California lands managed by the BLM in Oregon going to be affected?

SEC. REY: What they go back to in 2013 is pure speculation. If Congress enacts our proposal and then does nothing else in 2013 the way the proposal is written the 1908, 1912, and 1934 receipt sharing statutes would come back into effect.

But that's an if/then hypothetical that may not apply because we're going to have five years to evaluate what we think should happen next and what the best course of action is.

In this particular proposal we're funding both the Forest Service and BLM counties through the combination of this \$800 million offset and real Forest Service and BLM timber receipts so that the BLM counties will get the same treatment as the Forest Service Counties.

REPORTER: And a follow-up if I may. Here in Douglas County we receive about \$50 million a year between the Forest Service and the BLM portions. That's about 44 percent of the county's overall budget and an even higher percentage for the general fund. What do you tell a county like this, what do they need to be doing in the next five years when probably what they receive after 2013 isn't going to be close to what they're getting now when the current payments are more than a lot of other entire states receive under the safety net?

SEC. REY: Well I think what we would say there is what we've said throughout; we want to help make a transition occur-- transition both for the counties and for the federal land managers. And the key will be to work together with the counties to find additional revenue streams and sources of economic development that can supplant this. And if that's not successful then I dare say that whoever is involved in this in 2013 will have to take another look at it and see what the best course of action then is.

REPORTER: Because obviously we're in a more rural county, neighboring Lane County has the University of Oregon, a lot more high tech kind of stuff as you find up in Portland. And this is mostly a farming and ranching county, and traditionally it seems like their options have been less for trying to attract new businesses that could make a big impact on what has been lost through the timber. This is a county with more than 50 percent of federally owned land out of like 5,000 square miles.

SEC. REY: We're sensitive to that. In fact the difference between Douglas and Lane County is a microcosm of the different degrees of adjustment that counties have made. Lane has been more successful than Douglas in diversifying its income.

On the other hand, they're still getting about the same amount of money each, and that may be something Congress wants to look at as they evaluate the formula. And it's definitely something that people will have to look at in 2013 based upon what the situation looks like in 2013.

But the situation in Lane County doesn't look the same today as it did in 2000. There's been some dramatic changes in how the county's economy has evolved. So it's sort of hard to predict what the course of action in 2013 will be. Our commitment is to do everything we can to work with the counties to make this transition as smooth as possible.

REPORTER: Thank you very much.

OPERATOR: Our next question comes from John Q. Murray with the Clark Fork Chronicle. Your line is open.

REPORTER: Hi. Thanks very much. I just wanted to follow up. You mentioned a continuing role for the RAC members, the volunteers who have spent six years putting in a lot of hours, building relationships and developing expertise. Can you discuss some of the ideas that you've had about the future roles for the RACs?

And then my second question is, we're out here in Western Montana. The Mineral County RAC met Tuesday night, heard about the budget proposal, they were pretty disappointed. They weren't only hoping for reauthorization. They were hoping for more money or more authority. They've come up with ideas for pilot projects to manage watersheds and some even had an idea that instead of 25 percent of the timber receipts they wanted the collaborative group to manage 25 percent of the federal land. So second question is, if Mineral County out here with 3800 people had some great ideas, certainly a bunch of other folks in other RACs and the Forest Service have had ideas.

Did you have a menu of possible options with the reauthorization besides just a federal land sale? And if so, what were some of those?

SEC. REY: Good question. First and foremost, we'd like the RACs to continue the good work they've been doing. That's why we're proposing to reauthorize this legislation to keep that work going. And if the reauthorization is agreed to I have every expectation that it will continue to keep going.

That's our first priority.

Beyond that over the course of the next couple years we have some ideas about some additional things that we'd like to see if the RACs are interested in doing. Some of those things will involve new legislative proposals, but they're not things I'm prepared to talk about today for two reasons. One, they're not fully fleshed out, and two the predicate for all of them is the

reauthorization of this legislation to keep the RACs going. If that doesn't occur then any other ideas are moot.

OPERATOR: Steve Owinger, please state your affiliation.

REPORTER: Denver Post.

OPERATOR: Go ahead with your question.

REPORTER: How would this land sale compare in scope to previous land sales by the Forest Service?

SEC. REY: This would be larger than those that we've encountered in the past.

REPORTER: This would be your largest ever?

SEC. REY: I don't know that I have enough background to say ever, but certainly larger than anything in the recent past, certainly larger than anything over the last couple decades.

REPORTER: Okay, thank you.

OPERATOR: Roger Nichols from the Dallas Chronicle. Your line is open.

REPORTER: Thank you. I'm going to give a specific example of Wasco County in North Central Oregon where instead of schools, primarily its funding roads, proportion of \$1.8 million of annual budget. That represents 55 percent of the road budget for Wasco County and about \$480,000 going to the school district. Talking with the Wasco County Road Department they say that if timber revenue alone were to be instated this year that number would be \$141,000 instead of \$1.8 million. What sort of programs would you envision in transitioning to lose about 90 percent of the current federal funding level?

SEC. REY: Well, you've identified one county that has not much success with the transition so far, and that's of course one of the reasons we're in favor of reauthorization of the statute because we don't want that sharp reduction to occur this coming year in 2007. But it's our hope that as we go forward from 2007 through 2012 that we can begin to look at ways to assist that transition occurring.

Part of that will be that there will be a slight up tick in timber receipts because one of the transitions that the 2000 legislation envisioned was that we get some stability back to the timber sale program. So they'll get a little bit more than they have over the last couple years.

Second part of that is to the extent that there are some tracts that convey into private ownership in that county, those will be added to the county tax rolls for assisting in road construction and other things.

The other things we'll have to do as we look at it on a county-by-county basis over the next five years, and then as I've said a couple of times 2013 we'll have undoubtedly whoever is running the show at that point will have to take another look at it to see where the counties are and which ones still haven't succeeded in making the transition.

REPORTER: Thank you. As a follow-up, would you care to respond to response by Sen. Ron Wyden who was one of the original cosponsors of the bill who says that there are, government is able to find billions of dollars to fund special tax breaks for oil companies and should be able to handle a few million dollars for rural Wasco County, rural counties in the country.

SEC. REY: The senator is very good at making a point; I have no desire to respond to a rhetorical point. I look forward to working with him on this reauthorization.

REPORTER: Thank you very much.

SEC. REY: Let me elaborate on one of the answers not to the most recent question but to the previous one about the size of this proposal. It is true, this is substantially larger than some of our previous proposals for federal land conveyances. But I want to restate a different context in which to look at this. As I stated at the outset, we have an active land acquisition program that has been in existence for now some 50 years through the Land and Water Conservation Fund and related authorities. And we will be continuing to acquire into federal ownership environmentally sensitive lands at the rate of about 115,000 acres a year.

So at the end of the day the net size of the Forest Service estate is going to continue to increase even as this proposal for conveyance is enacting.

A decade ago when I entered public service it was common to see Forest Service testimony at congressional hearings that spoke of the National Forest system as a 191 million acre system. Today that testimony refers to 193 million acre system. So we have been gaining land as we've been going.

And in that context I think this is a reasonable proposal to take a small fraction of a percentage of that land which is the least necessary for the National Forest System's needs and achieve important overarching public purpose.

DAN: We've been at this for about an hour and a half. Are there any other summary remarks, Under Secretary, you'd like to make?

SEC. REY: No. Thank you for your patience. Hopefully we've worn you out and answered all your questions. If you have follow-up, Dan's given you his phone number and you can reach me through him.

DAN: Okay, the number you can reach me at today is 202-365-6105. And our main Press Office number in Washington, DC is 202-205-1134. Thanks very much.