STATEMENT OF
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UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE
SUBCOMMITTEE ON
NATIONAL PARKS, FORESTS, AND PUBLIC LANDS
COMMITTEE ON NATURAL RESOURCES

CONCERNING

Secure Rural Schools Reauthorization and Forest Management Options for a Viable County Payments Program

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to present the views of the U.S. Department of Agriculture regarding the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000, (Secure Rural Schools Act), as amended and reauthorized in 2008 (P.L. 110-343), and forest management options for a viable Program providing payments to States, which distribute the funds to eligible counties.

The Forest Service and Secretary Vilsack have an ambitious vision for managing our forests. We are focused on restoration and conservation efforts that make forests healthier and reduce the likelihood and impacts of catastrophic fires like those we have seen this year. These restoration efforts also protect watersheds and create jobs. The Secure Rural Schools Act is one of the tools we use to maintain and improve the health of our forests and watersheds, and to create jobs.

Secure Rural Schools Reauthorization

The President's fiscal year 2012 budget proposes to reauthorize the Secure Rural Schools Act, extending for five more years the enhanced payments to States to ease the transition to the reduced amount of the 25-percent payments for public schools and roads. We recognize the economic difficulties rural communities have experienced in recent years. At the same time, we understand the need to manage the federal budget thoughtfully and deliberately for deficit reduction. We would like to work with the Congress to develop a proposal that addresses both concerns.

Purpose and history of the Secure Rural Schools Act

Since 1908, the Forest Service has shared 25-percent of gross receipts from national forests with states to benefit public schools and public roads in the counties in which the national forests are situated. The receipts on which the 25-percent payments are based are derived from timber sales, grazing, minerals, recreation, and other land use fees, deposits and credits.

In the late 1980s, the 25-percent payments began to decline significantly and fluctuate widely, due largely to a significant decline in timber sale receipts. Congress responded to these declines

by providing "safety net payments" to counties in northern California, western Oregon and western Washington for fiscal years 1994 to 2003. The safety net payments were enhanced payments intended to ease the transition to the reduced amount of the 25-percent payments.

Before the safety net payments expired, Congress enacted the Secure Rural Schools Act, which provided the option of decoupling the payments from receipts and authorizing enhanced, stabilized payments to more states for fiscal years 2000 through 2006. The Secure Rural Schools Act provided eligible counties with two options. A county could elect to receive its share of the State's 25 percent payment, which fluctuated based on receipts, or the county could elect to receive its share of the State's "full payment amount," which was a stabilized amount.

Congress later appropriated payments to States for fiscal year 2007 and in October 2008, amended and reauthorized the Secure Rural Schools Act for fiscal years 2008 through 2011. The purpose of this reauthorization was to stabilize payments that help fund public schools and roads, and to ease the transition to the reduced amount of the 25-percent payments.

The primary change in the Secure Rural Schools Act as reauthorized was a new formula for the stabilized "State payment". The new formula includes a ramp down of funding each year and incorporates a factor for per capita personal income to address differences in economic circumstances among counties. In addition, the 2008 reauthorization amended the Twenty-Five Percent Fund Act (16 USC 500) to reduce fluctuations in the 25-percent payments by basing the payments on a rolling average of the most recent seven fiscal years' percent payments. The reauthorization further increased the number of States and counties that participate.

The final Forest Service State payment under the Secure Rural Schools Act will be approximately $324 million for fiscal year 2011. In addition, the Department of the Interior will provide approximately $40 million in SRS payments to Oregon. If Secure Rural Schools is not reauthorized, in fiscal year 2012, all eligible States will receive the 25-percent payment to States using the new formula based on a seven-year rolling average of 25-percent payments. The total of 25 percent payments for all States is projected to be approximately $64 million for fiscal 2012 from the Forest Service. In addition, the Department of the Interior would make approximately $5 million in payments to Oregon.

The Secure Rural Schools Act has three principal titles with complementary objectives.

Title I—Secure Payments for States and Counties Containing Federal Land

The Act directs that the majority of the State payment be used to help fund public schools and roads in counties in which national forests are situated. This portion of the payment, commonly called title I funds, has averaged about 85 percent of the total State payments to date. For fiscal years 2008 through 2011, title I funds are projected to total nearly $1.5 billion.

Title II—Special Projects on Federal Land

An eligible county may allocate a portion of its share of the State payment to title II for projects that enhance forest ecosystems, restore and improve the health of the land and water quality and

protect, restore and enhance fish and wildlife habitat. These projects provide employment in rural communities and opportunities for local citizens on resource advisory committees (RACs) to advise the Forest Service on projects of mutual interest that benefit the environment and the economy. For fiscal years 2008 through 2011, title II funds are projected to total $172 million for projects recommended in more than 300 counties.

Title III—County Funds

Funds allocated by a county to title III may be used for activities under the Firewise Communities program, for reimbursement for emergency services on national forests, and for preparation of a community wildfire protection plan. For fiscal years 2008 through 2011, title III funds are projected to total $87 million.

Secure Rural Schools Act Successes

The Forest Service values the relationships fostered with tribal and county officials and stakeholders under title II. Members on the 118 RACs represent diverse interests such as tribal, county and school officials, conservation groups, recreation interests, commodity producers, and members of the public.

The RAC process of reviewing and recommending projects leads to projects with broad-based support that help provide jobs in rural communities, support local businesses and help create more self-sustaining communities. In a study done at the University of Oregon, it was found "that every dollar of public investment in forest and watershed restoration projects is multiplied in economic activity between 1.7 and 2.6 times as it cycles through Oregon's economy." [i] The collaboration improves the quality of the projects and resolves differences early in project development. The projects actively restore and improve forest watersheds and ecosystems, increasing their resiliency in the face of climate change and catastrophic events.

The resource advisory committees' role in reviewing title II projects is an important part of the suite of tools the Forest Service needs for actively managing the national forests to restore ecosystem health and provide local employment.

Management Opportunities, Options, and Other Tools

The President's budget is designed to support the administration's priorities for maintaining and restoring the resiliency of America's forests, specifically healthy forests and grasslands, clean air and water, wildlife habit, and recreation opportunities. To support this, the President's budget includes a proposal to create the Integrated Resource Restoration (IRR) budget line item which will allow us to effectively integrate interdisciplinary restoration treatments that will protect and improve our water resources, habitat, and vegetation treatments, including fuels reduction. We support sustaining our forests by increasing the collaborative efforts for restoration activities that create jobs. Within IRR, there is increased funding for the Collaborative Forest Landscape Restoration Fund (CFLR) which provides an increased emphasis on protecting and enhancing forest and watershed health. There will be additional opportunities to strengthen landscape-scale restoration, including projects not selected for CFLR funding, through collaborative work with

groups such as The Nature Conservancy, watershed councils, and other community based organizations that work on a landscape scale to improve watershed condition, wildlife habitat, native plants, and fuels condition. Statewide Assessments, developed collaboratively, can be used to provide an analysis of each State's forest conditions and trends while working to enhance public benefits from trees and forests. At the same time, the Statewide Assessments prioritize the conservation of working forest lands.

We will continue to track not only the traditional targets, but also the overall outcomes of forest restoration and watershed improvement so that we can show our progress at the landscape scale. It is clear that well-managed forests enhance communities and their economies.

Another tool we use to restore forests and provide jobs and economic activity is stewardship contracting. Stewardship contracting is not intended to replace timber sales, which we will continue to use as an important tool, as well. But where appropriate, stewardship contracts can achieve multiple outcomes on large landscapes over time. By rebuilding infrastructure, stewardship contracts create local jobs and stimulate the local economy.

We have found that with stewardship contracting, multi-year contracts work best, because they stabilize the flow of work and materials over time, stimulating investments. Our stewardship contracting authority will soon expire. We look forward to working with Congress on reauthorizing this valuable tool.

Secure Rural Schools Reauthorization

We recognize that funding a reauthorization for the Secure Rural Schools Act will be challenging. To make the Forest Service related-payments to States for the last three years the Treasury has made-up the shortfall of nearly $1.1 billion between available receipts and the payments required by statute. Our proposal balances the need to support these communities while managing the federal budget. It continues the transition to the reduced amount of the 25-percent payments while building on the successes of the current program by doubling funding for Title II. This and other budget proposals like IRR will increase active management to reduce fuels and improve ecosystem health. These activities could increase revenues but they would likely still fall short of the current level of payments.

Conclusion

The Secure Rural Schools Act has provided more than a decade of payments to eligible States and counties to help fund public schools and roads and has provided predictably declining payments as states transition back to the 25-percent payment. It has also created a forum for community interests to participate collaboratively in the selection of natural resource projects on the National Forests, and assisted in community wildfire protection planning. The Forest Service would like to build on the successes of the last decade and would like to work with the Subcommitttee to provide needed support to rural communities and responsibly addresses the federal deficit.

[i] *Max Nielsen-Pincus and Cassandra Moseley*, The Employment and Economic Impacts of Forest and Watershed Restoration in Oregon, *EWP Briefing Paper number 23, http://ewp.uoregon.edu/publications*.