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SECURE RURAL SCHOOLS REAUTHORIZATION AND FOREST MANAGEMENT OPTIONS FOR A VIABLE COUNTY PAYMENTS PROGRAM

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

Thursday, July 14 2011

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OVERSIGHT HEARING ON "SECURE RURAL SCHOOLS REAUTHORIZATION AND FOREST MANAGEMENT OPTIONS FOR A VIABLE COUNTY PAYMENTS PROGRAM."

Thursday, July 14 2011
U.S. House of Representatives
Subcommittee on National Parks, Forests and Public Lands
Committee on Natural Resources
Washington, D.C.

The Subcommittee met, pursuant to call, at 10:07 a.m. in Room 1334, Longworth House Office Building, The Honorable Rob Bishop [Chairman of the Subcommittee] presiding.

Present: Representatives Bishop, Young, McClintock, Rivera, Tipton, Labrador, Noem, Johnson, Hastings [ex-officio], Grijalva, DeFazio, Holt, and Garamendi.

Also Present: Representatives Southerland, McMorris Rodgers and Herger.

Mr. BISHOP. The Subcommittee will come to order. The Chair notes the presence of a quorum. The Subcommittee on National Parks, Forests, and Public Lands is meeting today to hear testimony on the challenges facing our timber and resource-dependant communities with economic viabilities being shut down by current Federal policies. With the authorization for Secure Rural School Program expiring and the prospect of long-term decline in funds available, for discretionary or non-discretionary Federal spending we will have the opportunity to be creative and are willing to consider options that have been different from the recent past.

So this hearing is simply the first step in that process. I am pleased that I am not going to have to read that next paragraph, alright, yet. Under the rules, opening statements are limited to the Chair and Ranking Member of the Subcommittee and Full Committee. However, I am going to ask unanimous consent to include any Members' opening statements in the record if submitted to the clerk by the close of business today. Hearing no objection, so ordered. I am going to further ask unanimous consent for two of our colleagues to attend this hearing.

No Member of Congress has been a more thoughtful or creative advocate for rural schools than Mr. Walden and it is our good fortune that he will be here to testify today. Likewise, our colleague Cathy McMorris Rodgers and Steve Southerland are not members of the Subcommittee but they have agreed to take part in today's hearing, both to introduce one of our witnesses as well as to participate in the hearing. I ask unanimous consent for these Members of Congress to take part in today's hearing, Hearing no objection, I also ask unanimous consent for Wally Herger, who I think will be able to join us later, to be able to sit on the dais and participate in this hearing. And, obviously if Chairman Hastings or Ranking

Member Markey show up, at what stage they will show up, we will allow them to give an opening statement at that point. Hearing no objection, so ordered.

STATEMENT OF THE HON. ROB BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. BISHOP. We thank everyone for being here. In the history of education, public lands have always been used for funding education. It goes back when Henry VIII took property from the church, and he gave it to the nobles only on the condition that they maintain and fund the schools that were started by the church. In 1777, Georgia was the first state that actually authorized state funding for education and half the counties rejected it because it was an insult to their ability to pay for themselves.

Connecticut sold two million—actually three million acres of land to create a public trust fund for education. Of course, the land they sold was in Ohio, but at least they were selling something. Texas maintained their own debt, but they also set aside 17,000 acres as a permanent trust fund for education.

Unfortunately, in the last few decades the ability of education to be funded by use of our public lands and private lands has seriously been eroded. Actually, it has been the last 100 years it has been seriously eroded, but especially in the late 1980s and the 1990s it was a time where that became difficult.

Those of us in the West, west of Denver, clearly understand the situation where half of our land, one of every two acres, is owned by the Federal Government and controlled by the Federal Government, and if one looks at the situation, those of us in the West pay a higher percentage of our income in state, local, and Federal taxes, significantly higher than the East. The West has always had a more difficult time in funding its education program if you look at the 20 years before Mr. Grijalva and I came here to Congress, whereas in the East their education funding was increased by 68 percent. Those of us in the West increased our education funding by only 33 percent, less than half even though we pay more taxes and we have more kids, and our enrollment is growing—and that in the East is not growing.

Once again, the problem goes back to the lack of use of our lands to generate the funds necessary from property tax and severance tax, and even income tax from jobs that could be generated from that particular land.

We are now talking about a program to secure rural schools which I would have to classify as probably a good situation of hush money. Instead of allowing the lands to be productive to fund our education, we have an effort to try and bribe counties so they will be satisfied by not being allowed to use their lands. That is one of the situations I want to look at.

For the last 11 years, the Secure Rural School Program has been providing a safety net of kinds for rural communities in response to the Federal Government's inability to manage land and resources and actually pay for education as it was traditionally intended to be. I think every state has some example of that.

As we reach a rapidly approaching debt ceiling and our current deficits of this year, one to two trillion dollars, 14 trillion total in

debt, the United States is running out of funding options for all programs. This is one of those programs which now requires us to look differently than we have in the recent past at how we use our lands, and for what purpose we will use our lands, and how our kids can be helped in the future.

I returned from South Dakota over this last weekend, where I saw the results of the mountain pine beetle epidemic in the Black Hills. One of the witnesses at the hearing, a local mill owner, pointed out that the Black Hills now have four times the standing timber as it did 100 years ago, and the number continues to rise while the timber harvest continues to decline. As a result, this one single bug, which is a native to the Rocky Mountain West, has killed millions of acres of trees, an incredible waste of a resource, put communities at risk for catastrophic wild fires, and doesn't help our kids.

Unfortunately, that is just one of the examples of forest health problems that plague our national forests across this country.

Now is the time for us, especially since Secure Rural Schools needs to be reauthorized, to look at long-term solutions to address the real underlying problem. It is time for us to try and think outside the box instead of what we have traditionally been doing. We have significant problems. We have a significant challenge. This is our chance to meet that challenge.

So, I look forward to hearing from our witnesses for creative ideas for moving forward, to doing the right thing on this issue. We can no longer afford to allow regulatory gridlock, our timber wars to stand in our way of providing education for our kids, and basic infrastructure for our rural communities located in places where the Federal Government has become an absentee landlord.

I thank you for being here. I look forward to the ideas. I want you to know this is, as I said, the first step in a process. We are going to be talking about this as a committee and as groups for quite some time to come.

Mr. BISHOP. With that, I recognize the gentleman from Arizona, Mr. Grijalva, for his opening statement.

STATEMENT OF THE HON. RAÚL GRIJALVA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. GRIJALVA. Thank you, Mr. Chairman, and welcome to all the witnesses on both panels.

Across this nation, rural communities and the Federal Government are neighbors. The century goal when our population was less than one-third of what it is today, it made perfect sense to help support rural communities by sharing with them a portion of the returns from timber harvests on public land. This funding created an incentive for local governments to increase timber production to fund rural schools and rural roads. Thanks to this program, along with the others like the Mining Law of 1872, the Homestead Act the western United States prospered.

Unfortunately, poorly managed logging left our forests overcut, our water polluted and wildlife habitat degraded. We now recognize that tying Federal assistance to local communities to the level of timber produced from the area can make effective forest manage-

ment more difficult and, even in the best of times, lead to funding instability and uncertainty for local governments.

The Secure Rural Schools and Self-Determination Act of 2000 recognized these challenges and provided temporary intervention to help rural communities transition to other more sustainable economic models. In 2006, the Republican Majority allowed this program to lapse, but in 2007, the new Majority provided a one-year extension. In 2008, Congress passed a four-year reauthorization of the Secure Rural Schools Program.

The Administration has proposed a five-year reauthorization of the program. I look forward to hearing the views of our witnesses on this proposal. It is vital that we recognize the needs of rural counties, but it is also important to remember the lessons we have learned from past approaches and avoid repeating those same mistakes again and again.

With that, let me yield back and thank you, Mr. Chairman.

[The prepared statement of Mr. Grijalva follows:]

Statement of The Honorable Raúl Grijalva, Ranking Member, Subcommittee on National Parks, Forests and Public Lands

Across this Nation, rural communities and the Federal Government are neighbors. A century ago, when our population was less than one-third what it is today, it made perfect sense to help support rural communities by sharing with them a portion of the returns from timber harvests on public land.

This funding created an incentive for local governments to increase timber production to fund rural schools and rural roads. Thanks to this program, along with others like the Mining Law of 1872 and the Homestead Act, the Western United States prospered.

Unfortunately, poorly-managed logging left our forests over-cut, our water polluted, and wildlife habitats degraded. We now recognize that tying federal assistance to local communities to the level of timber produced from the area can make effective forest management more difficult and even in the best of times, lead to funding instability and uncertainty for local governments.

The Secure Rural Schools and Community Self-Determination Act of 2000 recognized these challenges and provided a temporary intervention to help rural communities transition to other more sustainable economic models.

In 2006, the Republican Majority allowed the program to lapse but in 2007, the new Majority provided a one-year extension and in 2008, Congress passed a four-year reauthorization of the Secure Rural Schools program.

The Administration has proposed a five year re-authorization of the Secure Rural Schools program. I look forward to hearing the views of our witnesses on this proposal. It is vital that we recognize the needs of rural counties but it is also important to remember the lessons we have learned from past approaches and avoid repeating the same mistakes.

Mr. BISHOP. Thank you, Mr. Grijalva.

We will now turn to our witnesses. We appreciate once again you all being here with us. Mr. Walden, we are going to start with you. Actually, let me introduce you all first. The Honorable Greg Walden from the State of Oregon who has, as I said, been involved in this issue before he was born; Mary Wagner who is the Associate Chief of the U.S. Forest Service—I appreciate having you here again; Duane Vaagen who is the President of Vaagen Brothers Lumber, Incorporated, thank you for being here; Paul Pearce, the Chairman of the, and I didn't know how to pronounce this one, what is your county?

Mr. PEARCE. Skamania.

Mr. BISHOP. That is an easy thing to say. I am not even going to go there. Anyway, thank you for being here and for your nice—

never mind. He is the County Board of Commissioners and also from the National Association of Counties, and Partnership for Rural America; and finally, Caroline Dauzat.

Ms. DAUZAT. Dauzat.

Mr. BISHOP. Dauzat. Can I just call you Smith and get it over with? Anyway, Ms. Dauzat, I thank you for being here. You are the owner, I understand, of Rex Lumber, and I appreciate you being here.

Before I actually turn it over to you, the Chairman of the Full Committee has arrived, and as I said, under our rules is allowed to give an opening statement. I would ask if he is desirous of doing that.

Mr. HASTINGS. I would like to

Mr. BISHOP. Then we yield the time to the Chairman.

STATEMENT OF THE HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. HASTINGS. I certainly appreciate the consideration that you give me and I apologize for coming in a little bit late, but as you know it seems like there are always fires to put out someplace, so I appreciate that.

For over a century the U.S. Forest Service has paid one-quarter of its gross receipts from timber sales, mineral extraction, leases, grazing and other fees for using national forest lands for use on schools and roads in over 700 rural counties where 193 million acres of national forests are located across the country, mostly in the western states. Additionally, the Bureau of Land Management has historically paid about half the revenue receipts on some 2.5 million acres of BLM-owned land in western Oregon known as ONC Trust Lands.

As we discuss the importance of revenues to these counties' timber sales, timber sales which should be the primary source of those revenues has deeply declined from a high in the late 1980s of over half a billion dollars to just $186 million last year. That is an 88 percent drop. The result has been a staggering loss of jobs and economic productivity in rural forest communities. This serious decline of revenues is due in large part to Federal environmental and regulatory policies in environmental lawsuits over the past 20 years—exacerbated by this Administration, which has blocked or shut down timber sales in active forest management.

More Federal land acquisition, wilderness designation and other restrictive management of existing lands has resulted in a billion dollars in Federal maintenance backlogs and increasing risk of catastrophic wild fires that emit tons of carbon into the atmosphere and sediment into the streams and rivers, and also results in more disease in dying trees.

Rather than maintain the status quo program that yields less revenue for counties, current statutory authorities should be reviewed to allow harvesting of more timber to make forests healthier and more economically viable for state and local governments to use for schools and other local needs.

So I look forward to this hearing. I am particularly interested in—I am sure this Committee is interested in hearing from the Forest Service on how the Administration can reconcile the final-

ization of the revised forest planning rule of the Northern Spotted Owl Recovery Plan which, of course, was released recently.

So, I just want to say that I look forward to working with my colleagues on this as we move forward. I know that our good friend from Oregon, Mr. Walden, has been very active in this in the past, and I certainly look forward to working with him, and Paul Pearce, of course, is somebody that has darkened my door many, many times on this issue, but I look forward to working on this to try to find a right resolution.

With that, I yield back my time. Thanks for the courtesy.

Mr. BISHOP. Thank you, Mr. Chairman.

With that,] we will now turn to the panel. Congressman Walden, you are up.

STATEMENT OF THE HON. GREGORY PAUL WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WALDEN. Thank you very much, Mr. Chairman, Chairman Hastings, Ranking Member Grijalva. It is an honor to be before this wonderful committee on which I used to serve. I appreciate the opportunity to share some comments with you today.

This is both an important and timely hearing, and I am encouraged that your Committee has taken this up and is interested in identifying long-term solutions for our Federal forest counties and the people who live there. I want to recognize my colleague from Oregon who proves that real men can wear pink, Congressman Peter DeFazio. We have had productive discussions and agree that the status quo serves no one well and that it is time for real change.

In 2000, as you mentioned, Congress authorized county payments in recognition that layers of environmental regulations had throttled timber production on Federal lands that deprived the local communities of timber receipts that helped fund local schools, roads, and emergency services. I would direct your eyes to this chart where the gold line shows the drop in Federal timber harvest from a high of nearly five billion board feet in the mid-1980s to less than one-half a billion in 2009. And since 1990, Federal timber harvests have dropped more than 90 percent while harvest on private lands has remained at a stable sustainable level.

This year the third reauthorization of county payment expires, and more than nine million school children in 729 counties nationwide will be impacted. I think we can all agree the status quo doesn't work and will not work going forward. Our communities don't even want the status quo. They don't want the handout that has made them dependent on the Federal Government. They want jobs. They want healthy forests. They are tired of the catastrophic fires and bug infestations. They are sick of the bludgeoning uncertainty that comes with not knowing if Uncle Sam will pay his fair share. They want the ability to pursue the American ideal of self-reliance once more.

When county payments were created in 2000, it was thought of as a bridge payment so rural counties could transition away from their resource-based economy. But let us get real. These are Federal forested counties. The government controls more than half of the land in most of them and nearly 80 percent in some, and the

notion that they have the ability to re-create their economies in a decade's time is simply absurd.

The Federal Government owns most of the land but has all but stopped productive forestry on it. It is shutting down public access to it, fails largely to produce economic value or renewable energy from it, and all too often stands idly by and lets it go up in smoke every year. The loss of county payments will be felt most in western states like Oregon where the Federal Government owns 60 percent of the forests but only produces just 12 percent of the timber harvest as seen in orange on both of these pie charts. The mortality rates are above 19 percent on Federal forest lands. That is not a healthy picture.

Private forests in Oregon produce 73 percent of the harvested timber with a mortality rate of just 3.8 percent, maintaining a net growth rate of 22 percent. And according to the Forest Service timber harvest on Federal lands nationwide, nationwide has fallen 80 percent since 1990, while wild fires have burned an average of 7.8 million acres every year for the last five years, an area larger than the State of Maryland. Meanwhile, there is an unemployment crisis in many rural counties. In central, southern and eastern Oregon unemployment is commonly well into the double digits.

Here on the monitors we are going to take a 30-second trip through time, 30 years of it as mill closures and job losses occurred in Oregon. From 1980 to 2010, we went from 405 open mills to just 106 open mills, a 74 percent decrease in capacity available to do work in the woods. We went from 45,778 mill jobs to 15,706 in that time, a 66 percent loss of jobs.

My colleagues, this isn't an opportunity to act. This is an obligation to act and deliver a real solution, one that puts Americans back to work on public lands, makes our forests healthy for habitat and taxpayers alike, and spares communities of the uncertainty of wondering every four years if the Federal Government will owe up to its end of the bargain.

Now here are some thoughts for the Committee to consider. Paralysis by analysis, and litigation that push Federal forested counties to the brink. There is bipartisan agreement that using HFRA-style, pre-decisional objection and expedited judicial review processes could help. There is also an understanding that in order to get the job done there should be exemptions for certain qualifying projects or appeals in litigations. Trusts also work. Nationwide land trusts annually return billions to beneficiaries from resources on state public lands.

Chairman Hastings and Congresswoman McMorris Rodgers know well, their state is a good example. 2.9 million acres are managed by the Washington Department of Natural Resources in trusts for schools. In 2005, they produced gross revenues of nearly $300 million. Trusts work in Arizona, and in New Mexico, too, and on a nationwide basis trusts could help keep the school doors open, keep the roads in good repair, keep sheriffs and deputies on patrol while families sleep well at night. These are just a few ideas.

I appreciate the Committee coming together today to look at this long-running problem and helping us tackle this difficult issue and taking charge to find a solution.

With that, Mr. Chairman, I yield back the negative balance of my time. I appreciate your indulgence and I look forward to working with the Committee on a solution. And if I could, Mr. Chairman, I actually have to chair the Subcommittee on Cybersecurity that is going to meet here soon, so I will probably have to depart.

[The prepared statement of Mr. Walden follows:]

Statement of The Honorable Greg Walden, a Representative in Congress from the State of Oregon

Chairmen Bishop, Hastings, Ranking Member Grijalva, and fellow witnesses:

Thank you for the opportunity to testify.

This is an important and timely hearing.

I'm encouraged by the Committee's interest in identifying a long-term solution for our federal forest counties and the people who live there.

I recognize my colleague from Oregon, Congressman Peter DeFazio. We've had productive discussions and agree that the status quo serves no one well. It's time for real change.

In 2000, Congress authorized county payments in recognition that layers of environmental regulations had throttled timber production on federal lands, depriving local communities of timber receipts that helped fund local schools, roads, and emergency services.

This year, the third reauthorization of county payments expires and more than 9 million school children and 729 counties nationwide will be impacted.

I think we can all agree that the status quo doesn't work and won't work going forward.

Our communities don't even want the status quo. They don't want the handout that's made them dependant on the federal government. They want jobs. They want healthy forests. They're tired of the catastrophic fire and the bug infestation. They're sick of the budgeting uncertainty that comes with not knowing if Uncle Sam will pay his fair share.

They want the ability to pursue the American ideal of self-reliance once more.

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But let's get real. These are federal forest counties, the government controls more than half the land. . .nearly 80 percent in some counties. . .and the notion that they have the ability to recreate their economies in a decade's time is absurd.

The federal government owns most of the land, but has all but stopped productive forestry on it, is shutting down public access to it, fails largely to produce economic value or renewable energy from it, and all-too-often stands idly by and lets it go up in smoke every year.

The loss of county payments will be felt most in Western states like Oregon, where the federal government owns 60 percent of the forests, but only produces just 12 percent of the timber harvest—*as seen in the ORANGE on both of these PIE CHARTS.* [1]

The mortality rates are above 19 percent on federal lands. That's not a healthy picture.

Private forests in Oregon produce 73 percent of the harvest, with a mortality rate of 3.8 percent, maintaining a net growth rate of 22 percent. [2]

According to the Forest Service, timber harvest from our federal lands nationwide has fallen nearly 80 percent from 1990, while wildfires have burned an average 7.8 million acres a year for the last five years—an area larger than the state of Maryland.

Meanwhile, there is an unemployment crisis in many rural counties. In central, southern, and eastern Oregon, unemployment is commonly well into the double digits.

Here on the monitors we're going to take a trip in 30 seconds through 30 years of mill closures and job losses in Oregon. From 1980 to 2010, we went from 405 open mills to just 106 open mills—a 74 percent decrease in capacity available to do work in the woods. We went from 45,778 mill jobs to 15,706 in that time—a 66 percent drop.

My colleagues, this isn't an opportunity to act. This is an obligation to act. . .and deliver a real solution. . .one that puts Americans back to work on public lands,

[1] Oregon Forest Resources Institute. Federal Forestland in Oregon: Coming to Terms with Active Forest Management of Federal Forestland. 2010.

[2] Ibid.

makes our forests healthy for habitat and taxpayer alike, and spares communities the uncertainty of wondering every four years if the federal government will owe up to its end of the bargain.

Here are some thoughts for the committee to consider.

"Paralysis by analysis" and litigation have pushed federal forested counties to the brink. There's bipartisan agreement that using the HFRA-style pre-decisional objection and expedited judicial review processes would help.

There is also an understanding that in order to get the job done, there should be exemptions for certain qualifying projects from appeals and litigation.

Trusts also work. Nationwide, land trusts annually return billions to beneficiaries from resources on states land. Chairman Hastings' state is a good example.

2.9 million acres are managed by the Washington Department of Natural Resources in trust for schools. In 2005, they produced gross revenues of nearly $300 million. Trusts work in place in Arizona and New Mexico, too.[3]

On a nationwide basis, trusts could help keep the school doors open, keep the roads in good repair, and keep the sheriff's deputies on patrol while families sleep at night.

These are just a few ideas.

I appreciate the committee coming together today to look at this long-running problem and helping us tackle this difficult issue and taking charge on a solution.

Mr. BISHOP. Mr. Walden, we appreciate you being here with us today. You used to be a member of this Committee, this Subcommittee.

Mr. WALDEN. Yes.

Mr. BISHOP. We miss you on that. However, if you were still a member, you would be the Chairman and I wouldn't, so maybe I don't miss you all that much.

[Laughter.]

Mr. WALDEN. Given your superior looks and ability, I probably would have yielded that gavel to you, sir

Mr. BISHOP. And I won't say what Chairman Hastings just said here either. But we do appreciate it, and thank you. We realize you have a schedule that requires you to be elsewhere. Thank you for being with us. We will dismiss you at this time.

For those of you on the Committee, the rest of the panel, obviously Ms. Wagner has been here before and understands this, we are asking you that you keep your oral testimony to five minutes. When you speak, the green light will go on. When you see the yellow light come on, you have one minute left. When the red light comes on, I am supposed to gavel you into silence, but if you would sum it up very quickly that won't necessarily happen.

Ms. Wagner, it is good to see you again here as a witness. For you, as with everyone else, your written testimony will appear in the record, and you are recognized for five minutes for an oral version of your testimony.

STATEMENT OF MARY WAGNER, ASSOCIATE CHIEF, FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Ms. WAGNER. Thank you, Mr. Chairman and Members of the Subcommittee. It is good to be here. Thank you for the opportunity to present the view of the United States Department of Agriculture regarding Secure Rural Schools Reauthorization and Forest Management Options for a Viable County Payment Program.

The President's Fiscal Year 2012 budget proposal reauthorizes the Secure Rural Schools Act. We recognize the economic difficul-

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[3] Lincoln Institute of Land Policy. Managing State Trust Lands. 2010

ties 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 Congress to develop a proposal that addresses both.

I am going to focus my comments on the benefits the Secure Rural Schools Act as it relates to natural resources and the agency's intention to continue to actively restore forests and grass lands for the benefit of citizens.

The Secure Rural Schools Act provides an important mechanism to maintain and improve the health of our forests and watersheds and to create jobs. The Forest Service really values the relationships fostered with tribal and county officials, and all stakeholders in the 118 resource advisory councils under the Secure Rural Schools Act.

The resource advisory committee (RAC) process of reviewing and recommending projects has resulted in projects with broad-based support that help provide jobs in rural communities, support local businesses and help create a more self-sustaining community. 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 1.7 to 2.6 times as it cycles through Oregon's economy.

In numerous cases RACs working together have forced relationships in a spirit of collaboration which is contributing to restoration efforts beyond the Secure Rural Schools-funded projects but across the county and across the landscape. Community capacity has grown to support collaborative work which has resulted in more on-the-ground accomplishments, better and more defendable decisions, and efficient implementation of projects.

I would like to highlight a few key agency efforts to increase restoration on national forests. The President's budget is designed to support the Administration's priorities for maintaining and restoring the resiliency of America's forests. The President's budget includes a proposal to create the integrated resource restoration budget line item which allows us to effectively integrate interdisciplinary restoration treatments.

Integrated resource restoration aligns the budget structure with a focus on landscape scale restoration and we expect it will increase accomplishments, focus on priority landscapes, and increase efficiency and effectiveness on the ground. Within integrated resource restoration, there is increased funding for the collaborative forest landscape restoration fund which provides an increased emphasis on protecting and enhancing forest and watershed health. This is a real opportunity to showcase the value of collaborative landscape scale restoration.

In 2010, we received 31 proposals, only 10 were funded but an additional 26 proposals have been provided in 2011. it just tells us there is a lot of capacity and communities and citizens are working together to put these proposals together. There are additional opportunities to strengthen our landscape scale restoration, including working on projects that weren't selected under the Collaborative Forest Landscape Restoration Fund (CFLR) funding through collaborative work with groups such as the Nature Conservancy, local

watershed councils and other community-based organizations that work on landscape scale.

Forest and regions are finding means to invest in work in these landscapes because of the up front collaboration and agreement to action.

Another tool we use to restore forests and provide jobs and economic activities is stewardship contracting. It involves close collaboration with local communities and a focus on new and emerging markets for forest products removed, and restoration activities. Stewardship contracts can achieve multiple outcomes on large landscapes over time, and we look forward to working with Congress on authorizing this valuable tool.

The Forest Service has recently completed a national bark beetle strategy which prioritizes treatments to focus on health and safety, recovery and resiliency of the landscapes impacted by bark beetle. We expect to treat our 230,000 acres this fiscal year, investing a little over $99 million in western regions. We have also launched a NEPA project to increase our efficiency through select demonstration projects and to also seek categorical exclusions to support restoration across the landscape.

The Secure Rural Schools Act has provided more than a decade of payments to eligible states and counties to help fund schools and roads. It has also created a forum for community interest to participate, and so the selection of projects and assist in community fire protection planning. We would like to build on the successes over the last decade and would like to work with the Subcommittee to provide much needed support to rural communities, and to responsibly address the Federal deficit and actively restore our landscapes. Thank you.

[The prepared statement of Ms. Wagner follows:]

Statement of Mary Wagner, Associate Chief, U.S. Forest Service, United States Department of Agriculture

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 pay-

ments 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.

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[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.*

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.

Mr. BISHOP. Thank you for your testimony. We welcome Mr. Vaagen who his here and to introduce him to the Committee I would like to turn to Representative McMorris Rodgers.

Mrs. MCMORRIS RODGERS. Thank you, Mr. Chairman, and I appreciate the chance to be here today and to introduce my good friend Duane Vaagen from Colville, Washington.

Since 1980, Duane has served as President of Vaagen Brothers, a second generation family owned timber company with over 175 employees. Duane is well regarded in the community and among his peers. He has spent his entire career in the forest products industry and is a pioneer, leading innovator and his expertise is beyond compare. Because of these attributes Duane has been recognized as timber processing man of the year, one of the highest honors in his field.

Duane and his family have the distinction of having many firsts. They were the first to move their business into small log processing, and the first to utilize single grip harvesters for mechanical harvesting, all to support better forest management. As an innovator, Vaagen's is one of the very few businesses in the forest products industry to remain viable in both good times and bad. Duane has the foresight and the expertise to know what action is required to make our forests a healthy and viable industry again.

Let me point out one example with the Colville National Forest. After decades of litigation and conflict between environmentalists, businesses, grazers, recreationalists and other parties Duane successfully brought these diverse interest groups to the table and developed a comprehensive strategy for elevating the forests beyond the conflict. Through our collaborative efforts, Duane and I are proud to report that the Colville National Forest has been litigation-free for over a decade, and was named one of the top three national forests by the Forest Service.

Recently, a leading and well-respected forester told me that because of Duane Vaagen, we have had more successes in the Colville National Forest than any other western state. Today, we find our forest management system broken and the flaws in the system fostering policies that deviate from effective management. Because of these policies our forests are overgrown and they have become vulnerable to disease and bug infestations. Like so many government programs, our forest management policies have created a system of dependency that is unsustainable in both the short and the long run, and there is no better example than Secure Rural Schools. This program is a direct result of government intervention on behalf of the spotted owl, and made our counties more dependent on the Federal Government than ever.

I believe, and Duane will tell you that there are ways we can give our local counties more control, improve forest management, create middle class jobs, and return money back to the Federal Government. I trust that this Committee and Congress will use

Duane as a resource and strongly consider his recommendations, so please join me in welcoming Duane and all of our witnesses, and especially those from Washington State. I look forward to hearing from them all.

Thank you very much, Mr. Chairman.

STATEMENT OF DUANE VAAGEN, PRESIDENT, VAAGEN BROTHERS LUMBER, INC.

Mr. VAAGEN. Thanks for the kind introduction. My presentation can be shorter now. That was very kind.

Mr. Chairman, Committee Members, it is a pleasure to be here. We have lived this crisis beyond the 20 years that we say. I have been President of Vaagen Brothers for 31 years. It is good when I own the company. They can't fire me. But we have been through so many crises. You know, when you have a losing team you get rid of the head coach. Well, it takes persistence to survive in this industry, and I appreciate the witnesses here today.

Again, the history is the debate in the woods started long before the counties' schools proposition. It started in the seventies, and people had to react, so we re-tooled to go to small diameter because the environmental community was pushing that, and that is a good thing. So we believe in safe, healthy, and clean forest. But the forest has been neglected the last 20 years, so what we have done is built up more and more fuel, and consequently as we harvest less we burn more. We have less jobs and poor economics in rural communities.

Right now, there are 60 million acres in dire straits of treatment, but there is some good news. The collaboration has shown us many ways to get there. We have been appeal and litigation free, but our forest, we have only harvested 4,000 acres a year in the last 10 years. That is not enough. Through the collaboration efforts, which we helped form, we are agreeing in 80 million feet, around 15,000 acres a year. I think that is great, but now we have a mountain pine beetle epidemic that just came on us last year. This year it has doubled in size and next year it will double again. People in Colorado, Wyoming, and Montana all know that story very well.

But through collaboration we can move forward and what we want to demonstrate is we can return money to the treasury. Even though we deal in very small diameter stands, we pay $750 an acre to thin those forests. If you go to other states, it may cost you $500, $750 to $1,000 an acre to thin the forest, and we have to move quickly on this.

We have supported this Secure Schools proposition from the get-go. The RACs and the FLACs were a great idea. In our forest it didn't work. You can't go down from 100 million feet to 20 million feet, and now we are stabilized around 30 million feet, and say that has worked. It hasn't worked. Its intention is good, but we have to get work done on the forests if we are going to save the forests prior to beetles and fire.

Again, the mountain pine beetle is an epidemic spreading through our forest. I toured an Arizona forest six weeks ago before the fire. It is a green forest. I said they are fortunate, their forest is green. It may not burn. The day after I left it was on fire and

burned 560,000 acres. New Mexico had their biggest fire in history. It is going to return to other western states.

I will leave you Committee members with a copy of the book "The Big Burn," 1910 Fire, Montana, Idaho, Washington, three million acres, two days, 87 people perished. I think we are going to see things like that in our area. So please accept that, read that.

What is going to fix this is we have to streamline NEPA. You can't have a beetle epidemic that you need to harvest within a year and spend a year-and-a-half trying to figure out how to do the planning process, so NEPA has to be streamlined on emergency efforts, and we have to have legislative mandates for the Forest Service so they can guide their way to the net results that we need.

And as far as money to the treasury, it used to be before 1992-1993, when this all started, you sold eight million feet a year, or 11 billion feet. Nowadays that dropped to two billion, but the price of logs and lumber doubled, so actually we could return to six billion feet and double the money that we used to have, so our recommendation is for significant treatment and quick resolution of these forest debates.

Again, appreciate the Committee, my congresswoman, and look forward to any help that we may be able to offer. Thank you.

[The prepared statement of Mr. Vaagen follows:]

Statement of Duane Vaagen, President, Vaagen Brothers Lumber Company, Colville, Washington

Good morning Mr. Chairman and members of the Subcommittee. I am Duane Vaagen, President of Vaagen Brothers Lumber, a family-owned forest products company located in Colville, Washington. I am here today to discuss the urgent need to restore responsible, sustainable management to our federal forests for the sake of our forests and rural communities.

Vaagen Brothers Lumber was founded by my father and uncle in the early 1950s and has survived over the years by focusing on technological advancements, ecologically-minded forest management and a commitment to healthy forests and rural communities. We currently own and operate two sawmills in northeast Washington, employ over 175 people and contribute $75 million to the local economy. We once employed 500 people and operated another two sawmills here in northeast Washington.

Today our mills predominantly rely on small diameter timber, the primary biproduct of forest thinning operations. We also fully utilize the biomass component of forest management activities through a biomass co-generation plant. Unfortunately, for the past 15 years we have continually struggled to secure an adequate timber supply to ensure our continued operation. The primary reason for this shortage of raw materials is a lack of management and timber coming from the 1.1 million acre Colville National Forest (Colville NF).

Declining Forest and Community Health

The health of our nation's forests continues to decline and federal forests are most at risk due to overstocking, disease, drought, insect infestations and catastrophic wildfires resulting from a lack of sound management. In fact, the Forest Service classifies 60–80 million acres of National Forest land as being overstocked and at particular risk. Just last week a Forest Service report indicated that 50 million acres of forests in the continental U.S. were killed or seriously damaged by insects between 2003 and 2007, which was a three-fold increase over the previous five year period. This represents 8-percent of the total forested acres in the lower 48. As you know, federal forests throughout the West have been ravaged by the pine beetle.

Meanwhile, over the past 30 years we have gone from over 700 lumber manufacturing mills in the West to a current level of approximately 120. Many areas of the country, including Arizona, Utah, New Mexico and Colorado, are largely devoid of the forest products industry infrastructure (mills, loggers, etc) needed to restore and maintain the health of our forests and provide employment opportunities in rural communities. Here in northeast Washington we still have the integrated sawmill, logging, biomass and paper mill industries that are needed to effectively maintain

the health of the forest and generate economic benefits for rural communities. Unfortunately, if something isn't done to increase the level of management on the Colville NF we will continue losing mills, jobs and our ability to treat the threats facing this forest. The recent fires in Arizona and New Mexico provide perfect examples of the consequences of inaction as well as benefits of treating the forest.

As you know, the health of our rural communities also continues to decline. Unemployment in our local tri-county area currently sits at 14-percent. It is not a coincidence that many of the counties with the highest unemployment rates in the country also happen to be those surrounded by federal forests. Many of these rural communities have lost their historical heritage as well as generations of forest stewards. I believe it will require decisive action now if we want to restore the health of our rural communities and our federal forests.

Collaboration

Over the past decade my company has invested significant time, energy and money into collaboration. In fact, we helped form the Northeast Washington Forestry Coalition (NEWFC), which is comprised of the forest products industry, conservationists, local businesses and other stakeholders. The NEWFC has been a success—we haven't had a timber sale or stewardship project litigated on the Colville NF in nearly 10 years. We've had only one appeal. The Coalition has helped bring once warring sides together to find forest management solutions on the Colville NF built around a blueprint that identifies areas most appropriate for active forest management, restoration treatments and meeting conservation objectives.

Despite agreement from all interested parties we have not seen meaningful progress from the Forest Service to restore the health of the forest or meet the needs of local industries and communities by offering an adequate supply of timber. We continue to support collaboration as an important component of federal forest management, but it alone does not address many of the current barriers to implementing a sustainable and predictable timber management program.

Secure Rural Schools/County Payments Program

The Federal Government has actually been making payments to counties to make up for lost 25-percent timber receipts since the early 1990's following the listing of the Northern Spotted Owl in Washington, Oregon and California. The current Secure Rural Schools program was first enacted in 2000 and has been extended twice since then. As you know, the program has provided billions of dollars to counties and schools over its lifetime. Our company has supported the National Forests Counties & Schools Coalition, the primary advocate of the Secure Rural Schools program. We've supported their efforts because we believed that one of the primary goals of the program was to transition back to the sustainable management of our federal forests. After nearly twenty years of experience in the Pacific Northwest and over a decade nationwide, it is clear that the program as currently designed will not address the fundamental threats to our federal forests and rural economies. The program has primarily succeeded at treating just one symptom of the illness, a lack of funding for local government services and schools due to the paralysis affecting federal land management. While we all support efforts to meet these critically important needs, I believe our political leaders can no longer avoid confronting the fundamental problem by treating just one symptom.

As a resident of a rural community I certainly understand the dependency of many local governments on this funding to provide public sector jobs and services. Unfortunately, the overall health of many rural, forested communities has further declined over the past two decades due to our inability to rebuild private sector employment. In many forested communities the forest products industry is one of the few industries capable of providing meaningful employment opportunities and the tax base needed to provide long term economic and social stability.

As Congress considers legislation to address the pending expiration of the Secure Rural Schools program I encourage you to seek a comprehensive solution to the illness and not just one symptom of it. We are running out of time to restore the health of our forests and maintain the industries important to the economies of rural communities.

Snapshot of the Colville National Forest

The Colville NF provides a perfect example of how we can balance sustainable forest management, revenue generation and rural economic development with other objectives, including conservation. I have provided the Subcommittee pictures that show the type of responsible forest management we are advocating.

As I mentioned the Colville National Forest is comprised of 1.1 million acres. There is a strong consensus within our coalition for managing 500,000–600,000 acres for a mix of active management (timber, etc) and restoration objectives. Mean-

while, there is an urgent need to accelerate commercial thinning treatments on at least 250,000 acres of overstocked and beetle infested forest at risk to catastrophic wildfire. In recent years less than 4,000 acres have been mechanically thinned despite the support of the Coalition to treat between 15,000–20,000 acres annually. I actually believe we should be restoring the health of the forest even more aggressively in the short term.

My testimony includes charts that compare estimated outcomes of the Forest Service's current management with the approach supported by the Coalition in terms of the pace of forest restoration, timber value generated, jobs created and potential county receipts. These are estimates and can vary year to year based on market conditions, the use of stewardship contracting and other factors, but they provide a good snapshot of the opportunity that exists.

The key to success is the existence of an integrated forest products industry, which allows treatments to actually generate revenue (approx $750 per acre) to be used for county receipts, on-the-ground restoration activities or the Treasury by removing enough merchantable material in the form of sawlogs. This is not the current reality in areas where the industry no longer exists and the taxpayer is picking up the tab to thin the forests at a cost of as much as $1,000 per acre.

Legislative Recommendations

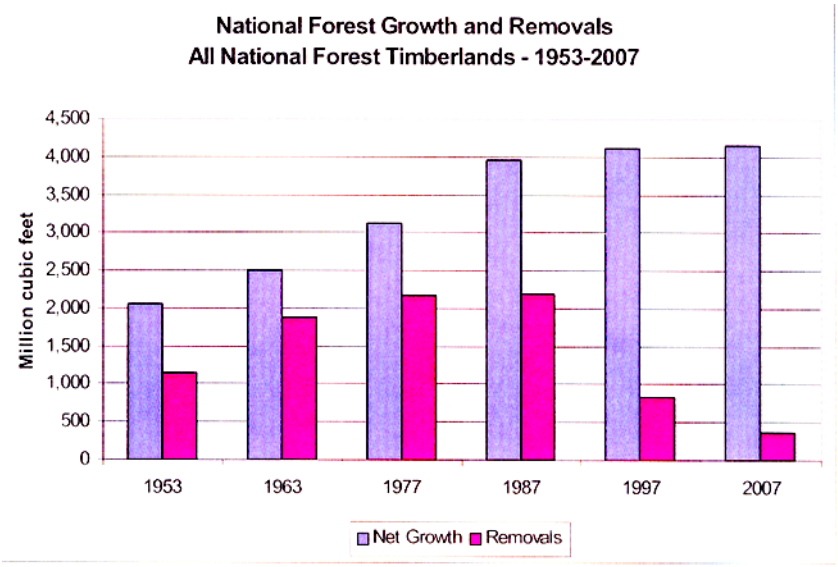
As your committee considers legislative options for restoring sustainable management to our federal forests as a key component of reauthorizing Secure Rural Schools, I would like to provide the following suggestions. These suggestions are based on the following assumptions: 1) securing significant increases in Forest Service appropriations to fund their current approach to managing these forests is unlikely under current and future budget realities; 2) the Forest Service and the federal government have a responsibility to the rural communities surrounded by our federal forests; and 3) we must significantly increase the pace of treatments if we are serious about getting ahead of the forest health crisis.

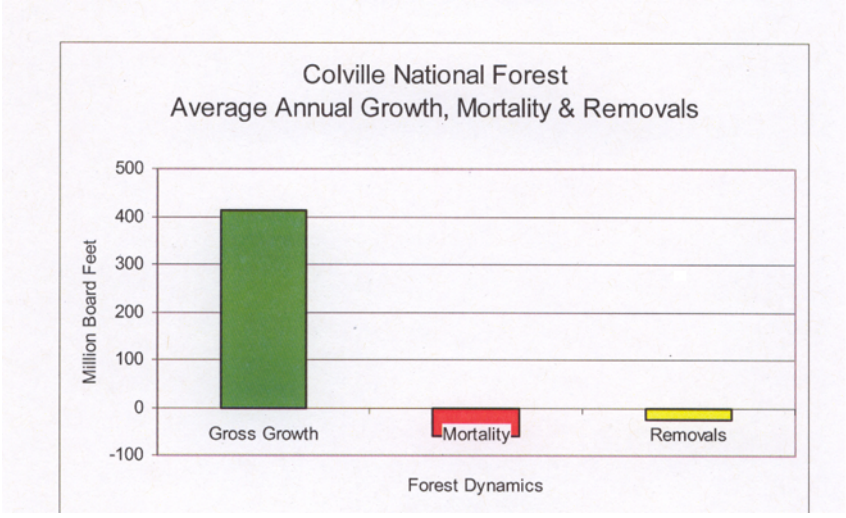
- Reduce the time and cost of Forest Service project planning requirements, particularly in areas where consensus exists. A NEPA Environmental Assessment or Environmental Impact Statement on a single forest management project can take years to complete and cost $500,000-$1 million to prepare. Real progress is unlikely until the agency's project planning costs are significantly reduced.
- Legislation could be passed to give projects that meet a certain criteria for responsible management and/or enjoy collaborative support some relief from appeals and/or litigation if those are liming the sustainable management of some forests.
- Enact legislation to hold the Forest Service accountable for managing forests to maintain forest health, generate economic activity and provide a minimum level of receipts for local governments. The Forest Service needs clear direction from Congress.
- Amend the Stewardship Contracting Authority to give counties the option of receiving 25% of the retained receipts and specifically give the agency the authority to use retained receipts for future project planning costs.
- Consider reforming the Forest Service to separate fire fighting and forest management functions. The Forest Service has largely become a fire fighting agency, not a land manager.
- Divert a portion of ever-increasing wildfire suppression costs to actually get ahead of the problem though increased forest management. This will create additional funding and certainty to help bring new industry infrastructure (and jobs) to the forests and rural communities where it has been lost.
- If the Forest Service is unwilling or unable to deliver these relatively modest economic returns to local communities and improvements to forest health then states or counties should be given the authority to plan and implement forest management projects.

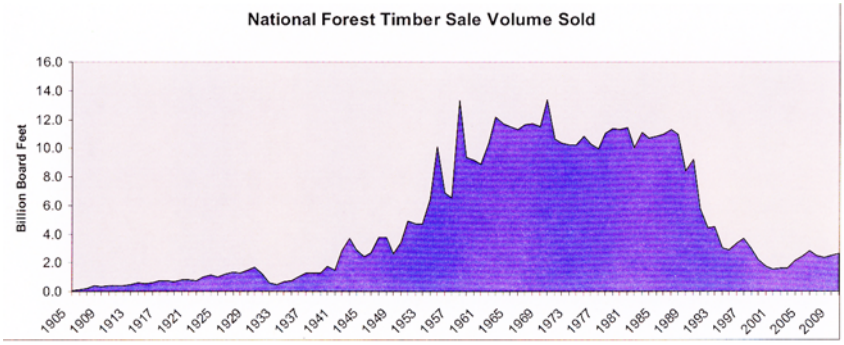
I appreciate the opportunity to appear before the Subcommittee today. I would be happy to answer any questions you may have.

Attachments:

(1) Bark Beetle Infestation in the West, USDA FY12 Budget Justification
(2) National Forest Growth, Removals and Timber Volume Sold Graphs
(3) Colville National Forest Management Outcomes Graphs
(4) Pictures of Forest Treatments on the Colville National Forest


National Forest Growth and Removals
All National Forest Timberlands - 1953-2007
Million cubic feet
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1953
1963
1977
1987
1997
2007
Net Growth
Removals


Colville National Forest
Average Annual Growth, Mortality & Removals
Million Board Feet
500
400
300
200
100
0
-100
Gross Growth
Mortality
Removals
Forest Dynamics


National Forest Timber Sale Volume Sold
Billion Board Feet
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
0.0
1905
1909
1913
1917
1921
1925
1929
1933
1937
1941
1945
1949
1953
1957
1961
1965
1969
1973
1977
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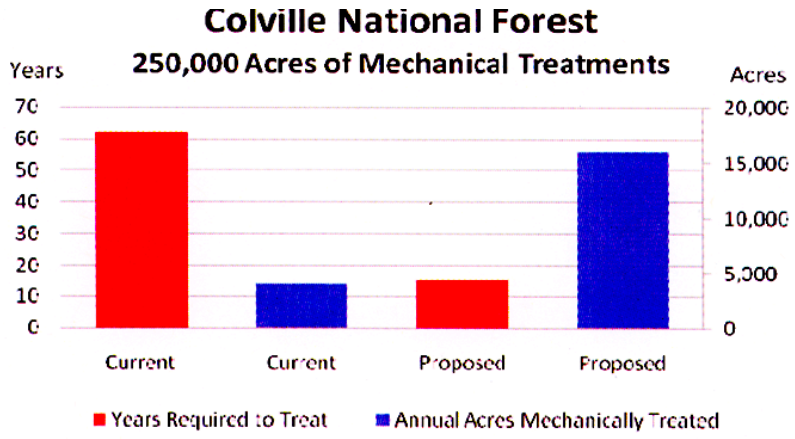
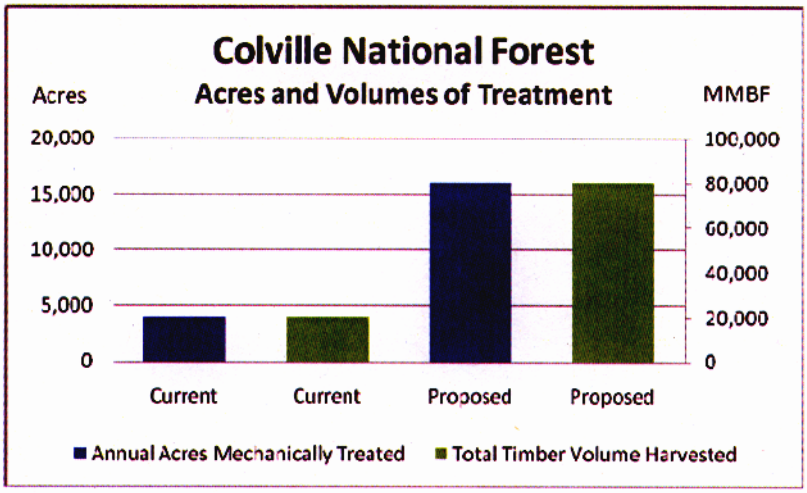
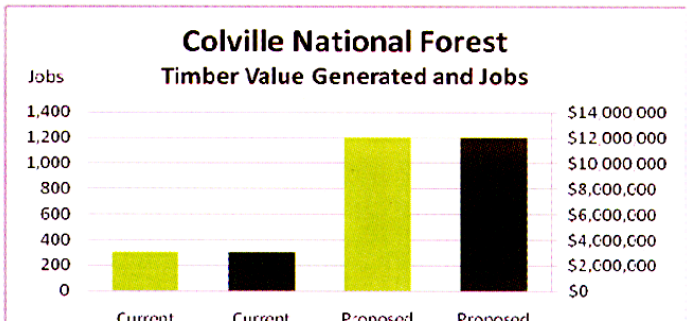
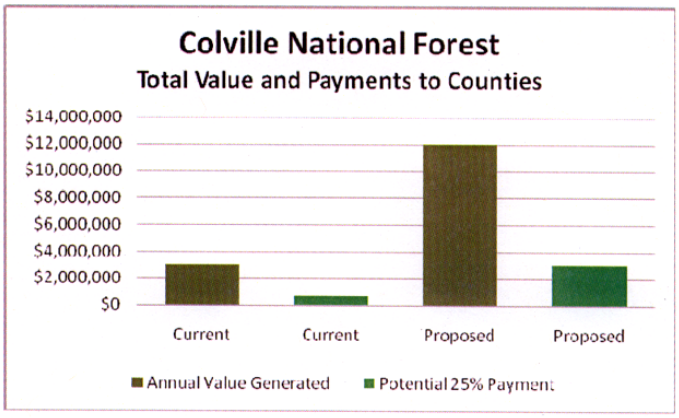
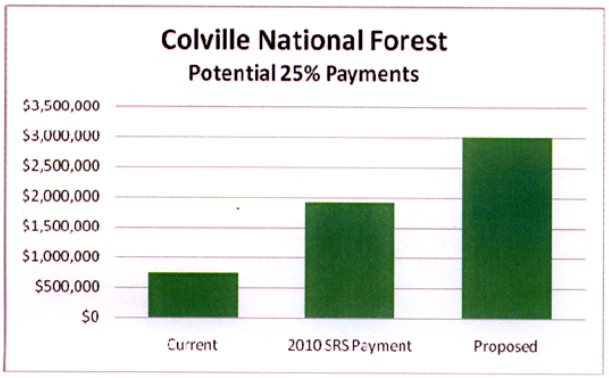
1989
1993
1997
2001
2005
2009


Colville National Forest
250,000 Acres of Mechanical Treatments
Years
Acres
70
60
50
40
30
20
10
0
20,000
15,000
10,000
5,000
0
Current
Current
Proposed
Proposed
Years Required to Treat
Annual Acres Mechanically Treated


Colville National Forest
Acres and Volumes of Treatment
Acres
MMBF
20,000
15,000
10,000
5,000
0
100,000
80,000
60,000
40,000
20,000
0
Current
Current
Proposed
Proposed
Annual Acres Mechanically Treated
Total Timber Volume Harvested







Figures used :

Timber Volumes: 5,000 mmbf per acre treated;

Average timber value: $150 per Thousand mmbf;

Jobs Multiplier: 15 direct and indirect jobs per mmbf harvested.

2010 SRS Payment: Composite SRS payments to Ferry, Stevens and Pend Oreille Counties

Mr. BISHOP. Thank you, Mr. Vaagen. Now we will turn to Mr. Pearce.

STATEMENT OF PAUL PEARCE, CHAIR, SKAMANIA COUNTY BOARD OF COMMISSIONERS, NATIONAL ASSOCIATION OF COUNTIES, PARTNERSHIP FOR RURAL AMERICA

Mr. PEARCE. Thank you very much, Mr. Chairman, Chairman Hastings, Ranking Member Grijalva, Congresswoman McMorris Rodgers who has always had her door open for these conversations and has worked hard on this issue all the way back to when she was in the Legislature in Washington. Thank you very much.

I want to thank the members of the Committee and the Subcommittee, and I thank you for the invitation to appear before you today to discuss this issue, Secure Rural Schools and Forest Management Options for Viable County Payments, and if I may add, finding a long-term answer to economically healthy, productive forests, counties and schools because we need all three.

I am here today as Chair of the Federal Payment Subcommittee of the NACO's Public Lands Committee, and as an executive board member of the Partnership for Rural America Campaign for Reauthorization. But finally, I am the Chair of the Skamania County Board of Commissioners, a county which at one time produced up to a quarter of the Federal timber harvested in Washington State.

Twenty-four percent of the nation's 3,000 plus counties contain national forests, some, like my own, covering up to 90 percent of their land. These 154 national forests cover 139 acres. These counties are responsible for maintaining the infrastructure, the roads, the schools, search and rescue, and other emergency services that allow these forests to be enjoyed. The 1908 Act fulfilled the promise of Gifford Pinchot when he said that no community would suffer for hosting these lands, and the partnership at that time that we created between the Federal Government and the counties with revenue sharing, the first in the nation, of 25 percent revenues worked well until the late eighties when court decisions and endangered species listings both in the Northwest and the South dramatically reduced Federal timber production.

In 2000, Congress passed Secure Rural Schools to address the loss of revenue, but at that time the conversation was around increased forest production. We had another reauthorization in 2007. We were still having that government. The current authorization in 2008, again conversations around production. We appreciate that the Act was reauthorized in 2008, and it runs out this year, and I want to take a moment to sincerely thank you and the other members of the Committee who voted for its passage and helped to make that happen.

According to Dr. Eylers' economic study, which I have attached to my written, these payments have an impact of 1.3 billion in sales, 188 million realized tax revenues, and most importantly, represent 11,000 jobs in those mostly rural communities. Forest management is imperative.

NACO's platform, and I quote here, "supports the reauthorization and enhancement of Secure Rural Schools Program. Reauthorization should maintain coupling between payments to counties and active natural resource management and the connection be-

tween sustainable natural resource management and the stability and well being of forest communities and counties."

Attached to my written testimony you will find a White Paper from the Partnership for Rural America titled "Maintaining the Partnership Today and in the Future" which details many suggestions for changes in forest management, including fixing the biomass definition, expedited harvest of beetle killed timber, allowing counties and schools to retain 75 percent of receipts, just to name a few.

Contrary to what many believe, the vast majority of county commissioners would much rather have a vibrant economy with hundreds of jobs based on healthy sustainable productive forest management on these lands. I would gladly trade these dollars for the over 1,200 jobs I once had on the Gifford Pinchot Forest in my own county, not to mention the four mills we had, and the 300 Forest Service jobs. Did I mention 300 Forest Service jobs? We had the Northwest Nursery, out at the Wind River Nursery, and there were over 300 people employed there, both part time and full time.

Returning directly to 25 percent receipts has two critical problems. The first is the Forest Service actual receipts dropped so low last year that there would have been less than $65 million available for all 729 forest counties and 4,400 school districts, in 42 states. We need to remember that the 2008 Act changed 25 percent to a seven-year rolling average, meaning we would have to have five years of significant production if we are going to return to the 25 percent money.

Finally, stewardship contracting is not the answer for a variety of reasons that I can address, not the least of which is the lack of revenue sharing with counties or the national treasury.

In closing, NACO and the Partnership stands ready to assist in crafting a solution to both the county payments issue long term, as well as sustainable productive forest management. Thank you, sir.

[The prepared statement of Mr. Pearce follows:]

Statement of The Honorable Paul Pearce, Commissioner, Skamania County, Washington, on behalf of The National Association of Counties (NACo) and the Partnership for Rural America Campaign

Good afternoon Chairman Bishop, Ranking Member Grijalva, members of the committee and subcommittee. I appreciate the opportunity to appear before you today to discuss *Secure Rural Schools reauthorization and Forest Management options for a viable County Payments program* and if I may add. . .a long term answer to economically healthy forest counties and schools.

I am here today testifying as Chair of the Federal Payments Subcommittee of NACO's Public Lands Committee, as an Executive Board member of the Partnership for Rural America Campaign for reauthorization, and finally as the Chair of the Skamania County Board of Commissioners, a county which once produced, fully a ¼ of all the timber harvested in Washington State.

Twenty-four percent of the nation's three thousand plus counties contain national forests, some like my own totaling up to 90% of their land mass. These 154 National Forests cover 193 million acres across the country. These forest counties are responsible for maintaining infrastructure like roads, schools, emergency services

The 1908 Act fulfilled the promise of Gifford Pinchot who said that no community would suffer for hosting these lands. The partnership established between the federal government and rural forested counties called for revenue sharing...the first in the nation...where 25% of all revenues generated on these lands is returned to the communities.

The contract worked well for nearly a century. . .until the late 1980's when court decisions, Endangered Species Listings, such as the spotted owl in my area of the country and re-cockaded woodpecker in the south dramatically reduced timber pro-

duction and other extraction. In 2000 Congress passed the Secure Rural School and Communities Self Determination Act to address the drastic loss of revenue from the decline in timber production. This was followed by a one year reauthorization in 2007 and the current authorization in 2008 which ends this year. I want to take a moment to sincerely thank you and the other Members of the Committee who voted for its passage and helped make that happen.

The 2008 reauthorization came at the same time as the economy was beginning to fall apart. According to Dr Eylers economic analysis (attached) these payments have an impact of $1.3 billion in sales, $188 million in realized tax revenue and most importantly represent 11,000 jobs in these most rural communities. These will be lost the first year.

Failure to reauthorize in 2012 will be devastating to those counties and schools dependant on this act and the prior forest receipts it is based on.

Consider for a moment had this loss had occurred at the same time as the full force of the recession hit. This is especially disconcerting, in these mostly rural communities where the loss of one family wage job often results in the entire family having to leave the community to find work

Forest Management

NACo's platform. . .and I quote here. . ."supports the reauthorization and enhancement of the Secure Rural Schools program (PL 110–343). Reauthorization should maintain coupling between payments to counties and active natural resource management; and the connection between sustainable natural resource management and the stability and well being of forest counties and communities."

Attached to my written testimony you will find a white paper from the Partnership titled "Maintaining the Partnership Today and in the Future" which details numerous suggestions for changes in Forest Management including Fixing the Biomass Definition, Expedited Harvest of Beetle Kill Timber, Allowing Counties and Schools to Retain 75% of Receipts: just to name a few.

Contrary to what many believe. . .we County Commissioners. . .would much rather have a vibrant economy with hundreds of jobs based on healthy sustainable productive forest management on these lands. I would gladly trade these dollars for the over 1200 jobs I once had on the Gifford Pinchot forest in my County.

The Forest Service has failed over the past two decades in healthy forest management and in producing revenue through timber sales. Interestingly the nation's consumption of wood products continues unabated. The Forest Service is not clear on their mandate or their mission. In the mid-90's because of the spotted owl the Clinton administration created the Northwest Forest Plan setting timber harvest targets on all forests. None of which has to date been met. This was a clear mandate and failed miserably. Congress must find a way to require production at the line level through incentives or disincentives that affect these career officers. There is no other way to implement any initiatives Congress may create or impose.

Returning directly to 25% receipts has two critical problems. The first is that Forest Service actual receipts are so low that last year there would have been less than $65 million dollars available for all 729 counties and 4400 school districts, in 42 states...We also need to remember that the 2008 Act changed 25% receipts from a year-to-year amount into a seven year rolling average. It would take at least 5 years of much higher production before the payments could be replaced.

Stewardship

Finally, stewardship contracting is not the answer for a variety of reasons. The forest service has adopted stewardship contracting as the panacea for dismal timber production. Stewardship contracting requires a collaborative process. These collaborative are intended to have participation by people on all sides of the timber issues. On the north half of the Gifford Pinchot National Forest in the Randle District the collaborative took 10 years to produce a single 11 million board foot sale. A forest executive told me that based on this collaboration the new timber rotation is 300 years. This is a forest that produced an average of 350 million board feet per year from the 70's until 1991. Even the NW Forest plan calls for 50 million board feet per year. No revenue is produced for the counties, schools or treasury from these sales. Instead the forest line officers negotiate for restoration or other work in exchange for the actual dollars. I am aware of at least two contracts where the forest ended up owing the successful bidder money at the end of the day. This so called collaborative process of decision by committee of those that can commit untold volunteer hours against paid environmental staffers is a poor way of doing business and certainly not in the end scientifically based.

O&C

There has been discussion around the O&C Counties in Oregon and a bill which would allow for these lands to be divided, with half being sold for production and the other half in conservation. While I have no disagreement with the O&C proposal it cannot be described as a "model" for possible action with National Forest lands unless a radical change is made to the enabling legislation. O&C lands were created in 1937 specifically for *revenue production* for the counties. The counties receive 50% of receipts, 25% remain on the land and only 25% are sent to the treasury. On the contrary National Forests were created in 1908 as *multiple use* and not dedicated to revenue production. In fact the counties receive only 25% of the receipts and the remaining 75% are sent to the treasury.

In closing NACo and the Partnership stand ready to assist in crafting a solution to both the County Payments issue long term as well as sustainable productive forest management and we must begin right now.

[NOTE: Attachments have been retained in the Committee's official files.]

Mr. BISHOP. Thank you very much. Now Ms. Dauzat. Am I getting close?

Ms. DAUZAT. You are getting closer

Mr. BISHOP. I am still butchering your name. I apologize deeply for that. So since I can't do it well I am going to ask Congressman Southerland if he would do the honor of simply introducing you as our next witness.

Mr. SOUTHERLAND. Thank you, Mr. Chairman. I don't have a nice prepared statement that Kathy had, so thank you for throwing me under the bus here. But I will tell you that Caroline Dauzat, and that is my attempt, that her family has businesses in our district, and so I am going to speak from the heart for just a moment and introducing her family, so this is not a prepared remark.

I want you to know that her family provides jobs, and they never provided jobs because of a jobs bill. They provided jobs because they believed in what they did. They believed that they met a need, that our country needed it, especially our district, and so her family she is now the fourth generation of sawmill owners in her family.

Four hundred hardworking men and women go to work every day because they are allowed to work. They get up at 3:30 in the morning, they live in an environment that is—workers comp. would rate it as the most dangerous in the country. They risk their lives. I know about the risk because my brother used to work for her family. Three weeks ago my brother was in the hospital because of an injury in the woods. We rushed him, and it was a head injury, and these people just want to work, and her family has been a part of that in our district, and I thank her for being here. She has never been to the Hill to testify, and so, without any further ado, I thank you for your courage of coming, and I hope you find a committee here that is ready to embrace what you say. Thank you, Caroline.

STATEMENT OF CAROLINE DAUZAT, OWNER, REX LUMBER

Ms. DAUZAT. Thank you. Good morning, everyone, Mr. Chairman and Members of the Committee, and Representative Southerland. Thank you for inviting me to appear before you today.

My name is Caroline McRae Dauzat. I am a fourth generation sawmill owner with three sawmills in the following locations: Brookhaven, Mississippi; Graceville and Bristol, Florida. In addi-

tion to the sawmills, we also own a pilot plant in Bristol as well as a timber procurement company. I have submitted my full statement to the Committee which I ask be made part of the hearing record.

My qualifications include working with my father and brother over the last 10 years in all capacities of our forest products businesses. After receiving my Master's in Business Administration degree from Loyola University, I began my sawmill career the summer of 1998 in and around the woods of Bristol, Florida. My current role with our organization includes all aspects of financial risk and human resource management.

My father established Rex Lumber Bristol or North Florida Lumber, as it was known then, in 1980. He chose Bristol as the mill location primarily because of the close proximity to the vast resources of Apalachicola National Forest. According to my father, at the time of locating the mill the Forest Service verbally promised us a sustained yield of timber from the forest in order to support our mill and the local community.

The promise made at that time has long been disregarded. The purpose of my testimony is to offer a view of management of the forest in our area and offer our plan as an existing end user.

Rex Lumber is one of many diverse forest products industries within the timber shed of the Apalachicola. Products manufactured include lumber, plywood, extract board, pulp and paper, wood pellets, and a biomass-fired electrical power plant. Such a diverse infrastructure offers an unusually solid base for management of our local national forest.

Unfortunately, management of the national forest has been hampered by a number of factors and often neglects a healthy timber market in pursuit of other purposes, frequently related to environmental concerns. Ironically in an effort to meet those concerns the health of the forest is put in serious jeopardy.

As my first handout of Deep Creek clearly shows, proper timber management is essential to environmental integrity. Currently the Apalachicola is only cutting 6.8 percent of its annual growth. In the 1980s, when the forest was productively managed, our mill could count on up to 80 percent of its raw material coming from the Apalachicola. Today our Bristol mill receives less than one percent of total logs from the forest though it sits at our absolute door step.

Our southern forests are young, healthy, and productive, but if poor management continues our forest will face the same problems as the Western forests have been dealing with, beetles and fires. In our region it is the southern pine beetle that would be destroying our timber, and 2011's fire season should be enough evidence that management practices need to improve.

An extreme example of where poor forest management leads is the Dixie National Forest in Utah. As shown in the second handout, on approximately 600,000 acres of timberland, mortality has exceeded growth. One hundred and five percent of the total annual growth was lost to fire, insects and disease. Our forests are too valuable a resource to continue on this path. Although with 30 percent mortality on growth, the Apalachicola is on its way. Solutions exist for these problems.

In order for the Forest Service to do what it is required by the Multiple Use Sustain Yield Act of 1960, it will have to re-order its priorities and shift funds to more productive activities. Streamlining environmental documentation and outsourcing some field work would get foresters out of the office and into the field. Including resource advisory committees in every annual planning and project selection process will contribute to a more balanced community-oriented forest work program. Of key importance, NEPA, ESA needs to be amended to increase appellant and litigant accountability.

Last, Congress should consider requiring selected national forests to test the feasibility of timber program self-financing as is now done on DOD land. Please see my written testimony for further detail.

In summary, I believe the best solution for funding the rural schools is the utilization of the assets already available; that is, timber with a market ready to go. As we work together so that such a program can be adopted and implemented, we appreciate your work to reauthorized the safety net of the Secure Rural Schools and Community Self-Determination Act.

Finally, Mr. Chairman and Committee Members, I want to thank you again for allowing me to appear here today. I am here as a prospective partner with the Forest Service in forest management, hopefully a part of the solution to the problem facing our national forests. I would be most happy to work with any of you and your staff to find a solution to the long-term health of our national forests and adequate funding for our rural schools. Thank you.

[The prepared statement of Ms. Dauzat follows:]

Statement of Caroline McRae Dauzat, Family Business Owner, Rex Lumber

Good morning, Mr. Chairman, and Members of the Committee thank you for inviting me to appear before you today.

My name is Caroline McRae Dauzat. I am a fourth generation sawmill owner with three sawmills in the following locations: Brookhaven, Mississippi, Bristol and Graceville, Florida. In addition to the sawmills we also own a pole and piling plant in Bristol, as well as a timber procurement company that supplies timber to our operations. I have submitted my full statement to the committee, which I ask be made part of the hearing record.

My qualifications include working with my father and brother over the last ten years in all capacities of our family forest products businesses. After receiving my Master's degree in Business Administration from Loyola University, I began my sawmill career the summer of 1998 in and around the woods of Bristol. My current role with our organization includes all aspects of financial, risk and human resources management.

My father established Rex Lumber, Bristol, or North Florida Lumber, as it was known then, in 1980. He chose Bristol as the mill location primarily because of the close proximity to the vast timber resources of the Apalachicola National Forest. According to my father, at the time of locating the mill, the Forest Service verbally promised a sustained yield of timber from the forest in order to support our mill and the local community. The promise made at that time has long been disregarded.

The purpose of my testimony is to offer a view of the management of the National Forest in our area and offer our plant as an existing end user. Rex Lumber is one of many diverse forest products industries within the timbershed of the Apalachicola. Products manufactured include lumber, plywood, oriented strand board, pulp and paper, wood pellets and a biomass-fired electrical power plant located 1 mile from the forest boundary. Such a diverse infrastructure offers an unusually solid base for management of our local National Forest

Unfortunately, management of the National Forest has been hampered by a number of factors and often neglects a healthy timber market in pursuit of other purposes, frequently related to environmental concerns. Ironically, in an effort to meet

those environmental concerns, the health of the forest is put in serious jeopardy. As my first handout of Deep Creek clearly shows, proper timber management is essential to environmental integrity.

Currently, the Apalachicola National Forest is only cutting 6.8% of its annual growth. In the 1980's, when the forest was productively managed, our mill could count on up to 80% of its raw material coming from the Apalachicola. Today our Bristol mill receives less than 1% of total logs from the forest, though it sits at our absolute doorstep.

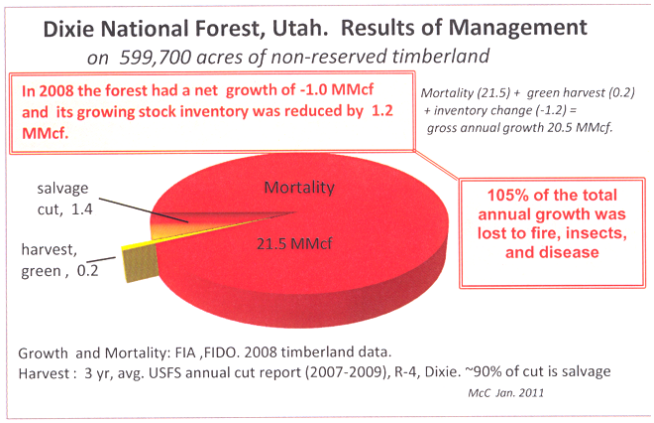
Our southern forests are young, healthy and productive, but if poor management continues, our forests will face the same problems the western forests have been dealing with in the last decade: beetles and fires. In our region it is the southern pine beetle that will be destroying our timber and twenty eleven's fire season should be enough evidence that management practices need to improve.

An extreme example of where poor forest management leads is the Dixie National Forest in Utah. As shown in the second handout on approximately 600,000 acres of timberland, mortality has exceeded growth—105% of the total annual growth was lost to fire, insects and disease. Our forests are too valuable a resource to continue on this path, although with 30% mortality on growth, the Apalachicola is on its way.

Solutions exist for these problems. In order for the Forest Service to do what it is required by the Multiple Use, Sustained Yield Act of 1960, it will have to reorder its priorities and shift funds to more productive activities. Streamlining environmental documentation and outsourcing fieldwork would get foresters out of the office and into the field. Including Resource Advisory Committees as full participants in every annual planning and project selection process, would contribute to a more balanced community-oriented forest work program. Of key importance, NEPA/ESA needs to be amended to increase appellant and litigant accountability. Lastly, Congress should consider requiring selected National Forests to test the feasibility of timber program self-financing, as is now done on DOD land. Please see my written testimony for further detail.

In summary, I believe the best solution for funding the rural schools is the utilization of the assets already available—timber, with a market ready to go—rather than letting those assets deteriorate and die. As we work together so that such a program can be adopted and implemented, we appreciate your work to reauthorize the safety net of the Secure Rural Schools and Community Self-Determination Act.

Finally, Mr. Chairman and committee members, I want to thank you again for allowing me to appear here today. I am here as a prospective partner with the Forest Service in forest management: hopefully a part of the solution to the problem facing our National Forests. I would be most happy to work with any of you and your staff to find a solution to the long-term health of our National Forests and adequate funding for our rural schools. I stand ready for any questions you may have.



Mr. BISHOP. Thank you very much for all of your testimonies. We will now turn to questions for the panel. I will actually go to Mr. Grijalva first for a time for questions.

Mr. GRIJALVA. Thank you, Mr. Chairman. I am going to yield to my colleague Mr. DeFazio for first round of questions. Thank you.

Mr. BISHOP. Mr. DeFazio, you have been long working in this area.

Mr. DEFAZIO. Thank you. Yes, in fact had I prevailed in the early nineties we wouldn't be here today. I opposed the Clinton forest plan because I said it wouldn't give us what either side desired. Environmental groups wanted more protection for the residual old growth, and the timber industry wanted more predictability of a sustainable harvest, and I predicted neither would get what they wanted and they haven't.

And then second, when we did the first county school support payments my version of the bill would have made them permanent, then at time of surplus we could have passed that, but it was opposed by certain folks to create a cliff and now we are at the cliff again.

So Associate Chief Wagner, I have to say your testimony was a little short on the details. There was one point where you kind of reference the Safe and Secure County Rural Schools Act, and that is it. You know, the President put it in his budget. As a candidate, he said repeatedly he would give us a long-term solution. And so I guess I would like to know what does the Forest Service propose to deliver either on the promise of a long-term solution or how do you intend to propose to implement the President's budgetary proposal of $328 million for Forest Service and BLM? This is not in your testation. I mean, I am trying with all the nice things that you said in there, but what are the specifics?

Ms. WAGNER. Thank you, Mr. DeFazio.

In the written statement, there is a bit more about the history and the structure of the existing titles and administrations.

Mr. DEFAZIO. Right, I read your entire, but I didn't find—you didn't either reaffirm or propose how the Forest Service was going to find $328 million in its budget this year to deliver on the President's budgetary proposal.

Ms. WAGNER. Right. It was proposed in the Forest Service budget as part of our discretionary budget, the $328 million, to be followed with a specific proposal. I think, given the interest, the ideas that are being talked about in terms of Secure Rural Schools authorization, there is an opportunity to work together and craft something that works for both the Congress, the public, and the Administration.

Mr. DEFAZIO. I guess working with, and I will be taking out some frustrations on you that I have with the Administration generally, but I see big sky plans, like $500 billion for transportation infrastructure. It is in his budget, he mentions it very occasionally, that is it. Are you telling me now that you don't have a specific plan and you are looking forward to working together, you haven't one yet, the President promised this when he was a candidate three years ago, it was in his budget in February, and I guess I am wondering—I mean, you have no specifics to give us today?

Ms. WAGNER. Well, there was a specific formulation in the President's budget.

Mr. DEFAZIO. Yes, the declining payment, the 328 this year out of your budget, but what are your plans to find or make room for $328 million in your budget?

Ms. WAGNER. We have already gotten some feedback about provisions that in that structure that was proposed that are non-starters, and so we would like to work with you to put something together that is acceptable to Congress. The President's budget proposal included the $328 million in the Forest Service's discretionary budget.

Mr. DEFAZIO. Right. OK. Let me ask with Mr. Vaagen's testimony. We have a forest that is ostensibly a model for collaboration. They haven't had litigation and they haven't had appeals. Yet they are only producing a tiny fraction of what was proposed by the collaborative group. What is the reason for that? Why can't you get near the number of the collaborative group when you don't have barriers of litigation and appeals? Either of the two can answer that. You can both give me a perspective quickly.

Mr. VAAGEN. I will go first. The reason we get is we don't have the staffing at the Forest Service or the budgets, but I propose that if you had seed money to get past the first hurtle it would perpetuate itself and make the government lots of money.

Mr. DEFAZIO. OK.

Mr. VAAGEN. Because it does not make sense not to, so that is the bottom line. That is the simple answer.

Mr. DEFAZIO. Associate Chief, what is the hold up? What is the barrier?

Ms. WAGNER. And I know from my experience in the Pacific Northwest that the Colville National Forest is a place where we had found the ability to provide carryover funding, if we had carryover funding. So prior year carryover into forests in the Colville we got an outcome. We got a project, a timber sale completed, so they can do.

We are a little bit challenged by the investment we are making and the outcomes that we would like to realize and the two not quite matching up. So, part of our strategy is we have to stretch the appropriate dollar in every possible way to make the most of what it can do out there on the public lands. Collaborations, finding people to work with us who are forging great agreement about what we need to go after and how is making it easier. Being litigation free makes it easier, but we are not stretching the dollar as far as it needs to go to do the work necessary on the land.

Mr. DEFAZIO. Or you don't have enough dollars.

Mr. VAAGEN. I would like to add it is the starter dollars, but this will work. The collaboration works. All the people want to do the 80 million feet. It has a return to the government. I think we do need new ideas. We need a lighter touch NEPA. We have to get after it quicker. The mountain pine beetle does not wait a season or two seasons for us. It eats every day. So we are ready, and it is a good question. I think we ought to get there and we ought to get there quickly.

Mr. DEFAZIO. Thank you, Mr. Chairman

Mr. BISHOP. Thank you. Now, Mr. DeFazio, I don't know how much time you have to be here with us or if you have another engagement. We have a whole lot of people over here. Let me go

through a couple. If you want to come back for another round before we do that.

Mr. DEFAZIO. That will be all right, because I have something going on.

Mr. BISHOP. Works for me. Let me go to some questions on our side. First of all, the first person here was actually Mr. McClintock, if you have some questions.

Mr. MCCLINTOCK. Thank you, Mr. Chairman.

We saw in the graph displayed earlier radical reduction in timber harvest on Federal lands over the past several decades. We know that it has devastated local economies. It has contributed to the nation's chronic unemployment. It has reduced revenues to the Federal Government it otherwise would have received through timber harvests, at the same time it has reduced revenues to local communities, particularly for local schools, which then requires the Federal Government to replace those lost funds. This was done in the name of health forests, and yet the forests are much less healthy as a result of these policies. Forest fires are now much more frequent and intense. A ranger explained it this way. He said that excess timber is going to come out of the forest one way or another. It is either going to be carried out or it is going to be burned out. When we carried it out, it contributed to both healthy forests and a healthy and prosperous economy. Now we are content to let it burn out.

This is lunacy and I would like to get a perspective. Who is responsible for this?

Ms. WAGNER. Well, the Forest Service has the responsibility to administer the 193 million acres of national forest.

Mr. MCCLINTOCK. An area about the size of the entire State of Texas, by the way.

Ms. WAGNER. Right, so it is a lot of country, and we have a budget and there is——

Mr. MCCLINTOCK. How do you answer to this lunacy? Is this your fault?

Ms. WAGNER. We as a group of agency employees are working to do what is needed on the lands, make the resources that are appropriated by Congress.

Mr. MCCLINTOCK. That is not what I asked. Who is responsible for this lunatic policy?

Ms. WAGNER. I would say we are responsible for implementing the laws of Congress and the regulations that are promulgated by the Administration.

Mr. MCCLINTOCK. Perhaps some of the actual dickens of these policies might want to weigh in.

Mr. VAAGEN. Well, I will agree we are all responsible but I want to do something about it, and I want to do it quick.

Mr. MCCLINTOCK. The point is we are not all responsible. There are specific policies enacted by this Congress that are responsible, and there are bureaucracies that are responsible for carrying it out, and it is about time we held them accountable for the damage they have done to our forest and to our economy. Don't you think so?

Mr. VAAGEN. I agree with that statement.

Mr. MCCLINTOCK. I mean, Ms. Wagner, we are talking about the enormous holdings of the National Forest Service. I think it's prob-

ably one of the most valuable assets held by the people of the United States. What is the commercial value of the timber on your 193 million acres?

Ms. WAGNER. I don't have an estimate of the value of the commercial timber, but we can get that information for you maybe by way of——

Mr. MCCLINTOCK. I would love to get such an estimate. In fact, I find it appalling every time I have asked Forest Service representatives, they have no idea of the value of the timber that they are responsible to the people of the United States for managing. Why don't you know these things?

Ms. WAGNER. Well, I could make an estimate based on market conditions. They change their volatile. We do have an estimate of standing volume, so we do an inventory of the entirety of the nation's forests so we could tell you the type of wood fiber that is out there, the general size, the health and condition of it, so we have that kind of information, that kind of inventory. To put a market value on that, I would say it would be projection based on market conditions as they exist. It goes up and down depending on the value.

Mr. MCCLINTOCK. I would like to get those figures because I would like to know how much these policies are costing our country as well as our economy.

Mr. Vaagen, you talked about the fact you harvest small diameter trees only. That seems rather counterproductive. Young trees, I assume, don't have nearly the commercial value of old trees. Sounds like the opposite of our fish and game policies. I really wonder what would be the future of our fish and game populations if we required taking only the young undersized individuals out of the population. Why are we doing that?

Mr. VAAGEN. Well, they are not all young little trees. We take two and a half inch up to 12 inch, and these are return stands of 1930, 1920 fires. Our county, 60 percent of it burned in that period. So we are thinning this out before it burns again so it survives the fire. It does have value of $750 to $1,000 an acre in stumpage alone. The government can keep the property. In our case if we were losing as much money the government would have to sell our assets, but in this case I say utilize them because they are sustainable and perpetual.

Small logs do have higher value. Also, 15 percent of our product goes to Australia because it is stronger than the other product which didn't used to be the case 20 years ago, so we pioneered a lot of markets

Mr. BISHOP. Thank you. We are going to go through our committee members first in giving these questions. I am going to go to Mr. Grijalva next, and then in the order you all arrived, Mr. Johnson, Mr. Rivera, Ms. Noem, Mr. Labrador, and then our three who we have added to it at that point. Mr. Grijalva.

Mr. GRIJALVA. Yes. Ms. Wagner, the testimony that would be presented today or has been presented already seems to indicate that the Forest Service is basically not logging any trees anywhere. So my very simplistic question is, is it accurate to say that—is that accurate or is logging still taking place?

Ms. WAGNER. Commercial logging is still taking place on national forests. We are estimating, in Fiscal Year 2010 we harvested about 2.5 billion board feet. In the President's budget proposal for 2012 we were projecting 2.6 billion board feet.

Mr. GRIJALVA. I have, and correct me if I am wrong, but I have seen estimates that we have logged as much as 90 percent of large old growth timber on this Federal land. Given that that those large old growth trees are the most profitable to log, how has the loss of these trees impacted the Federal timber program?

Ms. WAGNER. Well, there was a time in our country when harvesting large old trees was what fueled the economy, built houses, and with Endangered Species Act societal values that changed, concern about endangered species, recovery of those species, we have put in place strategies that look at preserving the large old growth character that exists in forests say typically in the Pacific Northwest. So that affords us an opportunity to look at other forest stand conditions, so in the Pacific Northwest much of the activity, as Mr. Vaagen said, is taking place in second growth stands, so stands that have been harvested or clear cut at one time in their past, and have now re-generated, they are second growth and they can be managed. In some cases they are being managed to actually build in old tree characteristics over time so small diameter trees and select harvesting is taking place to get stand conditions that are favorable for species that we want to recover.

Mr. GRIJALVA. And some of the testimony today claims that the demand for wood products remains very, very high. First of all, the first question, is that accurate? And has the economic downturn, particularly in home construction, caused a drop in the demand for wood? And have economic factors played a significant role in the loss of timber industry in this country? Getting that, is the issue more complicated than just deciding that we have to cut more trees?

Ms. WAGNER. Well, I think it is true economic conditions in the country have influenced the forest products sector. In the case of private landholders, they are hold onto their stumpage, their trees in the woods because of the low value of stumpage at this point in time. So the forest products industry is looking to public lands to help out.

We certainly have the need to treat forests and we are trying to be responsive to that. Typically we have seen what we have offered has been sold.

Mr. GRIJALVA. And last question. Today's hearing might lead some to believe that timber production is the only valuable use of our Federal land, our forest land. Is that true, and could you elaborate on that?

Ms. WAGNER. The restoration work we do on national forests is multi-fold in its benefits. We work on watershed restoration, so the value of clean water, clean air, healthy plant and animal communities, wildlife habitat, those are all values that people expect from national forests. The multiple-use mandate of the Forest Service is an interesting challenge because we see forests as places to conserve and we see forests as places that we should use.

Mr. GRIJALVA. Thank you. Yes, is it a very complex balance question that is part of this issue as well.

With that, let me yield back, Mr. Chairman

Mr. BISHOP. Thank you. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman, for holding this important hearing. I represent southeastern Ohio which is the home to Wayne National Forest, and while the counties in my district may not receive the same level of payments that the counties in some of my colleagues out West do, these payments are still an important revenue stream. If the Secure Rural Schools Program is not reauthorized, these counties in my district would have to cut services back even further than the current cuts that they have experienced.

However, our country is at a crossroad when it comes to our debt crisis, and we understand that, and it is clear that the new formula authorized for the program through the 2008 TARP bill is not sustainable as we in Congress look for ways to rein in the Federal debt.

One way though to ensure that these payments to counties are not drastically cut as a new formula is most likely authorized would be to increase timber receipts. That is why I am pleased that at least the second part of this hearing today is going to—is in regard to options for the U.S. Forest Service to create a viable program. Unfortunately what I am hearing is that the U.S. Forest Service is not actively working on a viable program that will increase timber production, and therefore increasing timber receipts, not to mention that as we will hear testimony today, and I have already heard some, an increase in timber production equals jobs and more tax revenue for those counties as well.

Ms. Wagner, the Forest Service constantly says that it needs to increase management, increasing management, I believe part of that would be to increase timber production, thereby increasing timber receipts. In your testimony you called this an ambitious vision. Yet most of the actions of the agency achieve the opposite result. The case in point on the Colville National Forest as described by Mr. Vaagen you had one appeal and no litigation for 10 years and a proposal to increase management by four-fold, yet the agency still cannot implement it. What is the reason?

Ms. WAGNER. Before I became Associate Chief, I was Regional Forester in the Pacific Northwest Region, and I can tell you out of the forest units there in the Pacific Northwest there was no unit that didn't want to do—to treat more acres, and if we got additional national forest timber management money in a budget line item, there were high demands for that everything.

So, my dilemma as a Regional Forester was if I needed to invest more in the Colville I had to pick another national forest where I had to diminish my investment, so that is part of the challenge is where do you invest, where the priority landscapes. We saw the Colville as a great investment area because we got results every time we invested there.

Mr. JOHNSON. Well, you know, I am not a—I don't own a sawmill, so I am not in that type of business, but I am a little confused as to why it requires so much money to simply increase timber receipts. Help me understand that.

Ms. WAGNER. Before we do any action on a national forest we have to disclose the environmental effects of that activity to inform

a decision around how we do that activity, how we might mitigate that activity. That is guided by the National Environmental Policy Act. We invest about $365 million across the Nation——

Mr. JOHNSON. Basically what you are saying is that here is another example of regulatory activity, environmental regulatory activity that is hampering America's economy. We study these things but we don't produce anything. We do a lot of talking, we do a lot of analysis. When are we going to open up these lands and let private companies go in and get that timber out. We have already heard testimony that it is either going to burn out or we are going to haul it out. Why don't we want to haul it out and put America back to work? Why are we continuing to study these things ad nauseam?

Ms. WAGNER. I would not characterize the National Environmental Policy Act as simply studying the thing. It takes a look at the site-specific impacts of an activity, guides the decisionmaker to make a decision about that activity, and then we move forward after that decision has been informed. We have requirements under provisions of law to take a look at the cultural resources, to know what the wildlife impact and inventory and species are. We have the Endangered Species Act. It is complex, yes, but——

Mr. JOHNSON. Well, I apologize for cutting you off because my time has expired, but I want to follow up just real quickly. We have private sources that are interested in paying some of this funding to get this analysis done. If the forest products industry in northeast Washington is willing to pay the Forest Service $600 to $750 per acre to treat the forest and remove the fuels, it seems to point back to the agency's planning cost, doesn't this reiterate the need to reduce the cost and complexity of completing never-ending costly NEPA analysis on projects that have already got broad private sector support?

Mr. BISHOP. You have 15 seconds to do that answer.

Ms. WAGNER. Absolutely, we want to make sure that we are using appropriate dollars very efficiently and that we are leveraging the strong agreement that exists in these collaborate landscapes. We need to speed up the NEPA process.

Mr. JOHNSON. America wants to break down the bureaucratic roadblock and put it back to work. Thank you for the extra time, Mr. Chairman

Mr. BISHOP. And you did it in 14 seconds. I am impressed. Mr. Rivera.

Mr. RIVERA. Thank you, Mr. Chairman. With your permission, if I could yield my time to my colleague from Florida, Mr. Southerland?

Mr. BISHOP. Certainly. Mr. Southerland.

Mr. SOUTHERLAND. Thank you, Mr. Rivera, and thank you, Mr. Chairman.

I wanted to ask because I do have a constituent here. Mrs. Dauzat, I would like to ask you some questions because you are out there having to live with this insanity, OK, and most people who have walking-around sense really struggle with what we hear here in this book and environment that we live in. But since you are sweating payroll, since you are paying high workers comp. premiums, since you are dealing with the lunacy coming out of the

EPA, OK, they want to study something, they want to diagnose something. Well, after it is dead, then it becomes a postmortem examination. So what I want to do is ask you a couple of things.

You are obviously an owner of multiple businesses, and over 400 jobs that we talked about earlier amongst your communities. As a Floridian, it is worth noting that Florida's forest product industry contributes over $16.6 billion to the State's economy. As an industry expert, do you believe lumber production in the country would benefit from increased access to timber in our national forests as far as jobs? I know that is simple.

Ms. DAUZAT. Definitely. Go ahead.

Mr. SOUTHERLAND. Go ahead. No, you drove a long way.

Ms. DAUZAT. I mean, our mill in Bristol, having access to the Apalachicola and national forests would be a tremendous increase in resources. We are able to make it as we are, but having that access would be wonderful for the community, wonderful for our company.

Mr. SOUTHERLAND. And as far as the Apalachicola National Forest, it is my understanding having been there, having grown up there, that what the Service has done, conveniently, is take a national forest and have created wilderness land. So, they have basically taken a national forest and made a national park, which obviously has had terrible effects on the ability to harvest. Also, in the national forest, it needs to be noted it has a 5.7 mortality rate, and we have a 3.5 percent harvest rate.

So why in the world, and I guess we could shift over to Ms. Wagner, why in the world with those numbers—5.7 mortality rate, 3.5 cut rate—how do we get our arms around that and say this is smart?

Ms. WAGNER. We are not harvesting all of the in-growth that occurs on national forests across the nation. We are not even touching it, approximating it, coming close to it in part because people value forests for a suite of values that they get from them. In other cases we are actively working and harvesting commercially, and in addition, providing small diameter material that is fostered by our restoration work.

Mr. SOUTHERLAND. But we are harvesting now 20 to 30 percent of what we were harvesting 10 years ago, and yet we have an Administration, if they utilize, you know, the numbers that you shared, the $320 million Mr. DeFazio asked you about, and you want to work with us, so you throw out a number, and now you want to work with us. If that is the rationale that this Administration has for the entire budget, that is pretty scary.

OK, in small business we figure out how we are going to do something and then we determine the possibility of numbers. So explain to me how going from where we were 10 years ago, and the things that Mr. Walden talked about, we had 405 mills 30 years ago and now we are down to 106, and much of that is because of the management of the services. How do you justify that this particular direction that you are headed is good from American jobs? This is a jobs issue.

Ms. WAGNER. We favor working and restoring America's forests.

Mr. SOUTHERLAND. I don't think you do favor working though, and see, I have to counter what you—you do favor restoring forests

just like some favor turning the Gulf of Mexico into an aquarium, OK? And I think that you do, I think you do mean what you just said as far as restoration and as far as preservation, but these numbers say that you don't value work and jobs in these rural counties.

Ms. WAGNER. Well, I would like to provide the Committee with the real number of acres treated, volume created and give you a sense of the—for the investment what we are getting off of national forests, so I would like to provide that to the Committee.

Mr. SOUTHERLAND. That would be good.

Ms. WAGNER. And just reiterate that the creation of resilient and healthy forests is something that has been priority for the Forest Service for a number of years. We work in a complicated regulatory environment and a patchwork of laws that makes it a little difficult to navigate that landscape, but we are committed to do so for the health of the land and to provide benefits to citizens in this country.

Mr. BISHOP. OK, thank you. Mr. Labrador.

Mr. LABRADOR. Thank you, Mr. Chairman.

We need to be innovative in the way that we are dealing with this issue. We have some county commissioners in Idaho who are working toward a new solution that is kind of outside the box, kind of what you are working on, Mr. Vaagen, so to speak, and I am still hearing from them. I am going to be working with them in the next few months trying to see if it is an idea we can bring to Congress, but we need more ideas. The one idea by itself is not enough. I welcome the proposals that some of these counties are saying they are going to be submitting, Mr. Chairman, a letter to the record within the next 10 days, and this is just one option that we have that we need to take a hard look at and we need to just find a good solution to the problem.

I am concerned about jobs, and maybe some of the questions that I heard, is it Mr. Vaagen or Vaagen?

Mr. VAAGEN. Vaagen.

Mr. LABRADOR. Vaagen, all right. Mr. Vaagen, have you seen a drop in the demand for wood at this time?

Mr. VAAGEN. In some products but again 15 percent of our product finds its way to Australia, some to Japan. The foreign markets are very good right now.

Mr. LABRADOR. Foreign markets are good and we also use wood for paper. Have you seen—I know you don't deal with this, but we have a paper mill in our——

Mr. VAAGEN. Yes, there are several around us. We have five customers. Pulp and paper is extremely good, probably the best it has been in the last 20 years for an extended period of time—almost a year-and-a-half, which is like a record. Because there is a constriction on the log supply, it is going to remain high. Wood pulp is extremely valuable, and a lot of the wood products in the U.S. are finding their way to China in the form of logs or lumber. So, no, there is still demand. We ran out of logs. We ran one mill 33 percent of the time, which is unfortunate. The other one was two-thirds. We would like to run them both at 100. We could add 100 jobs immediately. That would be another 100 jobs in the words and your district as well.

Mr. LABRADOR. And that is what I am asking. So there are jobs that could be created. We can use some of this wood that is diseased, you know, with beetle. We could use that for paper products, right?

Mr. VAAGEN. Absolutely. That pulp logs, and that is another business. Half of our fiber makes it in byproducts, chips, sod, bark and shavings, so that is another thing about small logs, but that is a third of our revenues, too, so we don't take that lightly.

Mr. LABRADOR. OK. Now no one on this panel is arguing that timber harvesting is the only valuable use of the lands, right? Is there anybody on this panel who is arguing that?

Mr. VAAGEN. Well, I would argue if you don't do it you are going to get fire, and that is going to destroy the habitat and these other uses that people like to use. You don't destroy 500,000 acres without destroying habitat, animals and recreation, grazing, you name it.

Mr. LABRADOR. Well, you got to my next question. The reason we want timber harvesting is we want to prevent some of these large forest fires, so in north Idaho we had 100 years ago a huge fire that almost destroyed the entire area, and they are concerned in Idaho that we may have that again, you know, called the 100-year fire, that we are getting to a point where the timber has grown and the forestation has grown at such a rate that we could have another fire like that. What is the best way to prevent something like that from happening?

Mr. VAAGEN. You have to take the material out. You have to thin the forest, and trees are valuable. I like trees, and we don't cut them all, and they grow. It is amazing. We act like they don't grow back. They do. Those fires you are talking about in 1910, three million acres, it all grew back.

Mr. LABRADOR. Yes.

Mr. VAAGEN. So we need to take the fuel loadings out and we need to do that quickly, and if you want to make money on it go to the places where they can make money on it first, break even second, and if it cost you money you go there third.

Mr. LABRADOR. Now you have been working on these communities for over two decades. In your experience in the Colville National Forest what kind of changes have you seen in the structure and overall health of the forest?

Mr. VAAGEN. Well, what we have harvested, and actually I have to tell you it is over four and a half decades actually.

Mr. LABRADOR. OK. My apologies.

Mr. VAAGEN. No, no, I am trying to stay in good health. It has gotten better where we treat it, and it is fire resilient. Where we haven't treated the fuel loadings are high. We have mountain pine beetle now. I am afraid for Idaho, Montana, and Washington State inland, we are going to have some big fires in the next 10 years, amazing fires.

Mr. LABRADOR. And one last question. What are your thoughts about the socioeconomic impacts? What have you seen about the socioeconomic impacts in those decades as well based on our forest policy?

Mr. VAAGEN. Well, we used to cut the bigger trees up to four-foot diameter. In Republic and Ione, we lost those two operations. That

was probably 300 jobs in the mills, 300 in those small communities. Those school districts have gotten smaller. I was in Ione last week, a small town in northeast Washington. Half the stores look like they are boarded up. They always wait for a mine or some other project that lasts for 20 years as a boost but long term the forest is where we live. That is where we get the value, and we can increase it, and we haven't done those areas any good the last 20 years.

Mr. LABRADOR. Thank you very much

Mr. BISHOP. OK, thank you.

Mr. Vaagen, it is obvious that Mr. Labrador doesn't need your book, so can I get his copy?

Mr. VAAGEN. Is it in the bag, sir

Mr. BISHOP. OK, good. Mr. Young is a member of our Subcommittee with impeccable timing. Do you have some questions for these witnesses?

Mr. YOUNG. Mostly a comment. This hearing is about Secure Rural Schools and Communities. I notice Ms. Wagner said she supports the reauthorization, but gives us no suggestions on funding. Funding would be to harvest some trees. That is the answer. I know in Alaska, you know, 35 years ago we were—actually 40 years ago—we were cutting 450 million board feet a year, and now if I am not mistaken, Ms. Wagner, we are supposed to have 267 million board feet this year, and we have 15 million board feet.

When I drove by that Forest Service compound—you are good at building compounds, by the way—if you want to fund these schools, eradicate the compounds, sell them, use the money and fund these schools. When I was in Ketchikan the other day and, gentlemen, I want you to listen to this, I drove by their compound—by the way it is gated. There are 27 new Chevrolet trucks in the yard. There are 3 big boats with 2 motors each—150 horsepower—brand new in the yard, and what kills me, 27 kayaks—kayaks. And I asked what they were for. They use them so they don't disturb the forest, and this is the Forest Service that is supposed to be harvesting trees so we have secure schools.

With all due respect, Ms. Wagner, you are not the only—this Administration is not the only one. This has been going on for a long time, answering to interest groups that say we have to save our trees, and what they are doing is saving the dead ones and not allowing the young ones to grow.

Now, can you visualize, everybody in this room, while you allowed to grow and live forever, being rotten to the core, and that young girl in the back of the room back there wouldn't have room to grow. The forests of this nation is a vital part of what we call our fiber base, and we have neglected it and let it burn. Now, I agree with my good friend that said there are going to be big forest fires, and it is going to happen, but you will say, and EPA will say, and the interest groups, "Oh, that is natural," and I am very upset about that for another reason.

We have the EPA and forests and air quality in Fairbanks, Alaska, but they will let the forests burn because it is natural, but when it is 60 below zero you can't light a fire because you might pollute the air to keep warm. Now that is the stupidity of our Federal Government. Now show me the rationale behind that.

So I am suggesting, Mr. Chairman, and I know I am on my soapbox but I am suggesting that we need to solve this problem, have to re-address this idea of what is the forest for. For those who live in the—I call the big cities that go around and visit, oh, they are really pretty, and leave these people in the rural areas to starve, have to move, destroy the fiber of this country. Your counties are going through it right now. But the solution is with the Forest Service to say we are the managing agency and we are going to harvest these trees as we should.

With all due respect, I don't see this in the Forest Service anymore. I see park rangers, that is what I see. I don't see people that believe that the trees can grow again. So I think it is very, very important, my good Chairman and the Members of this Committee, either they do it or we pass laws that says they will. Take it away from the Forest Service, give it to the counties. You manage it. You live there. You live it. Provide for your people because our government right now is forcing people from these small communities and move to the big cities, and we don't have a timber industry.

Ms. Wagner, why aren't we cutting trees? And don't give me this restoration stuff, by the way. We are restoring it for what? If you are not going to cut it, you are not restoring it.

Ms. WAGNER. I think the way I could best address your statement is in citing the 10 projects that are real projects, tangible, on-the-ground, generating outcomes, including forest products harvested. These are the 10 Collaborative Forest Landscape Restoration Act projects. Congress say the need to invest in large landscape scale restoration which is not simply conservation and protection. It is actually utilization and treatment of these projects. All of these projects are over 50,000 acres in scale. Many of them over a million acres in scale where citizens have come together and they are identifying what needs to be done—the treatment of invasive species, the restoration of streams or creeks, the wildlife habitat that needs to be improved, the hazardous fuels that need reduced, and the wood products that need harvested and moved to put that forest in a condition where it can be resilient to the impacts and changes that we are predicting over time including fire.

So, I would like to provide you with a list of these projects and the outcomes that have happened just in one year's worth of funding as examples of how active we are and how committed we are to the condition and health of these forests.

Mr. BISHOP. Thank you very much. I hope, Mr. Young, now I am 60, I am not one of those old trees that is rotten to the core you are talking about.

Mr. YOUNG. It takes 100 years.

[Laughter.]

Mr. YOUNG. By that time you better be harvested, I can tell you that right now.

[Laughter.]

Mr. BISHOP. Ms. McMorris Rodgers.

Mrs. MCMORRIS RODGERS. Thank you, Mr. Chairman. Mr. Young was asking what are the forests for, and he made the comment that for some they are really pretty. You know, I might submit that they are not even really pretty. If Americans saw what was really going on in these forests, I think they would be outraged because

the Forest Service, yes, they own, they manage millions of acres, that is what they say, but the reality is if you look at these trees, so many are dying. They are dead, they are kindling actually for that major fire. This year's New Mexico, you know, next year who is it going to be? Or even later on this year who is it going to be? That is the reality. I wish more people could actually see, I wish Americans could see what is going on in these forests. They would be outraged.

And I come from the Colville National Forest, and it is the model supposedly of how we on the local level should be working together, coming together in this collaborative approach. We have done it now for years and years, and then we still, we still don't qualify for the Collaborative Forest Landscape Restoration Fund. Ten projects in all of America. It is very disappointing.

I wanted to ask, Mary, and I appreciate the conversations we have had through the years, do you believe that the Forest Service—that the time, the cost required to plan, analyze is too high?

Ms. WAGNER. We are working on that as we speak because we believe that to do our best by the people that put us out there to do work on forests we have to stretch the appropriated dollar in every way that it can. So this NEPA project that I mentioned to look at categorical exclusions, to support restoration work, and to look at demonstration projects where we can practice better approaches to NEPA, streamline, move faster, work cheaper is absolutely critical for us.

Mrs. MCMORRIS RODGERS. I feel like we have tried everything. We have jumped through all the hoops and there is always just one more. I would like to ask Mr. Vaagen, why don't you think that we qualified or what is your experience? Let me ask you. What is your experience related to the Collaborative Forest Landscape Restoration Fund?

Mr. VAAGEN. I was a big proponent of it. I was excited about it. I thought that we would qualify. I thought that we were number one or two in the Nation out of 10. We didn't make the top 15, which tells me the collaboration wasn't a good payoff for us. We haven't got special funding there and our forest has the bug. A third of the national forests is at risk of fire. You know, 60 million acres out of 193 million, that is a high percentage. My experience is we are not getting it done. Something drastically has to change. There has to be a new way of doing business.

We stand ready to help and pay the government and extra $12 million a year, and probably provide additional 350 jobs. It is all a win/win/win situation. I don't think people can answer the question why today because they don't want to answer the question. I will answer the question.

Mrs. MCMORRIS RODGERS. So now we are in the situation where we are actually willing to pay the Forest Service for an opportunity to maybe get some of these sales. What has been the response so far from the Forest Service?

Mr. VAAGEN. What do you mean by pay to get——

Mrs. MCMORRIS RODGERS. Well, that we would—that the forest products industry will now potentially pay to treat certain parts of the forest.

Mr. VAAGEN. Well, from our vantage point we are going to pay for anything we treat, but you have to lower the cost to make it affordable for the government. Their costs are too high and don't try to make the sale uneconomical. Our experience is they put in special walkway bridges, things like that, bathrooms, whatever, but also they make the sales itself very difficult. You need to target jobs and profitability if you are going to make it a success and you have to work with customers and markets to do that.

Mrs. MCMORRIS RODGERS. Thank you. Mr. Pearce, what do you believe is the impact of stewardship contracts on counties and schools through Secure Rural Schools?

Mr. PEARCE. Thank you very much.

The Forest Service has adopted stewardship contracting as a panacea for dismal timber production. Stewardship contracting requires a collaborative process. These collaborators are intended to have participation by people on all sides of the issues. On the north half of our forest, the Gifford Pinchot National Forest, in the district the collaborators took 10 years to produce a single 11 million board foot sale. Ten years, 11 million board feet.

A forest executive told me that based on this collaboration the new timber rotation in the Gifford Pinchot is 300 years. This is a forest that produced an average of 350 million board feet from the seventies until 1991. Even the Northwest Forest Plan calls for 50 million board feet per year. No revenue is produced for the county schools or treasuries from these sales. Instead the forest line officers negotiate for restoration or other work in exchange for actual dollars.

I am aware of at least two contracts where the Forest ended up owing the successful bidder some money at the end. The so-called collaborative process of decision by committee of those that can commit untold volunteer hours against paid environmental staff is a poor way of doing business, and it is not very scientific.

Mr. BISHOP. Thank you. I appreciate that. Mr. Herger.

Mr. HERGER. Thank you, Chairman Bishop, for holding this hearing and allowing me to participate. The Northern California district that I represent contains all or parts of nine national forests. Sadly, many Northern California communities have been devastated by the forced decline of the timber industry. I was a strong supporter of the legislation in 2000 that authorized the Secure Rural Schools Program. Congressman George Radanovich and I sat on the Budget Committee then and worked to help secure the program's funding. I said on the Floor at the time that "It provides the short-term stability and education funding which these communities desperately need while enabling them to participate with their Federal agencies in a program that will help to begin to restore health to our overgrown national forest system."

This funding has been crucial for schools and roads in the communities I represent, but it was intended to be a bridge and the program's goal should continue to be to foster forest management which is the best and really only way to restore long-term stability to our county economies and our schools.

Today's hearing is an unfortunate reminder that timber harvests are still nowhere near where they need to be. Our forests and com-

munities are becoming more and more vulnerable to catastrophic wild fires, and our forest counties face very high unemployment.

Mr. Pearce, what efforts will your organization make to help ensure that the Secure Rural Schools Programs get back to its original goal of self-sufficiency for communities through increased timber harvesting?

Mr. PEARCE. As I said earlier, the National Forest counties Coalition and the Partnership for Rural America has put forward a White Paper which is included in my testimony, my written testimony, that speaks to forest management. We believe in forest management. We want to trade these safety net dollars for jobs for our communities because the jobs and the dollars in our communities are important, and the NACO position, National Association of Counties' position is also the same. We are ready to work with whoever we need to work with to get production back into the forest. It is not just about restoration. It is about actual timber production.

Mr. HERGER. Mr. Pearce, I want to thank you and your organization for that. I can't emphasize enough how important it is that this Congress be lobbied by the constituency, your constituency, to make sure this fact is out there. I hate to say that over the years, particularly over the last four or five years, I have seen a decrease in our counties and our different coalitions out lobbying our Congress for this point because ultimately we know what the funding is here. We know we are only spending 42 cents out of every dollar more than we are bringing in. Ultimately it is going to take us, and we have heard even during these economic down times of the housing being down, there is still a demand for our product out there, and the real answer, both to preventing these fires by going out and managing them, thinning out our forests and getting money into our school since it is not going to be there in our counties otherwise is by a very active lobbying by your group.

Ms. Wagner, I recently received—on a different issue—a copy of these letters that were sent from the Forest Service Washington Office to Fish and Wildlife Service and National Marine Fishery Service revoking the alternative consultation agreement between our agencies. I have been very concerned with the delays in consultation for projects in my district, and this will only make that worse. My question to you is why did the Forest Service get rid of this valuable tool and how will the Forest Service increase forest management and 25 percent payments while implementing these kinds of decisions?

Ms. WAGNER. Sir, I don't know the answer to the alternative arrangements with Fish and Wildlife Service, so if you would allow me to check into that and get a response back to you, I would be happy to do that. Consultation is an important piece of our work, and I would like to explore that, so I will get back with you on that.

Mr. HERGER. Thank you. I appreciate that. Thank you, Mr. Chairman.

Mr. BISHOP. Thank you. Mr. Tipton.

Mr. TIPTON. Thank you, Mr. Chairman. I would like to thank our panel for being here.

I came from the west slope of Colorado and we have up to 70 percent of the property on the western slope of Colorado is either Federal, state or tribal lands, and Ms. Wagner, I guess I would like to ask you a question from the Forest Service perspective. I have an area called Chimney Rock, which you all may be familiar with, on Forest Service lands. I was visiting with some of the rangers and they indicated that the timber was literally overgrown. You are only supposed to have so many Ponderosa Pine, Blue Spruce over a given area, and that it was overgrown.

So can you maybe illustrate for me, and I apologize, had to run out, you may have already covered this, what is the Forest Service plan truly for dealing with some of the overgrowth? Because when we are talking about Colorado, we live in fear, one lightening strike, one spark away from a major forest fire with the dead standing timber from the pine beetle kill, which we have had. We have to really manage our forests in a way that not only lends itself obviously to their good health but obviously the collateral benefits that we can see with our timber industry representatives here for providing jobs and for supporting our school. So, can you tell me a little bit of what those plans are?

Ms. WAGNER. So, there would be two approaches to treat a forest stand that is overgrown, that has unhealthful forest conditions in it. Usually we do a combination. We take our NFTM, our timber management budget line item and our hazardous fuels reduction budget line item, and we combine those to do the project planning, put a silvicultural prescription in place, do the environmental documentation, issue a decision, put a timber sale contractor or stewardship contract on the streets, and actively manage that.

Mr. TIPTON. Are you seeing some regulatory concerns that are inhibiting you from being able to do that job?

Ms. WAGNER. Well, I think I mentioned a few things. We have to get better at our own environmental documentation through the National Environmental Policy Act, so I have talked about that being something that is on us to get better at doing. We need to continue to work on how we take the appropriated dollar and really stretch it to do everything that is necessary. We would be the first to say that we are not treating all the acres that are needed treatment on national forests.

Mr. TIPTON. Great. How about access into the forests because we have a lot of plans right now shutting down a lot of roads going into our forests, how is that going to impact the timber industry's ability to be able to get in and make those treatments?

Ms. WAGNER. One thing I wanted to mention earlier about the forest products industry. They have, in the West, the AFRC, they do a lot of work with us locally on the ground looking at the specific timber sale projects that we are proposing to put up, and they help us make sure that we are packaging them in the most economical way. They advise us. We sometimes take road packages out of them to make them more viable, particularly in this downturned economy, so I do want to credit industry works directly with us to put the most favorable packages together. I think that is why in part our offerings have had a high rate of sell.

I forgot the second part of your question. I am sorry.

Mr. TIPTON. Well, let me move on to another point here. We have one mill left in Colorado, and it is in receivership right now, you know. And I think when Congressman Walden was talking about the number of mills that we used to have available in this country, is there a real commitment now for the Forest Service, because a lot of it has to be cost-associated ability to get that timber out? Right now we have to create that accessibility, and I would encourage you to do everything you possibly can to assist us.

Ms. WAGNER. Thank you. In these economic times the Forest Service has had a pretty aggressive approach to addressing all of the avenues that we have in regulation and through the Farm Bill to make projects more viable. We have been able to extend contracts, in some cases cancel contracts or reduce prices on contracts to make them more viable in these conditions.

Mr. TIPTON. Ms. Dauzat, fourth generation, I assume you want to go into the fifth generation to be able to do this. What can the Forest Service do to help you?

Ms. DAUZAT. Well, we own timberland as well, and from what she has described if we had to sell our timber in the manner they have to sell our timber it would never work. I mean, you have to make it logical. We go out as sawmill owners, we have a forestry department, they go out, approach landowners, the deal is made, the timber is cut. It doesn't cost us money. Everybody makes money in the equation, so I am confused.

Mr. TIPTON. My time has expired, Mr. Chairman. Thank you.

Mr. BISHOP. Thank you. Let me ask a couple of questions to a few of you.

Mr. Pearce, first of all, you quote the NACO platform that says it supports active natural resource management. Does that mean that NACO supports streamlining NEPA or other laws as well to provide protection from activists who use those laws to delay and obstruct the active forest management?

Mr. PEARCE. Yes, sir. We support both reform of NEPA as well as the ESA.

Mr. BISHOP. What about your county and also the Partnership for Rural America? You represent both of them.

Mr. PEARCE. National Forest Counties and the Partnership both do, and especially the use of categorical exclusion.

Mr. BISHOP. I appreciate that so let me follow up with Ms. Wagner then on that issue.

The NEPA analysis can cost up to $1 million per project to go through that. Does the Forest Service agree that the time and cost required to plan and analyze forest management is too high?

Ms. WAGNER. We want to work to lower those costs so that we can do more work on the ground

Mr. BISHOP. Do you think it is actually possible for the Forest Service to begin producing revenues for schools and local government if it does not streamline that process?

Ms. WAGNER. I think it would be very difficult for us to achieve the receipts necessary to fully pay the freight

Mr. BISHOP. Ms. Wagner, the proposed planning rule has some concern. Probably every multiple-use organization in the country and several Members of Congress who represent probably most, if not 80 percent of the national forest, have expressed concern with

that. A letter was sent to Secretary Vilsack back on May 31 of this year. To date, we have yet to receive any kind of response from either the Service or the Department.

Do you have a clue like when we are going to be hearing from him?

Ms. WAGNER. Mr. Bishop, let me follow up on that. I know we have received the letter and let me make sure that we have actually got a response, and if your office doesn't have it make sure you do.

Mr. BISHOP. Thank you. Mr. Vaagen, you know, assuming we can produce meaningful progress with the Forest Service in your area, how quickly do you think your coalitions, the management approach for the Colville National Forest can produce the 25 percent payments you referred to in your testimony?

Mr. VAAGEN. Fairly quickly. We just have to have more projects put up to get the revenue stream up

Mr. BISHOP. Is there a time lapse in that or is it simply a matter of authorizing the work to go forward?

Mr. VAAGEN. Authorizing the work to go forward. CEs would work like on this mountain pine beetle, they can go up to a thousand acres. I see various projects being implemented immediately. I mean, the material is turning orange and yellow, and then gray, and then the last color will be orange again.

Mr. BISHOP. I thought blue was in there somewhere.

Mr. VAAGEN. Yes, it is if it is real hot. Yes, you are right.

Mr. BISHOP. All right. Could I also ask you the other question? What do you believe would be the effect if Congress was to reauthorize Secure Rural Schools Program without making reforms to how the Forest Service manages those lands to bring a sustainable management back to the forest?

Mr. VAAGEN. I don't see how that would happen. It hasn't happened in the past.

Mr. BISHOP. Let me ask one last question for Ms. Wagner if I could. The Interior Department recently released a new spotted owl recovery plan that in some of our opinions remains largely unchanged from the plan that was released last fall. How can the Forest Service increase management, especially in the Northwest, if this new recovery plan and the ensuing critical habitat designation places more restrictions on more acres?

Ms. WAGNER. I mean, I do this from memory, sir, so if I don't have it right I would like to make sure that I can follow up with the correct information. But I think the estimates from the Pacific North region about the impact of the northern spotted owl recovery plan is that it would impact the number of acres treated by somewhere between 15 and 20 percent in the Pacific Northwest, so it would lessen our ability in some ways to treat acres.

It is a fine line trying to recover species and balance the habitat requirements for that species in light of other competition, the Bart owl, in particular, so that is a complex problem. I know it does have some impacts. I know the Forest Service was feeling like the impacts and the Fish and Wildlife Service had been responsive to the comments that had been offered and the workshops that were in place early this winter to resolve those concerns

Mr. BISHOP. OK, thank you. It is a good answer, complete answer to my question. Appreciate that.

Are there others on the Committee who would like a second round of questions? Mr. Southerland, do you have—

Mr. SOUTHERLAND. It shouldn't take much time

Mr. BISHOP. You are recognized.

Mr. SOUTHERLAND. Thank you, Mr. Chairman.

I wanted to ask Ms. Dauzat if I could, as a business owner, because right now small business in this country is being crushed by what I believe are manmade policies. With small business representing 85 percent of our economy, and the State of Florida is having historical unemployment numbers, nationwide we are seeing the unemployment rate continue to go up. Florida has been hit, as you know, by incredible amounts of foreclosures. But as a business owner and you knowing what I just stated, you and your family have contributed much to our communities in north and northwest Florida, do you have any suggestions for this committee on how to better manage national forests while preserving our wildlife habitat for future generations?

And I notice you, by the way, have your daughter here, so witnessing mom testifying, so when I say future generations it sits 10 feet from you.

Ms. DAUZAT. She is present, yes.

My written comments that I submitted contained a number of specific recommendations. I would ask the Committee to consider them. Beyond them I ask each of you to remember that you are not just dealing with land, timber and other natural resources. You have in your hand many communities and families' legacies that deserves to be properly cared by everyone here. You are not dealing with dollars for counties, you are dealing with families, especially children, and with their homes, their dreams, their future. Please treat them gently.

Mr. SOUTHERLAND. Wonderful. Thank you very much. Mr. Chairman, I want to say this is not a committee assignment. I would like to thank you publicly for allowing me to come before you today. Thank you

Mr. BISHOP. We are happy to have you here. Come anytime, and starting the next session we will renegotiate, maybe we can get you hear full time.

Mr. McClintock, do you have another couple of questions in conclusion?

Mr. MCCLINTOCK. Yes, sir. Thank you, Mr. Chairman.

Ms. Dauzat, you actually are in the harvesting business as well as sawmill business, right?

Ms. DAUZAT. Well, we do not own logging operations but we have a procurement company that goes out and procures timber for our sawmill.

Mr. MCCLINTOCK. Do any of you actually have timber stands that you manage?

Ms. DAUZAT. Yes, we own lumber as well.

Mr. MCCLINTOCK. Can you tell me on the timber stands that you own what is the commercial value of those stands?

Ms. DAUZAT. Not off the top of my head.

Mr. MCCLINTOCK. What percentage of your stands do you harvest every year?

Ms. DAUZAT. We own about 9,000 acres as a family and we try to keep it at about 150 acres a year rotation. That is what we shoot for.

Mr. MCCLINTOCK. Out of how much?

Ms. DAUZAT. Nine thousand acres.

Mr. MCCLINTOCK. OK.

Ms. DAUZAT. Small stand.

Mr. MCCLINTOCK. So percentage-wise that is what, about one or two percent?

Ms. DAUZAT. Yes.

Mr. MCCLINTOCK. OK. Mr. Vaagen, you seem to have——

Mr. VAAGEN. Same story. We have about 50,000 acres. It is less than five percent of our supply, but we try to continually rotate it, stay ahead of the bugs, the forest health issues. The value of it is usually $1,000 to $2,000 an acre.

Mr. MCCLINTOCK. One thousand to two thousand an acre. That is helpful.

Ms. Wagner, what percentage of our timber does the Federal Government harvest? Ms. Wagner?

Ms. WAGNER. I am sorry, sir. I was just looking to see if I had a quick acre figure. I have a volume figure and I have some acre figures, but I would like to get back with you on—oh, wait, timber sales, 177,000 acres treated using timber sales in 2010.

Mr. MCCLINTOCK. Now, is that the percentage of our timber resources that we are harvesting each year?

Ms. WAGNER. No, sir. We would be happy to do that because I think it would be worth looking at the different legislation that exists on national forests and take things like wilderness areas out of calculation, but about 200,000 acres treated using timber sales out of the acres that we—a very modest percentage.

Mr. MCCLINTOCK. What I am getting at is this is a renewable resource of immense value. Using the low end figure that Mr. Vaagen just offered us, I would assume that means that the total value of our national forest timber is some $200 billion, meaning if we harvested one percent a year that would be yielding at least $2 billion of revenues to the United States Treasury.

And the point that Mr. Young made is one that needs to be emphasized. If we were actually properly managing these resources, not only would we have healthier forests, we would have a much healthier economy because the economic multiplier on forest activity that I have seen from economists is about threefold. So, not only would it be $2 billion of direct revenues to the Federal treasury, it would be $6 billion of additional economic activity because of the ripple effect of that economic productivity.

Mr. Young says we could fund our Secure Rural Schools budget from that. In fact, we wouldn't need Secure Rural Schools because the local communities would be generating enormous property taxes again because of an enormous prosperity that I see this policy practiced by your bureaucracy standing in the way of. I mean, I look at the economic devastation of my district, which is one of the most resource rich areas of the country, northeastern California, huge, huge timber resources mainly managed by the Fed-

eral Government sitting there. They can't even harvest fire killed timber once the overgrowth has caused these fires. We can't even go back in and salvage dead timber because of the restrictions placed in the way by the Forest Service and by this panoply of environmental laws that need wholesale redress.

So, Mr. Chairman, I would just like to offer the suggestion that maybe in the future we ought to be looking at ways that we can link the Forest Service budget to Forest Service revenues actually yielded off of Forest Service land.

Mr. BISHOP. Thank you. Mr. Tipton.

Mr. TIPTON. Thank you, Mr. Chairman, and I just wanted to have one follow-up question.

Mr. Pearce, I would like to go back to some of the opening comments Congressman Walden brought up just to have your feedback.

Would you and other leaders in counties that are similar to yours, would you like to see additional discretion from your counties on how to manage your lands for production and provide revenue for rural schools?

Mr. PEARCE. Absolutely. You wouldn't get a negative, I think, from any of the counties that have, as I have said, up to 90 percent of their county in Federal ownership. And to really follow up to that, we also have state trust land, 20,000 some odd acres, and have about 30,000 acres of private timber land. The fact is the state trust land brings more revenue comparatively on that 20,000 acres than the 880,000 acres of national forest I have.

Mr. TIPTON. Impressive and speaks to a lot. Thank you, Mr. Chairman. Thank you, Mr. Pearce

Mr. BISHOP. Thank you. I appreciate all four of you for your patience in answering these questions and how I slaughtered your names. I apologize for that, too. You are dismissed. We appreciate your time and effort in being here.

We have one other panel, if we could have the following three people come to the table and join us: Mr. David Tenney, President of the County Supervisors Association of Arizona from the Navajo County Board of Supervisors; Ms. Anna Morrison, Women in Timber; Mr. David Crews, Superintendent of the Norwood Colorado School District.

As you are coming up here, I would also ask unanimous consent that the SRS language from the Interior Appropriation Report in the House appear in our record. Hearing no objection, that is so ordered.

[NOTE: The Interior Appropriation Report language has been retained in the Committee's official files.]

Mr. BISHOP. We appreciate the three of you joining us as well. The same situation applies as before. Your written testimonies will appear in the record. We are asking for your oral testimonies. As I think you were watching the clocks there, green means your time has started; yellow, you have a minute left; red, your time has actually expired, and we will see how long over that red mark we can all go.

At any rate, we thank you for being here and we would ask Mr. Tenney if you would start us off with your oral testimony.

STATEMENT OF DAVID TENNEY, PRESIDENT, COUNTY SUPERVISORS ASSOCIATION OF ARIZONA, NAVAJO COUNTY BOARD OF SUPERVISORS

Mr. TENNEY. Thank you, Mr. Chairman, Members of the Committee. I appreciate the invitation to be here today.

My name is David Tenney. I am Supervisor for Navajo County in the State of Arizona. I am located up in the northeastern part of Arizona. Also, just coincidentally I have nine years experience on a local school board there, so Secure Rural Schools I can come at it from a couple of different angles.

I will begin by stating that I believe the responsible use of industry is the key ingredient for managing our forests. I also believe that the reintroduction of industry into our forests is the key ingredient for the continuation and reauthorization of county payment programs like PILT and Secure Rural Schools. I cannot overstate how important the management of natural resources have become to rural communities like ours, and rural counties like ours. The 468,000-acre Rodeo-Chediski fire of 2002 burned in my county and nearly destroyed my home, and the 540,000-acre Wallow fire of this year burned in two of my neighboring counties.

The footprints left by those two fires alone could comfortably hold the Cities of Phoenix, Chicago, Dallas and Los Angeles.

Mr. Chairman and Members, the rural communities of Arizona were founded and exist due to the use of the abundant natural resources that surround them. However, our combined mistakes in forest management have changed rural counties like mine and we require the help and leadership of this body to correct the systemic mismanagement of our forests.

During my adult life there has been a significant reduction in the harvesting of timber from the forests. In the late 1980s, Arizona and New Mexico produced approximately 200 to 250 million board feet of timber each year. Between 1989 and 1996, those numbers steadily dropped until there was no industry left in those forests, in 1997 and 1998.

Dramatic reduction of wood harvesting was a result of intense disagreements over how the forests should be managed. During that period there was no effort by industry, government or the environmental community to find common ground, and as a result nothing productive took place. We lost our industries, we lost the revenues and jobs that came from those industries, and now we have lost millions of acres in our forests.

You have heard testimony today that talks about what then happened and how Secure Rural Schools was put in place to replace some of those revenues. I won't go into that much because you know that history. But unfortunately we can't go back and prevent the mistakes that have degraded our forests and the funding sources that counties and schools need. There is plenty of anger and frustration to go around.

My family was intimately involved in the timber wars of the eighties and nineties, and I will admit that I would not have probably sat in the same room as some of these environmental activists who opposed our family at that time. However, when I became first-hand witness to the massive fires that now burn in our coun-

try I saw their potential to destroy entire communities, and I embraced the challenge to change the situation.

I am here to testify that each of these events, number one, the loss of the timber industry and the jobs that came with it, two, the decline of the timber receipts, the subsequent passage of Secure Rural Schools, and three, the destruction of homes and prize recreational areas in my county, a result of the degrading condition of the forests throughout America.

Fortunately, there is a solution. The solution requires getting industry back into the forest to thin the trees in ecologically and socially sustainable way. The solution involves stakeholders from the scientific, environmental, elected, Forest Service, and industrial communities who are all at the table and who all agree that we must reach common ground.

One of the solutions in our areas is what we call the Forest Service Restoration Initiative, or 4FRI. It is a model for the kind of management that will end the catastrophic wild fires and produce revenues for programs like PILT and Secure Rural Schools. The model we have developed calls for the Federal Government to partner with private industry to thin upwards of 50,000 acres of forested land in Arizona per year for little or no cost to the government. This model has been—we have been working actively for the last three or four years to get this off the ground.

We should do everything we can to revitalize our forests and to do so we need to support projects like 4FRI, other projects like it that come together collaboratively on a landscape scale to get industry back into the picture here, and in doing such thin our forests.

I will give you one example of the kind of issues that we have. Coconino County where Congressmen Gosar, my congressman, lives, without Secure Rural Schools funding they would lose all of their search and rescue funding. In the small town of Fredonia there used to be a thriving forest community. They now have to bus their kindergartners and first graders over 30 miles to go to school.

We can remedy that though by putting industry back into the forest. It is going to take some time however. We are not going to do this overnight. I have heard questions asked today, could you immediately go back to funding and pay for itself. It can't happen overnight.

I am out of time. I want to quickly give a couple of things that I think can make a difference, some asks that we have. I think we need to support the implementation of active forest management policy modeled after the Forest Restoration Initiative and others of its kind. We also need to support reforming things like NEPA and ESA. In the meantime, until we get that industry back into the forests we have to support the full funding of PILT and Secure Rural Schools and other programs such as those.

Thank you, Mr. Chairman. I will stand for any questions.

[The prepared statement of Mr. Tenney follows:]

Statement of David Porter Tenney, Board of Supervisors Chairman, Navajo County, Arizona

Mr. Chairman, and Committee members, thank you for the invitation to address you today. For the record, my name is David Porter Tenney, and I am a Supervisor

in Navajo County, which is located in northeastern Arizona. I have nine years of experience as a former Chairman of the Show Low School Board, I am a member of the Four Forest Restoration Initiative Steering Committee, and I am currently the President of the County Supervisors Association of Arizona, which represents the 55 elected county supervisors in Arizona. It is in my capacity as a County Supervisor, and a member of the Four Forest Restoration Initiative, that I address you today on the importance of industry in forest management, and the need for the continued funding of PILT and the reauthorization of Secure Rural Schools and Community Self-Determination Act.

I will begin by stating that I believe the responsible use of forest products industry is the key ingredient for managing our forests. I also believe that the reintroduction of forest products industry to our forests is a key ingredient for the continuation and reauthorization of county payment programs like PILT and the Secure Rural Schools Act.

I cannot overstate how important the management of our forests has become to rural counties. The 468 thousand-acre Rodeo-Chediski Fire of 2002 burned in my county, and nearly destroyed my home. The 538 thousand-acre Wallow Fire of this year burned in two of my neighboring counties. The footprints left by these two fires could comfortably hold the cities of Phoenix, Chicago, Dallas and Los Angeles and the ecological and economic impacts are tremendous.

Mr. Chairman, and Committee members, the rural communities of Arizona were founded on, and exist due to, the use of the abundant natural resources that surrounded them. However, our combined mistakes in forest management have changed rural counties like mine, and we require the help and leadership of this body to correct the systemic mismanagement of our forests.

During my adult life, there has been a significant reduction in the harvesting of timber from the forests. In the late 1980's Arizona and New Mexico produced approximately 200 to 250 million board feet of timber each year. Between 1989 and 1996 those numbers steadily dropped until there was no forest products industry left in those forests by 1998. The dramatic reduction in wood harvesting was a result of intense disagreements over how the forests should be managed. During that period, there was no effort by industry, government or the environmental community to find common ground, and as a result, nothing productive took place. We lost our industries, we lost the revenues and jobs that came from those industries, and we have now lost millions of acres in our forests.

As you are aware, counties and schools have received a 25 percent share of timber receipts from the federal government since the administration Teddy Roosevelt. Until the 1990's, counties and schools were able to continue their work because they were compensated by the federal government for the abundance of tax-exempt federal land in their jurisdictions. However, as timber receipts declined, the solvency of rural counties and schools across the nation was also degraded. To address this challenge, Congress passed the Secure Rural Schools and Community Self Determination Act in 2000, which provided payments to counties and schools to make up for the decline in timber sale revenue.

Unfortunately, we cannot go back and prevent the mistakes which have degraded our forests and the funding sources that counties and schools need. There is plenty of anger and frustration to go around on the subject. I was intimately involved in the Timber Wars of the 1980's and 1990's, and I will admit that I would not have sat in the same room with an environmentalist if you paid me. However, when I became a firsthand-witness to the massive fires that now burn in our country, and I saw their potential to destroy entire communities, I embraced the challenge to change the situation.

Mr. Chairman, and Committee members, I am here today to testify that each of these events: 1) the loss of the forest products industry (along with the hundreds of jobs and millions of dollars in revenue it created), 2) the decline of timber receipts and subsequent passage of the Secure Rural Schools Act, and 3) the destruction of homes and prized recreational areas in my county and neighboring counties are the result of the degraded condition of the forest products industry in America's forests.

Fortunately, there is a solution. The solution requires getting forest products industry back into the forest to thin the trees in an ecologically and socially responsible way. The solution involves stakeholders from the scientific, environmental, elected, forest service and industrial communities who are all at the table, and who all agree that we must reach common ground. The solution is called the Four Forest Restoration Initiative (4FRI) and it is a model for the kind of management that will end catastrophic wildfires and produce revenues for programs like PILT and the Secure Rural Schools Act.

The model that has been developed in 4FRI calls on the Federal Government to partner with private industry to thin upwards of 50,000 acres of forested land in

Arizona per year at little or no cost to the Federal Government. This model, developed over the last three years by the stakeholders I have mentioned, represents America's best chance for revitalizing the forest products industry and restoring the forest, and it can be replicated throughout the country.

Mr. Chairman, and Committee members, we can and should do everything possible to revitalize the forest products industry through active forest management policies like 4FRI, but Arizona's counties cannot wait for that to happen. In addition to pursuing an active forest management policy, Congress can and must enact a full and long-term reauthorization of PILT and the Secure Rural Schools Act.

Failure to reauthorize the Secure Rural Schools Act would mean that federal payments to Arizona counties would drop from $73 million in the last four years, to barely $1 million in 2012, jeopardizing critical education and public safety programs in Arizona's counties.

For example, Coconino County—the county that Congressman Gosar resides in—would lose nearly 80% of its search and rescue funding—a critical service for a county known as a recreation and hunting destination. Likewise, in that county's remote town of Freedonia, Kindergarten and 1st-grade classes would be eliminated, forcing those students to be bused to a school over 30 miles away.

The re-growth of our forest product industries can make a difference in the revenues necessary to fund these programs, but it is going to take time, and as tempting as it may be not to reauthorize the Secure Rural Schools Act I must impress upon you that the forest products industry cannot immediately provide the federal government, rural counties and schools with the sales revenue necessary. The fact is, those efforts will take years.

In the meantime, counties like mine that have already been devastated by state budget cuts and cost shifts would be further devastated by the loss of a revenue source that compensates for the abundance of tax-exempt federal land in rural jurisdictions.

Mr. Chairman, and Committee members, as a county supervisor who has seen and experienced the consequences of a forest that is not permitted to be properly managed, I implore you to do two things:

1. Support the solution of an active forest management policy, modeled after the Four Forests Restoration Initiative, and in the meantime,
2. Support the long-term funding of PILT and the reauthorization of the Secure Rural Schools Act.

Thank you for this opportunity. I would be happy to stand for any questions.

Mr. BISHOP. Thank you, Mr. Tenney. Ms. Morrison.

STATEMENT OF ANNA MORRISON, WOMEN IN TIMBER

Ms. MORRISON. Chairman Bishop and Subcommittee Members, thank you for allowing me to speak before you today. My name is Anna Morrison. I am representing Oregon Women in Timber as well as American Agri-Women. I bring a unique perspective to this hearing in that I have a history surrounding the Secure Rural Schools legislation.

Initially, I lobbied for this legislation as a county commissioner from Oregon. It was always meant to be a six-year funding stopgap until the forests were reopened to harvest levels sustaining rural schools and roads. It was never intended to be the entitlement program it has become. I chaired and served on two Forest Service RACs and one BLM RAC. The sole purpose was to find ways to spend the Title II and III monies that were included in the legislation. That was supposed to be used for on-the-ground projects in the forest.

For years monies have been wasted, in my opinion, mostly on projects that had little merit or need. Many were pie in the sky projects that benefitted only those who submitted the project. I have actual U.S. Forest Service email documents from employees hoping they could find ways to spend the money.

We request, respectfully, that you not reauthorize this bill that is in the Administration's FY 2012 budget. From 1908 until 1991, the revenue sharing plans specifying 25 percent return to forested counties. By the late 1980s, national policies and court injunctions diminished revenues generating activity in our national forests drastically. By 1998, revenues for national forest counties declined by 70 percent. This decline had a devastating impact on communities nationwide due to an almost total shutdown of timber harvesting in the Federal forest.

Beginning in 1991, led by Senators Hatfield and Packwood, Congress began to subsidize county payments in western Oregon. Near the end of the decade Congress recognized its obligation to Rural America. Congress passed the Secure Rural Schools and Community Self-Determination Act of 2000, and President Clinton signed the bill. It provided six years of entitlements. In 2000 again, Congress extended the Secure Rural Schools for one year. In 2008, Congress once again extended and gave us four more years on this entitlement program.

During that period of time, the Forest Service was to ramp up the timber harvest program so that the entitlement was no longer needed. However, that has not happened.

Under the original legislation there was also a Forest County Payments Committee that was formed to report back to Congress on possible solutions. Reports were submitted to Congress in 2003, 2005, 2006. These are copies of those reports to this body. However, nothing has ever been done with the recommendations.

As we move forward, we strongly request that you support legislative efforts that seek to provide incentives for increased timber sales and other activities on the national forest. These, in turn, provide jobs and socio-economic benefits in addition to the timber receipts that are shared with local communities. In the late 1980s, increased timber harvest from the Federal lands generated eight times the economic benefit that is currently being provided by Secure Rural Schools.

New legislation should include the following basic principles:

One, long-term public forest health and timber production is vitally important to the people and communities adjacent to these lands. We urgently need to revive the Healthy Forest Restoration Act II.

Two, as Congress mandated in enacting the legislation public resources on national forests and Bureau of Land Management should be managed to provide the people of our nation with consumer products, jobs, and sustainable sources of revenue.

Three, the Federal Government has an obligation to return to the 25 percent of all gross receipts. Oh, hard targets, implement the maximum harvest of the volume allowed annually for timber sales on each forest under the respective forest plan.

It is the age of no more entitlements. We need jobs, jobs, jobs in our rural-dependent communities. You must ensure a long-term forest managed program and to return to actual gross timber receipts. We need to get these communities off the dole. No more Secure Rural Schools.

At a time when about half of the Forest Service budget is spent fighting fires due to bug-infested dead and dying, overcrowded

forest it makes more sense from a fiscal and environmental standpoint to better manage the forest by using the resources instead of taking money from the Federal coffers to subsidize. We can sell the timber, put back money. We can harvest, provide for the people, pay for schools and roads, and still protect the environment. It makes perfect sense.

Thank you very much for allowing me to testify. I would be available for any questions.

[The prepared statement of Ms. Morrison follows:]

Statement of Anna Morrison, Legislative Chair, Oregon Women In Timber, San Antonio, Texas

Chairman Bishop and Subcommittee Members,

I am Anna Morrison. I am representing Oregon Women In Timber, as well as American Agri-Women. I bring a unique perspective to this hearing in that I have a history surrounding the Secure Rural Schools legislation. Initially I lobbied for this legislation as a county commissioner from Oregon. It was always meant to be a 6 year funding stop gap until the forests were reopened to harvest levels sustaining rural schools and roads. It was never intended to be the entitlement program it has become. I chaired and served on 2 Forest Service RACS and 1 BLM RAC. The sole purpose was to find ways to spend the Title II and III entitlement monies from Secure Rural Schools Legislation that was to be used for on the ground forest projects. For years monies have been wasted, in my opinion, mostly on projects that had little merit or need. Many were "pie in the sky" projects that benefitted only those who submitted the project. I have actual USFS email documents from employees hoping they could find ways to spend the money.

We respectfully request that you **not** reauthorize the Secure Rural Schools and Communities Self-Determination Act that is in the administration's Fiscal (FY) 2012 budget. From 1908 until 1991 the revenue sharing plan specifying 25 percent of all revenues from National Forests were to be returned to forested counties. By the late 1980's national policies and court injunctions diminished revenue generating activity in our national forests drastically. By 1998, revenues for national forest counties had declined by 70 percent. This decline had a devastating impact on communities nationwide due to an almost total shutdown of timber harvesting in the federal forest.

Beginning in 1991, lead by Senators Hatfield and Packwood, Congress began to subsidize county payments in Western Oregon. Near the end of the decade Congress recognized its obligation to rural America. Congress passed the Secure Rural Schools and Communities Self-Determination Act of 2000, and President Clinton signed the bill. It provided six years of entitlements. In 2007, Congress extended the SRSCA for one year. In 2008, Congress once again provided a four year extension of the SRSCA for 2008–2011.

During this period of time the Forest Service was to ramp up the timber harvest program so that the entitlement was no longer needed. However, that has not happened. Under the original legislation there was also a Forest Counties Payments Committee that was formed to report back to Congress on possible solutions. Reports were submitted to Congress in 2003 and 2006. However, nothing has ever been done with the recommendations.

As we move forward, we strongly request that you support legislative efforts that seek to provide incentives for increased timber sales and other activities on the national forest. These in turn provide jobs and socio-economic benefits, in addition to the timber receipts that are shared with local communities. In the late 1980's increased timber harvests from the federal lands generated eight times the economic benefit that is currently being provided by the Secure Rural School Payments.

New legislation should include the following basic principles:

- Long term public forest health and timber production is vitally important to the people and communities adjacent to these lands and to the public at large. We urgently need to revive the Healthy Forest Restoration Act II.
- As Congress mandated in enacting the legislation, Public forest resources on National Forests and Bureau of Land Management lands should be managed to provide the people of our nation with consumer products, jobs and a sustainable source of revenue to support local schools and counties. This is attainable while sustaining a healthy multiple use forest.
- The federal government has an obligation to return 25% of all gross receipts generated on all forest lands to the counties in which these lands lie; and/

or 50% of gross receipts from O&C land (Oregon/California Railroad Lands); and/or 4% of gross receipts from Public Domain lands.

- Hard targets –Implement the maximum harvest of the volume allowed annually for timber sales in each forest under the respective forest plan.

It's the age of **No more Entitlements**! We need Jobs, Jobs, Jobs in our rural, timber dependent communities. You must ensure a long-term forest management program and a return to actual gross timber receipts. We need to get these communities "off the Dole". **No more Secure Rural Schools and Communities Self-Determination Act.** At a time when about half of the Forest Service budget is spent fighting fires, due to bug infested, dead and dying

Over-crowded forests, it makes far more sense, from a fiscal and environmental standpoint, to better manage the forests by using the resource. We can harvest, provide for the people and still protect the environment. It makes perfect sense.

Thank you.

Mr. BISHOP. Thank you. Mr. Crews.

STATEMENT OF DAVID CREWS, SUPERINTENDENT, NORWOOD COLORADO SCHOOL DISTRICT

Mr. CREWS. Good afternoon, Mr. Chairman and Members of the Committee.

My name is Dave Crews. I am the Superintendent of Schools in Norwood, Colorado, which is a small ranching community on the Western Slope. Today I am representing superintendents and school districts from Colorado who want to share the grave concern we have about the potential loss of the Secure Rural Schools and Communities Self-Determination Act. We are grateful for the Act. The concerns I express are very real as nearly 68 percent of Colorado's forests are in Federal ownership.

As a resident of Colorado, I appreciate the year-around outdoor activities this provides, but as a member of a rural community, an educator and a parent I must live with the consequences of that Federal ownership as well. I am a resident of San Miguel County. This county, like others across the state, is limited in the amount of taxes collected based upon the amount of national and state owned lands, and then unlike the urban and suburban areas along the front range of Colorado it is almost impossible for us to tap into additional resources for our students.

The reality for my home county as well as other rural counties in the state is that revenues from our forested land are not available to support the educational programs in either the form of bond elections or mil levy overrides. It is untaxable land.

To offset those tax losses the rural school districts in the State of Colorado use the SRSCA dollars to maintain and support educational opportunities for students. This year my school district used the funding to implement a new K-12 writing program in order to improve our children's writing skills. Over the years the dollars have been used to develop and implement instructional strategies, improve our children's writing and math scores, and to prepare every student for post-secondary endeavors.

For other districts in my regional area the funding is used to pay for additional teachers, to keep class sizes smaller, and to deliver a higher quality of instruction and to devote more time to each student to improve their learning. Studies indicate that students achieve more with well trained teachers employing effective instructional techniques in small class-size settings. The result is

seen in higher test scores, better preparedness for life after high school, and increased post-secondary success.

School districts across the State of Colorado are using the additional money from Secure Rural Schools to fund technology programs. One of the challenges faced by many of the rural school districts is limited Internet access. Most rely on a broadband delivered through phone or cable services. Many schools are using these funds to establish WiFi networks, allowing students to access the Internet not only at school, but the community, and also in their homes.

For some school districts the money is not just to create new programs, but actually augments the operating revenue resources that keep school districts running and capable of providing services and education in that regional setting.

Statewide there are nearly 480,000 school age children living in Colorado counties that receive SRSCA funding. With the potential loss of these funds a critical link between rural families and access to education could be permanently severed forcing the affected families to drive dozens of miles, often over hazardous snowbound roads in order for their child to attend school. This challenge is the fundamental premise of fairness and equal access to education between rural and urban school children, placing some of our poorest and most at risk students at a distinct disadvantage.

K-12 public schools in Colorado are primarily funded through a combination of local property taxes and state revenues. Historically property taxes have made up the majority of funding. However, property taxes have declined significantly, and because of the Gallagher Amendment in the state constitution which limits the valuation of residential property the state is required to fill in for losses that residential property once covered.

School districts can raise additional revenues through local bond and mil levy elections up to a specified level, but the economic vitality of many rural communities cannot support money raised through local bonds and mils.

Schools are not only the beneficiary of this funding. Counties and county services benefit as well. School district representatives such as myself meet annually with the county commissioners to determine how to allocate the Secure Rural Schools fund for that year. School administrators have built communication, relationships with county commissioners, and have developed increased communication and understanding about the needs of the county and our students. We appreciate that Congress has supported the century-long commitment to schools and counties.

In closing, I would like to emphasize the need to reauthorize the Secure Rural Schools and Communities Self-Determination Act. With the elimination of this resource, rural districts will suffer additional hardships and the education of our children will be affected. What I am hearing today is that we need to make production changes in the national forests but that will take some time. I feel the need to have this SRSCA reauthorized while these changes occur. Thank you for your time.

[The prepared statement of Mr. Crews follows:]

Statement of David Crews, Superintendent, Norwood School District, Norwood, Colorado

To: Chairman Bishop and Ranking Member Grijalva,

My name is David Crews; I live and work in the town of Norwood on the Western Slope of Colorado. Today, I am here representing superintendents and school districts from Colorado who want to share the very grave concern we have about the potential loss of the Secure Rural School and Community Self-Determination Act. We are grateful for the Secure Rural Schools and Community Self-Determination Act which was originally established in 2000. The Act preserves the commitment made by President Roosevelt in 1910 when these forests were set aside for the benefit of the entire nation. As you are aware, SRSCA Funds are used to support educational and county services within forested communities.

The concerns I express are very real as nearly 68 percent of Colorado's forests are in federal ownership. As a resident of Colorado, I appreciate the year-round outdoor activities this provides; but as a member of a rural community, an educator and a parent, I must live with the consequences of that federal ownership as well. I am a resident of San Miguel County. This County, like others across the State is limited in the amount of taxes collected based upon the amount of national and state owned lands. And, unlike the urban and suburban areas along the Front Range it is almost impossible for us to tap into additional resources for our students. The reality for my home county, as well as other rural counties in the State, is that revenues from our forested land are not available to support our educational programs in either the form of bond elections or mill levy overrides. It is untaxable land!

To offset those tax losses, the rural school districts in the State of Colorado use SRSCA dollars to maintain and support educational opportunities for students. This year, my school district used the funding to implement a new K–12 writing program in order to improve our children's writing skills. Over the years the dollars have been used to develop and implement instructional strategies, improve our children's writing and math scores, and to prepare every student for post-secondary endeavors.

For other school districts in my regional area the funding is used to pay for additional teachers to keep the class sizes small to deliver a higher quality of instruction and to devote more time to each student to improve their learning. Studies indicate that students achieve more with well-trained teachers, employing effective instructional techniques in small class size settings. This results in higher test scores, better preparedness for life after high school and increased post-secondary success.

School districts across the State of Colorado are also using the additional money from the Secure Rural Schools and Community Self-Determination Act to fund technology programs. One of the challenges faced by many rural school districts is limited internet access. Most rely on broadband delivered through phone or cable services. The speed and ease for delivery of information places these children at a distinct advantage. Many schools are using these funds to establish WIFI networks allowing students to access the internet not only at school but in the community and in their homes. For some school districts this money doesn't just go for additional instructional programs but augments the operating revenue resources to keep a school district running and capable of providing services and education in a regional setting.

Statewide there are nearly 480,000 school-age children living in Colorado counties that receive SRSCA funding. With the potential loss of these funds, a critical link between rural families and access to education could be permanently severed, forcing the affected families to drive dozens of miles, often over hazardous snowbound roads, in order for their child to attend school. This challenges the fundamental premise of fairness and equal access to education between rural and urban school children, placing some of our poorest and most at risk students at a distinct disadvantage.

K–12 public schools in Colorado are primarily funded through a combination local property taxes and state revenues. Historically, property taxes have made up the majority of funding. However, property taxes have declined precipitously, and because of the Gallagher Amendment to the State Constitution, which limits the valuation of residential property, the State is required to fill in for losses that residential property once covered. School districts can raise additional revenues through local bond and mill levy elections up to a specified level, but the economic vitality of many rural communities cannot support money raised through local bonds and mills. Another challenge we face: the State funds local school districts at a lower levels than the majority of the other States resulting in an increased reliance by rural school districts in Colorado on SRSCA. We appreciate that Congress has supported the century long commitment to schools and counties.

Schools are not the only beneficiaries of SRSCA funding: counties and county services benefit as well. School Districts Representatives meet annually with their County Commissioners to determine how to allocate the secure rural schools funds for that year. School administrators have built relationships with county commissioners and have developed increased communication and understanding about the needs of the county and our students.

In closing, I would like to emphasize the need to reauthorize the Secure Rural Schools and Community Self-Determination Act. With the elimination of this resource, rural districts will suffer additional hardships—and the education of our children will suffer. I appreciate the time you have given to hear my concerns and hope you have a better understanding of the importance of SRSCA to the rural school children of Colorado.

Mr. BISHOP. Thank you. I appreciate the testimony from our witnesses. We will have some questions first from Mr. Grijalva.

Mr. GRIJALVA. Thank you, Mr. Chairman.

Supervisor Tenney, let me ask you a question, and welcome. Hypothetically let us say we are able to return to those historic levels of timber production and that counties receive 25 percent of the revenue, and you mentioned about a transition period but let me ask you. Would that funding stream, would that be stable? Would there be economic, political, weather, climate changes that would affect that revenue stream, that 25 percent?

Mr. TENNEY. Mr. Chairman, Congressman Grijalva, certainly there are things that affect funding streams from every angle. But is it sustainable? I believe it is. It is a natural resource that we are dealing with. The communities that are taking money now from Secure Rural Schools are communities that were founded because of the abundance of natural resources that are there.

I don't necessarily believe that we have to return to the 250 million board feet of timber that was being harvested in Arizona and New Mexico in the eighties and nineties, but we certainly need to do more than the zero that was harvested in 1998, 1999 and 2000. It has got to be somewhere in between. We have to return industry to the equation.

Mr. GRIJALVA. Thank you for that, Supervisor. One of the proposition is that we go from this entitlement, get to those historic levels, from some of the testimony overnight, and therefore that guaranteed stream level would be there. What do you think of that scenario?

Mr. TENNEY. Well, Mr. Grijalva, first of all, I don't see anything happening overnight. It is going to take—in our area at least the mills are all gone. There is a good graphic showing the decline from 400 mills to 100 in the State of Oregon. Arizona has certainly lost a greater percentage than that. Those mills are not there. That is going to take time.

But I also didn't hear anyone asking that we return to historic levels. What I hear people ask is a return to some level and it would not take the historic level to give the amount of funding that is coming to schools and counties right now through Secure Rural Schools funding. Those numbers weren't based on what the maximum levels once were reached.

Mr. GRIJALVA. So SRS funding, in your opinion, Supervisor, needs to be reauthorized and then the balance issue, the in between issue, the point that you made is something that happens down the road?

Mr. TENNEY. I think all of it needs to happen. It needs to be reauthorized in the sense that until industry is reintroduced that is the solution, but industry is the answer. The long-term solution is industry back in our forests.

Ms. Morrison spoke of the entitlement. None of us want entitlement. What we feel we are entitled to is using the forest for the benefit that it has. The renewable resource and the blessing it can be to our families and our communities in the way of jobs, employment and revenues coming into those communities will far outweigh anything that we are getting from Congress and Secure Rural Schools. So ultimately we would just as soon see it go away, but only when industry is back in place. Until then it needs to stay put.

Mr. GRIJALVA. Thank you. Mr. Crews, outside of the SRS funds, and you mentioned your school system, what do you think led to the strength of your particular school system—and congratulations on that—besides the SRS funding?

Mr. CREWS. As far as our communities are concerned, I think it is the support of the communities, support of the parents and the importance of education. Again, we are doing a lot of things with limited amount of money. We are being asked to do that not only at our community level but also at the state level, but educating kids is what we need to do and that is important, so whatever we can receive will help.

Mr. GRIJALVA. Thank you. That is it. Yield back

Mr. BISHOP. Thank you. Mr. McClintock.

Mr. MCCLINTOCK. Just a couple of points. I would first Mr. Tenney offered the observation that economic revival once these policies are changed might happen a lot faster than you think as one economist put it to me. It doesn't take businesses long to follow you back into an area if you are dropping $100 bills along the way. In other words, if they are able to make a profit it is amazing how dynamic they are and how quickly they will return. So, I think you are selling short the impact of policy changes on the economy of these local communities.

I know in my area we have had three mills close last year. They are still there. They are just closed. We had 300 families put out of work in each one of those communities and those are small communities. The impact is huge. But the sole reason or the principal reason anyway was lack of timber supply for the mills to use. Bring back that timber supply, those mills will reopen. The families will get their jobs back and the economy will prosper and it will happen a lot faster than you think.

Any thoughts?

Mr. TENNEY. Yes. I want you to know I agree with you. I didn't mean to sound like I don't think it will come back. It will absolutely come back. The reason I say it is going to take time is until you change some of the Federal policies, like NEPA, ESA and others that slow that process down, you cannot shut off SRS tomorrow and offer timber sales the next day——

Mr. MCCLINTOCK. Agreed, agreed.

Mr. TENNEY.—and expect that they are going to coincide because NEPA is going to take two years to get done.

Mr. McCLINTOCK. And unfortunately we can't change policy overnight here.

Mr. TENNEY. Right.

Mr. McCLINTOCK. We can from the House side but we still have a recalcitrant Senate and White House to deal with, and that is something the American people are going to have to address in the next year.

Mr. TENNEY. Can I add one thing?

Mr. McCLINTOCK. Sure.

Mr. TENNEY. I agree with you. The people of our communities are aching to get back to work in the forest.

Mr. McCLINTOCK. I know.

Mr. TENNEY. Now they are watching to see what happens to the salvage of the Wallow fire. We burned 2.5 billion board feet in that Wallow fire. Over 73—an ultimate irony here—over 73, or 73 is the number of spotted owl nest areas that burned. If my recollection is right, it is over half of the, or between half and a third of the total area is protected in our state just burned. That is not what the environmental community wanted. That is not what any of us want.

Mr. McCLINTOCK. No, I disagree with you on that point. If you talk to them, you will find out it is precisely what they want. For some reason they don't understand that the most environmentally devastating thing to a forest is a forest fire and that their policies have directly led to the high frequency, high intensity forest fires that we are seeing today because of the excess overgrowth that they have forbidden us from removing from the forests. And if you talk to a lot of them, they just say, well, that is nature's way. Well, I suppose you can say that, but the impact is devastating on the environment.

Mr. TENNEY. Nature's way is a smaller, lower intensity fire.

Mr. McCLINTOCK. Exactly.

Mr. TENNEY. Not these catastrophic half a million acre fires.

Mr. McCLINTOCK. No, I don't worship at the Church of Global Warming, I do believe the planet is warming. I believe it has been warming since the last Ice Age and whatever we do here I can guarantee you it will continue to warm and cool as it has for billions of years. But in that church they practice the faith of carbon sequestration, the idea that timber, particularly young growth timber, absorbs enormous amounts of carbon dioxide. That part is quite true. New growth timber absorbs carbon dioxide at a much, much higher rate, and higher volume than old growth timber.

Why is it then that the only timber we are allowed to harvest at all is the young growth timber? I don't understand that. Perhaps somebody can offer some guidance to me on that point.

Mr. TENNEY. Is that question is aimed at me, I can't answer that either. I appreciated the question earlier about the Animal Kingdom. We certainly don't manage the Animal Kingdom that way, and I love to hunt and certainly would not be as near interested if all I could shoot was a spike elk instead of going for a large six point. I don't understand it.

Mr. McCLINTOCK. You would not have a very healthy spike elk population.

Mr. TENNEY. Pretty soon you would not have anything because you have killed all the spikes.

Mr. MCCLINTOCK. And that is exactly how we are managing our forests today. It is insane.

Mr. TENNEY. You are asking a question of someone who is not qualified to answer but I agree exactly with you on this point. I don't understand the management practice. We need to return to harvesting all classes, and it needs to be based on science and it needs to have industry as a part of it. Until we get back to that point we are going to have these problems in our forests

Mr. BISHOP. Thank you. Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman.

To Ms. Morrison. You are advocating that counties should get off the dole. As a former Oregon county commissioner, you know how critical particularly the ONC payments are to us were unique in that we have both ONC and Forest Service payments. Even if, and as you just heard the gentleman from California say we do have it, and I liked the description, recalcitrant Senate, I am usually not that polite about it, but anyway, a dysfunctional Senate and the White House. But let us just say the Senate went away and the White House, the President, as he does often, just decides to change his mind and support whatever comes out of the House, and we went back to something that the Forest Service could gear up for next year because obviously it is too late for this harvest season, some very robust level of harvest and the ONC lands, and somehow we got them in an appropriation so they could hire back all their timber sale officers who they have all laid off, and they could lay out the sales and there were no appeals or anything allowed. I mean, it would just go forward next year with a very robust harvest at some huge level.

That would mean there would be substantial revenues. Unfortunately, the existing law says that it is an average of seven years. So even if we went back to 12 billion board feet next year, actually it would be, you know, averaged over the last seven years, the counties and schools would still get very little money. In fact, it would be about a 90 percent reduction for my counties.

I don't have any currently elected county commissioners in Oregon nor am I aware in the Partnership for Rural America of currently elected county commissioners, 729 counties, who are advocating an immediate end to this program.

How would you solve that problem?

Ms. MORRISON. I guess, Congressman, I am not naive. I understand what you are saying, and it is not going to happen overnight. However, these 729 counties have known since 2000 what the future held. I question why have we allowed the agencies, BLM and the Forest Service, to continue in the same vein and not see any actual production on the lands.

Again, back in 2003, 2005, 2006, the National Forest Counties Payments Committee did submit to this body, and I believe, Peter, you have a copy of this, recommendations for making payments to state and counties. However, nothing has ever been acted on in regards to those. At some point we are going to have to stop the program. As long as the schools and the counties think that they can

come back and they are going to get a dribble here and a dribble there, you are bleeding them to death.

Mr. DEFAZIO. I understand.

Ms. MORRISON. That is what you are doing.

Mr. DEFAZIO. Thank you. Just reclaiming my time. My vision is that we get a temporary continuing authorization which is either a phase-out or it has a date certain on which it ends which gives us time to transition. I would also like to have an ongoing base payment at a lower level because we are never going to get back to the levels of harvest we had in the seventies and eighties.

Ms. MORRISON. Right.

Mr. DEFAZIO. I mean the value of the timber is just not there. So, my vision is we both do active management, and I have for the first time the BLM actually working on pilot projects on the land, working with scientists to show there is a way we can go into these areas and do forestry and get a predictable level of harvest, although there is going to be a fight over that. But we would need a transition and I believe we need an ongoing base. That is my position. I mean, we are going to have to disagree over that, but I mean an immediate cutoff of all funds, no continuing authorization next year would mean virtually all the jails in southwest Oregon would close. We already are down to 20 hours a day for sheriff's patrols. In Lane County we would go down to probably zero hours per day——

Ms. MORRISON. Right.

Mr. DEFAZIO. For Josephine, I know it would go to zero. Curry would go to zero. I mean, I just can't support that. It would just be catastrophic for the region.

Ms. MORRISON. And I agree about the catastrophic effect of this but at some point people have to come to the table and understand that we need to start doing this. I mean, back in 1987 was the first time I testified here in D.C. at one of these panels. We needed to have management on the Federal lands then. We are now several years past. We are still dealing with the same questions. We are still not getting management on the lands. What do we do to get people to move?

Mr. DEFAZIO. Well, we put in place a plan. It is just like balancing the budget here. We can't balance a budget in one year, but if we had a plan to balance it in 10 years so it was credible then people would say, OK, we get it, 10 years, that is reasonable, good.

The same thing here, we need a transitional plan to move back to more active management. So thank you, Mr. Chairman.

Mr. BISHOP. Thank you. Mr. Tipton.

Mr. TIPTON. Thank you, Mr. Chairman, and Mr. Crews, I would like to welcome you. I am just down the road in Cortez. Certainly a pleasure to be able to see you here and appreciate your testimony.

Could you give us a little example during your tenure while you have been in the Norwood School District how your funding levels have changed just over your time period there?

Mr. CREWS. Our funding levels for the whole general budget?

Mr. TIPTON. Just specifically what is coming off the Forest Service.

Mr. CREWS. Oh, off the Forest Service. It has reduced—the way it was set up in 2000, our county actually was taking probably 95 percent of the money, and then around 2008, I came in around 2007. Around 2008 one of the commissioners saw this and said that we need to give more money to our two school districts in our county, and so we received—at that year we were reversed and we received about 95 percent of the money between the two school districts.

Mr. TIPTON. Right.

Mr. CREWS. About that same time state law changed and created this 25 percent for the county, 25 percent for the schools, and then the 50 percent would be negotiated, the rest of it, and that was worked well. I have been involved in that for the last two years, and it has been a nice relationship that we have built with the county understanding kind of their needs and them understanding the needs that we have in our districts and for our kids, so it is working well.

Mr. TIPTON. But you are strained as a school district to be able to provide for your students?

Mr. CREWS. Well, overall, you know.

Mr. TIPTON. Could you maybe explain? You and I may be the only two people in the room that will be able to distinguish the difference. Is there a per capita difference in terms of Telluride versus Norwood?

Mr. CREWS. There is actually, as far as student PPOR, the money the people, the revenue money, we can—we actually receive a little bit more than Telluride just because of our need, so we have some state equalization levels there. As far as generating money, Telluride probably could generate more money with their assessed valuations than we can in Norwood.

Mr. TIPTON. That is my understanding, obviously

Mr. CREWS. There is that separation there between the two.

Mr. TIPTON. Right. I would like to go back over to Ms. Morrison. You were talking about trying to seek, and I gather Mr. Pearce just left, that you are looking for a long-term solution.

Ms. MORRISON. I didn't hear the first part that you said before Mr. Pearce.

Mr. TIPTON. I said Mr. Pearce just left from our previous panel, that it seemed to me that as county commissioner you are really looking for some kind of a long-term solution. You were talking about the report prior to my being here certainly. It was making some recommendations and there has been no response from Congress. Is this sort of like a tree falling in the forest if there is nobody there to hear it?

Ms. MORRISON. It could be like that but looking at this panel the makeup, there are only five on here that were here in 2000 and 1999 when we first started working on this, and so again, you know, that education level, you are not being aware that these were submitted to Congress is understandable. Why they were never acted on I really don't know.

And the other one is back in 1998 this was presented to Congress at the same time. This was options for the Forest Service Second Century, and this was a compilation of possible solutions on how Federal lands could be managed, and the trust concept is in here

as to transferring the ownership, taking it away from the Forest Service or the Bureau of Land Management and putting it into a trust of some sort, and again, the group that put this together was very diverse. I mean, you had the National Wildlife Federation, you had Andy Stall on here. I am not sure you are familiar with Andy or not. You had Mark Ray, Doug Crandall. I mean, a real diverse group of people that actually agreed on these concepts on managing our Federal lands in the second century. Again, to my knowledge, there has not been a lot of discussion—I think it is starting—as to how we can utilize some of these recommendations

Mr. TIPTON. Well, believe me, I have real empathy as a Westerner, and obviously natural resources, many of our members come from the West, and I think our eastern counterparts sometimes have difficulty getting their arms around some of the challenges that we face when up to 98 percent of one county that I represent is either Federal or state lands. There are real challenges, and when we have school districts liked Norwood that are supposed to be able to educate our children, so we have people that are able to provide services when people come out to their public lands as well, national public lands as well. We want to be able to provide those services. We want to have an educated public, and we need to be able to find out a revenue stream that is going to be addressing those local concerns, and to be able to empower our local communities to be able to make some of those decisions, and the stumbling block, my sense is, is right here in Washington that we need to be working on.

So thank you, Mr. Chairman.

Ms. MORRISON. More aggressively

Mr. BISHOP. Thank you. Mr. Garamendi. Oops, I mispronounced that too, didn't I? I have been mispronouncing every name today. Please don't take it personally.

Mr. GARAMENDI. Like most of us in this business, we are called many, many different names.

These issues have gone on forever. For me it is 36, almost 37 years now dealing with these kinds of issues. There is a transition that is occurring in the timber industry in the West, at least in the Sierra Nevada mountains in the California region and I think also in Oregon, the transition from what was originally a selective harvest program to a clear cutting program and tending now back to either a selective harvest or a significantly reduced clear cutting program. I think that is kind of the transition we are in.

That transition in its current stage moves toward a sustainability model so that there will be a sustained yield over a period of time, and also sustained employment that would be affected by the economy, the housing industry principally. So, I think that is where we are headed or maybe we are already there in some places. Just correct—yes or no?

Ms. MORRISON. I would agree.

Mr. GARAMENDI. Now that being the case we are then in a transition period here in which these communities will stabilize at some level due to the—those that are dependent upon timber harvesting will stabilize at some level. In the region that I come from and represented for a long, long time, it is at a very minimal level,

and the area has moved onto other kinds of activities principally, although there still is a timber industry.

I think the question we are faced with—with the end of the SRS program or the need to renew it—is a transition period in which the communities are allowed to transition to a more stable level. Those communities that are in these areas also have new economies or potential growth economies, recreation principally, and maybe some other industries that have moved into the area.

So back to that transition period. How would you want to structure say an SRS or a similar program for the next five years, and just run down the—I will let you start and go from there. I have two minutes and 30 seconds.

Ms. MORRISON. Again, when it was first passed in 2000, the thought was that during that period of time to 2006 that there would be this ramp down and ramp up, which did not happen. So what period of time do you want me to suggest when that didn't work? I am not sure——

Mr. GARAMENDI. That begs the question. In your view why didn't it work?

Ms. MORRISON. Because I think that there was an unwillingness by the agencies. I mean, the agencies are strapped, to be perfectly honest. They are damned if they do and they are damned if they don't, and they drag their feet in regards to trying to get something out there. It is like they are trying to appease everybody. The analysis with paralysis, that is the agency side.

Mr. GARAMENDI. OK.

Ms. MORRISON. Looking at it from the county side, I didn't see the counties, because I was very involved, I was on the board at that time, aggressively trying to find solutions to do this, and all of a sudden 2006 is here, oh, my god, we are at the cliff again. This willingness to work together and make direction, I think, needs to be——

Mr. GARAMENDI. Given the problem you have described, and thank you, let me posit a couple of solutions. The Federal agencies, Bureau of Land Management and Forest Service, you are quite correct about the management. They are underfunded, understaffed, and you are correct about the box that they are in.

Mr. GARAMENDI. Maybe we can do something about the box that they are in but clearly we are going to have to do something about the staffing level if we are going to be successful at getting timber harvest plans done.

Ms. MORRISON. They need road engineers, they need somebody that knows how to even plan a timber sale. They have fish biologists, wildlife biologists, hydrologists, geologists, but do they have engineers anymore that really know how to put up a timber sale? Not in my region they don't.

Mr. GARAMENDI. Well, that is an important point for us to know, and we could potentially deal with that. So the timber harvest plans need to go forward. That is a piece of it. That provides some level of funding. It won't be at the maximum level that it used to be in the past, but it is presumably a sustained level over time.

Then the payment side of it, that is, the Federal payments coming in. I don't have to time you and I don't have time to tell you anyway, but budgets are a little tight around here.

Mr. GARAMENDI. And likely to be for awhile so we have to figure out how to deal with that piece of it, too—and then the final piece, and thank you for the additional time, Mr. Chairman—is the other kinds of economic activity that might be available in any given area, and it varies wherever it happens to be. So, we need a comprehensive look at this, and I think those would be the three areas. So as we go forward with a re-write of the SRS, adequate Federal money, hopefully, the agencies, BLM, Forest Service, instructed to put together management plans, forest harvest plans, and then some sort of economic development program going on within the communities. Is that a reasonable model?

Ms. MORRISON. I am not sure about the economic development component. Being from a very small coastal rural community in Oregon, we are surrounded on three sides by Federal forests and the ocean on the west. We are very limited in any kind of economic development because of transportation issues, labor issues and those that bring people in. So we are a natural resource-based community. There are just no ands, ifs, buts or maybes about it.

Mr. GARAMENDI. Understood. I will give an example that will occur perhaps I think in Mr. McClintock's new district. The communities there have joined together to develop a tourism plan. It used to be logging and agriculture, but now it is morphing into something different, so there may be tourism opportunities. Kind of like to go to your place and forget about this place for a couple of days, so you have that kind of potential.

Anyway, maybe the legislation could be drafted in such a way as to deal with those three elements.

Mr. Chairman, I have taken more than my time and I appreciate it. Thank you so very much

Mr. BISHOP. Thank you. I appreciate it. Let me ask a couple of questions here, Mr. Tenney, if I could.

Has the planning process for the Forest Restoration Initiatives indicated how much timber revenue it could produced that could be shared with the counties?

Mr. TENNEY. Mr. Chairman, yes, the plan process is well underway and we are trying to do this in big chunks. The first planning process we are undergoing right now is a 700,000-acre area. They have never done NEPA at this scale before. We are out. The first RFP from the Forest Service for the first contract is 4FRI is out right now. Those bids are due back in roughly a month, and that is going to tell us a great deal about what are the industries that are out there that are saying they are willing to return to the area. There have been—people have stepped up and said they are willing to put in OSP plants and things of that nature. That RFP process is going to tell us what those companies will pay.

Bear in mind that the 4FRI is largely the small diameter timber. It is not really getting into the big commercial timber. That needs to come as part of another project, but it is a little too early, Mr. Chairman, to tell what they are saying those revenues will be. I don't anticipate a lot of revenues off of at least the first initial contract in 4FRI, but to me it is a lot like the Field of Dreams, build it and they will come.

We start offering up these timber sales and start offering up these acreage for treatment and the industry will return and the receipts will return

Mr. BISHOP. Thank you. You know, many, in fact almost everyone has argued today that in order to increase the forest management on a broad scale we have to address NEPA reform or other environmental laws that seems to help delay or obstruct active forest management. Is that something Navajo County would support as part of a legislation that might extend Secure Rural Schools?

Mr. TENNEY. Absolutely. Everyone that I deal with understands that NEPA is a problem in these processes, and that some type of reform is needed. You know, one thing that comes to my mind, my kids are, and I have been involved extensively in athletics and especially in wrestling, and the legendary wrestler Dan Gable is famous for saying, "If nothing changes, nothing changes." And you know, we can do all we want to say we are going to try to end Secure Rural Schools and have a plan, but if we don't change NEPA and some of the policies that the Forest Service and others are bound by it will never change, and you will never get to the transition period that Ms. Morrison is talking about to get away from being on the dole and getting back to using industry. We have to change it. Unfortunately, counties can't force that change as much as you folks can

Mr. BISHOP. I wish that were true.

All right, Mr. Crews, let me ask just a couple of questions. Does the Colorado system have an equalization statewide for revenue for schools?

Mr. CREWS. Yes. Did you want me to explain the formula?

Mr. BISHOP. No, not necessary, but you do have a state equalization program for both——

Mr. CREWS. We do state equalization, right

Mr. BISHOP. For both MNO as well as construction?

Mr. CREWS. I am not sure for construction

Mr. BISHOP. OK. Would you support increasing management, forest management, timber revenues as a funding source?

Mr. CREWS. I would support it. From what I am learning as I am going through this, Colorado has some issues as far as like we were hearing today. There is only one mill that is on its way to being closed or is closed, and so there is going to be a lot of—there needs to be a lot of changes in Colorado in order for us to create that production in the forest.

Mr. BISHOP. I have no idea when you started the equalization formula in Colorado but with a 25 percent payment that Colorado has been receiving, provided education money before Secure Rural Schools went into effect, was that part of the equalization process or should it be? And if you don't know if it was just by timing, should it be part of the equalization process? Should the money and the revenue that comes into Secure Rural Schools or from increased sales be part of the equalization?

Mr. CREWS. I don't now if it was. If it generates any revenue, then yes.

Mr. BISHOP. Then it should be part of it.

Mr. CREWS. Yes.

Mr. BISHOP. OK. I have no further questions except I appreciate all three of our witnesses.

Mr. McClintock, do you have anything further?

Let me thank all three for spending time with us, for coming out here, for waiting through all of this time period. I appreciate it very much. We thank you for your testimony, both oral testimony and written ones which will appear in the record. If there is no further business, then we are adjourned. Thank you, sir.

[Whereupon, at 12:55 p.m., the Subcommittee was adjourned.]

[Additional material submitted for the record follows:]

["Community Forest Trust, A Pilot Project to Compliment Secure Rural Schools and Community Self Determination Act Reauthorization" submitted for the record follows:]

Community Forest Trust
A Pilot Project to Compliment
Secure Rural Schools and Community Self Determination Act Reauthorization

July 26, 2011

Proposed by:
Boundary County, Idaho
Clearwater County, Idaho
Idaho County, Idaho
Shoshone County, Idaho
Valley County, Idaho

Summary

Idaho counties with significant federal lands inside their borders are proposing a Community Forest Trust pilot project in Idaho. The pilot project will provide a pathway for counties to successfully transition away from federal transfer payments under the Secure Rural Schools (SRS) Act. The proposal is for Community Forests to be designated from federal forest lands within Idaho and managed in trust by the state for the benefit of county governments and local communities. Professional forest management would be provided by the Idaho Department of Lands under the environmental laws that apply to all Idaho state forest trust lands. Proceeds from management of the Community Forest Trust lands would be distributed to counties receiving Secure Rural Schools funding in lieu of transfer payments from the federal treasury, after having first reimbursed the Idaho Department of Lands for land management costs. Management of the Community Forest Trust lands would be overseen by an Idaho Community Forest Trust Board consisting of five elected county commissioners from the counties with the most significant proportion of federal forest land within the state.

Background

The U.S. Congress has perpetually recognized special obligations to local governments and communities where the federal government has extensive land ownership. When federal forests were first established, the premise and promise was that local communities would welcome federal ownership as they would benefit both from the economic activity on federal forest lands and would receive a portion of the revenues generated from the sale of timber and other resources on those federal lands. Federal law required that 25% of the receipts from national forest resource sales be returned to the counties where those lands were located.

Beginning in 2000, the U.S. Congress recognized that revenues from national forest activities had declined significantly and moved to meet the obligation to local governments and communities by enacting the Secure Rural School and County Self Determination Act (SRS). This law established transfer payment schedules for federal monies to be paid from the U.S. Treasury directly to the counties, proportionate to funds lost from timber harvest revenues, in order to meet the obligations of federal ownership. Since 2000, this law has been reauthorized twice and is now up for reauthorization again.

The SRS funding was always intended to be an interim measure that would be in place only until new programs on federal forest lands were established that would provide reliable and sustainable revenue to local counties. That transition has not come to pass. Instead, federal forest management has declined, and with it, so

too has the revenue to the U.S. treasury and local counties. New Forest Service programs targeted at landscape level forest restoration and fuels reduction have faltered or not come to fruition.

This paper outlines a new way to restore much needed forest management on federal land as well as a way to generate a more reliable source of revenue for counties in Idaho that have historically depended on receipts from federal forest management activities. Authorizing a Community Forest Trust in Idaho will advance a reliable, sustainable and environmentally responsible forest management process that will also provide revenue to county governments to help pay for schools, road maintenance and other essential services.

Community Forest Trust

The Community Forest Trust concept is offered as a long term solution to meeting the federal government's obligations to counties and communities with federal lands inside their borders. The goal ultimately is for the U.S. Congress to designate specific federal forest lands within Idaho as a Community Forest Trust that would be managed in trust for local counties and communities. Professional management of the Community Forest would be provided by the state's professional land management agency, the Idaho Department of Lands, for the legislatively defined purposes of supporting county governments and providing sustainable forest stewardship. The Community Forest Trust lands would remain the property of the United States government but would be managed in trust for county governments under environmental laws as they apply to state lands. Elected representatives from the federal land counties would be appointed by the Governor to a Community Forest Board that would ultimately be responsible for land management decisions. Management costs would be deducted from the revenue earned from land management activities and paid back to the Idaho Department of Lands.

Net revenue generated from management of the Community Forests would be pooled and distributed under a mutually agreeable distribution formula to all counties within the state that are currently receiving SRS funding. These payments would offset any SRS payments from the federal government. Further, any net revenue generated from the Community Forests would not impact other county payments under the Payment in Lieu of Taxes (PILT) program.

Requirements

Sustainability: Community Forests will be required to have a resource sustainability plan and must be managed to protect the long term productivity of soil and water.

Public access: Public access will be provided to all Community Forest lands in a manner that best facilitates access and use and that protects environmental values.

Environmental Laws: Environmental laws will apply to the management of the Community Forest lands as they are applied to the management of forest lands managed by the State of Idaho.

Wildfire: The federal government will retain firefighting responsibility for the Community Forest Trust lands.

Environmental Standards

Each of the counties proposing the Community Forest Trust concept is currently engaged in ongoing multi-stakeholder collaborative efforts on federal land projects that include Native American tribes and environmental organizations.

The Community Forest Trust Board and individual participating counties will seek advice from established collaboratives and/or functioning Resource Advisory Committees (RACs) on how Community Forest Trust land management programs can best accomplish support for counties, communities and multi-stakeholder interests that are consistent with the purposes of the Community Forest Trust concept.

Community Forest Trust—Pilot Project

The immediate proposal is for the U.S. Congress to approve a 200,000-acre Community Forest Trust pilot project in Idaho to demonstrate how the project would function and to evaluate and fine-tune the concept. The pilot would continue for at least five years or for the duration of the next SRS reauthorization, whichever is longer.

Monitoring: Effective environmental and performance monitoring is key to the success of the Community Forest Trust pilot. Idaho State Best Management Practices (BMPs) and water quality monitoring programs will be required on all Community Forest Trust pilot lands in the same manner that they occur on existing state forest lands. Further, the Community Forest Trust Board will consider and implement additional monitoring programs that they determine necessary to properly evaluate the pilot program. Implementation of these monitoring activities will also

be funded by revenue generated through Community Forest Trust management activities.

Other monitoring programs from federal government and/or other third party interests are encouraged and permitted provided that the program designs are approved by the Idaho Department of Lands and the Community Forest Trust Board and that independent funding is provided.

Designation of Community Forest Trust Lands

The designation of lands included in the Idaho Community Forest Trust pilot project will occur by federal law as part of the SRS Act reauthorization. The Idaho Department of Lands will use Forest Service data and recommendations to identify lands that best meet the purpose of the Community Forest Trust pilot.

The following criteria will apply:

1. Roadless lands identified in the Idaho Roadless Rule cannot be included in the pilot project unless they are classified as General Forest by the Rule.
2. Selected lands will be in contiguous "blocks," efficiently sized for management purposes and among the Idaho counties with established Idaho Department of Lands management offices. To the extent practicable, lands will be selected that include different forest types and landscape conditions to evaluate differing opportunities within the state.
3. To the extent consistent with the purposes of the Community Forest Trust concept, preference will be given to lands that meet the following criteria:
   a. Are within the Wildland-Urban Interface (WUI) or otherwise identified by the counties as critical for community protection.
   b. Are classified as forest health condition Class 2 or 3 by the Forest Service.
   c. Are consistent with management goals for endangered species.

[A statement submitted for the record by The Honorable Jeff Denham, a Representative in Congress from the State of California, follows:]

Statement submitted for the record by The Honorable Jeff Denham, a Representative in Congress from the State of California

The Secure Rural Schools Program was implemented as a bridge program to provide time for rural counties to transition away from timber harvesting economies. The program was implemented because of the layers of environmental regulation that halted timber production on federal lands, which deprived local communities of timber receipts which helped fund local schools, roads, and emergency services. The 3rd reauthorization of this program will expire this year, and we cannot continue to proceed with the status quo; because doing so would further devastate our local and rural communities.

Our local communities do not want to continue the Secure Rural Schools Program. They want jobs and healthy forests, and they are tired of the budget uncertainty, bug infestations, and the constant threat of wildfires. With the federal government controlling too much of the land in these counties, it is extremely difficult for the communities to redevelop, build and grow their economies. The status quo is continuing to hurt our local schools and communities as the payments are being pinched during these tough economic times.

The federal government must begin to manage its forests in a safe, economical manner, including the harvesting of timber. With the appropriate management of our forests, our rural counties will be able to fund their schools, maintain their roads, and provide the necessary emergency services to keep the communities safe. This economically sound solution will also relieve the need for the Secure Rural Schools Program and provide jobs to these communities that are struggling. In my district the unemployment rate is well above the national average, and hovers around 17 percent. Relieving the high unemployment and providing the necessary funding for rural communities is imperative in today's economic climate.

Another priority that is lost in the federal government's current forest management practices is that of preventing wild fires. As the Chair of the Economic Development, Public Buildings and Emergency Management Subcommittee, I am constantly trying to make sure that our forests are safe and the risk of wild fires is as minimal as possible. The mismanagement of our forests on federal land is directly increasing the risk of wild fires. According to the Forest Service, wild fires have burned an average of 7.8 million acres every year over the past five years. As a Representative from California, I am far too familiar with the devastation of wild

fires. In California, where environmental regulations are far more over-burdensome than in other states, we are annually threatened by severe wild fires that cause millions of dollars in damages and claim many lives. We need to prevent these fires by managing our forests for the public interests of safety and job creation, which are far too often overlooked by the Administration and extreme environmental regulation.

Not only has there been a failure to manage the forests on federal land, but there is a practice of prohibiting public access to federal lands. This prohibition coincides with the desire to stop timber harvesting and fails to produce economic value or renewable energy of the land. These federal lands are publicly owned and should be managed in the best interest of the public, not to their detriment. The use of the forests on federal land will create a viable economy and many job creation opportunities in the West. The economy and jobs surrounding the timber industry are not just those that are harvesting in the forest. The chain of jobs extends to biomass generation for a renewable energy source, to the building and housing market, and furniture production for use within those buildings and homes.

The Secure Rural Schools Program is not the best option for our local counties. The best option is to develop and implement a forest management plan that will utilize our natural resources to put Americans back to work, create much needed energy supplies, and fund the rural schools and emergency services of our local communities. We can no longer continue along with the status quo, and we must begin to restart our timber industry to help our struggling communities relieve high unemployment and constant budget uncertainty.

[A letter submitted for the record by Steve Moyer, Vice President for Government Affairs, Trout Unlimited, follows:]

The Honorable Rob Bishop
Chairman
Subcommittee on National Parks. Forests and Public Lands
123 Cannon
Washington, DC 20515

The Honorable Raúl Grijalva
Ranking Member
Subcommittee on National Parks. Forests and Public Lands
1511 Longworth
Washington, DC 20515

RE: Oversight Hearing on Secure Rural Schools Reauthorization and Forest Management Options for a Viable County Payments Program

Dear Chairman Bishop and Ranking Member Grijalva,

I am writing on behalf of Trout Unlimited and its 140,000 members nationwide in support of reauthorizing the Secure and Rural Schools and Community Self-Determination Act (SRSCA). Since its enactment in 2001, SRSCA has made an important contribution to community infrastructure and public land stewardship in rural counties. The SRSCA has been a key funding source for rural counties' essential services, including roads and schools, and also has provided critical funding for public land restoration projects. Healthy public lands not only provide high quality habitat for fish and wildlife and thus exceptional fishing and hunting opportunities, but also important services on which downstream communities rely, such as clean water.

Under SRSCA, allocated funds are organized under three titles (Title I, Title II and Title III), and are used by rural counties for a variety of purposes. Title II supports cooperative resource conservation projects with strong stakeholder and community buy-in. Under Title II, the Secretaries of Agriculture and Interior are authorized to establish Resource Advisory Committees (RACs), which are charged with proposing Title II projects. Each RAC must consist of fifteen stakeholders, broadly representing conservation, community and commodity interests. The applicable Secretary has the discretion to approve of RAC projects. Such projects must further the purposes of the SRSCA, including fostering investment in roads and other infrastructure, soil productivity, ecosystem health, watershed restoration and maintenance, control of noxious weeds, and reestablishment of native species.

The RACs created under SRSCA are a natural fit with TU's work because of our partnership approach, and our focus on restoring watersheds. The funding that comes through the RACs has contributed to these cooperative restoration efforts.

Lincoln County, Montana is representative of economically stressed rural counties with large public land holdings that have benefited from SRSCA funding. Throughout the most recent re-authorization of the Act (FY 2008–2011), payments to Lincoln County have totaled $7,182,763; $804,158 of which were Title II funds. Through these Title II funds alone, over 256 projects have been approved and 62 projects have been completed. Title II projects create jobs because the work is done by local contractors. For example, $25,000 in SRSCA funds were used in Lincoln County to replace an under-sized road culvert with a larger, bottomless arch culvert, restoring fish passage in Zulu Creek for native Westslope cutthroat trout and preventing future road failures, thereby creating significant cost savings for Lincoln County. Simply put, many projects like the Zulu Creek culvert replacement would not happen without SRSCA funding.

Because of its demonstrable success, we strongly support reauthorization of the SRSCA. This legislation has promoted healthier public lands in tandem with healthy rural communities. To date, the SRSCA has provided funding for hundreds of stewardship projects in rural counties and created new economic opportunities across a number of sectors. The reauthorization of the SRSCA is an important step toward securing the future health of our rural communities and public lands and waters.

Sincerely,

Steve Moyer
Vice President for Government Affairs
Trout Unlimited

[“Proposing a Community Forest Trust” submitted for the record by Boundary County, Idaho; Clearwater County, Idaho; Idaho County, Idaho; Shoshone County, Idaho; and Valley County, Idaho, follows:]

PROPOSING A COMMUNITY FOREST TRUST

STATEMENT OF
SKIP BRANDT, COMMISSIONER, IDAHO COUNTY, IDAHO
JON CANTAMESSA, COMMISSIONER, SHOSHONE COUNTY, IDAHO
GORDON CRUICKSHANK, COMMISSIONER, VALLEY COUNTY, IDAHO
DAN DINNING, COMMISSIONER, BOUNDARY COUNTY, IDAHO
STAN LEACH, COMMISSIONER, CLEARWATER COUNTY, IDAHO

Introduction

This statement is submitted by five duly elected County Commissioners from five different counties throughout the forested region of Idaho. This statement presents a Community Forest Trust proposal that will allow a transition path from the federal transfer payments of the Secure Rural Schools and Community Self Determination Act (SRS) program, to a sustainable and reliable program for revenues which do not depend on distributions from the U.S. Treasury. Our proposal is for specific lands within the Idaho national forests to be designated as a Community Forest Trust and that the resources on those lands be managed in an sustainable and environmentally sound manner for the purpose of generating resources for Idaho counties in lieu of transfer payments under the Secure Rural Schools program.

We support reauthorization of the SRS program in 2011 as it is immediately essential to the funding of county government school and road programs throughout the country. However, as part of that reauthorization we are specifically proposing the Congress include legislation to establish a Community Forest Trust pilot project in Idaho. The pilot project will demonstrate the opportunity for the Community Forest Trust to provide a far superior alternative to the SRS federal transfer payments. Additionally, revenues generated from the Community Forest Trust pilot project would quickly begin to offset some of the federal government transfer payments under the SRS program, and thereby help immediately to partially reduce the impact to the federal treasury for SRS payments.

We have developed the Community Forest Trust concept from our combined experience with local government and natural resource management, and with considered and ongoing input from natural resource management professionals. Each of our counties has voted formally in public meetings to embrace the Community Forest Trust concept for Idaho and to seek authorizing legislation from the U.S. Congress.

We do appreciate the federal government's long standing obligation of support for counties with significant quantities of federal land. Congress has recognized, and we completely concur, that there must be a federal mechanism for contributing funds to local government where federal lands are not available for the local government tax base. The federal transfer payments of the SRS program have been essential for the last several years to maintaining threshold county government services for schools, roads, and public safety. However, the continuous uncertainty over whether the SRS program will continue and if so at what level, does not provide for stability, and makes it impossible for our counties to develop long term plans. We also believe the federal deficit is a significant problem for our entire country and a primary threat to our national security. The Community Forest Trust will help address these paramount issues. Additionally, the Community Forest Trust has the opportunity to stimulate increased economic development and employment in our rural communities, and facilitate efficient prioritized treatments of unhealthy forests with high risk of fire and disease. These are priorities we also share with the U.S. Congress.

Community Forest Trust

Our proposal for a Community Forest Trust is described in detail in the attached concept paper. Basically the idea is for a Community Forest Trust to be designated by Congress from federal forest lands within Idaho and further for Congress to provide those lands be managed in trust by the state for the benefit of county governments and local communities. Professional forest management would be provided by the Idaho Department of Lands under the environmental laws as they apply to all Idaho state forest trust lands. Proceeds from management of the Community Forest Trust would be distributed to counties receiving Secure Rural Schools funding in lieu of transfer payments from the federal treasury, after having first reimbursed the Idaho Department of Lands for land management costs. Management of the Community Forest Trust would be overseen by an Idaho Community Forest Trust Board consisting of five elected county commissioners from the counties with the most significant proportion of federal forest land within the state.

The Community Forest Trust would be required to be managed sustainably and with multi-stakeholder input and environmental monitoring. Each of our counties is actively engaged in multi-interest collaborative discussions on federal lands management projects. We would build on these relationships to solicit input to help shape management plans and projects for the Community Forest.

We are not proposing any transfer of ownership of the Community Forest Trust lands. They would remain in federal ownership and open to public access and use for all Americans. We are proposing transfer of management authority for the resources on the designated Community Forest Trust land for the defined purpose of supporting rural counties under the processes described herein.

Pilot Project

To demonstrate the benefits of the Community Forest Trust, we are proposing a 200,000-acre Idaho pilot project be initially and immediately approved by Congress, located in management blocks throughout the forested region of the state. This is a small pilot including less than 1% of the 20 million acres of national forest land in Idaho. While it is unreasonable to expect a pilot of this small size to fully offset established levels of SRS transfer payments, it is sufficiently sized to prove and fine-tune the Community Forest Trust model and, once functioning, we believe has the potential to generate up to $15 million annually to offset federal SRS transfer payments to Idaho counties.

Boundary, Clearwater, Idaho, Shoshone, and Valley Counties

The counties we represent contain some of the largest percentages of federal forest lands in the country.

Table 1: National Forest Land by County

County	Total Acres by County	USDA Forest Service Acres	USDA Forest Service Acreage Ownership
Boundary	812,032	490,803	60%
Clearwater	1,575,424	801,599	51%
Idaho	5,430,528	4,431,561	82%
Shoshone	1,685,760	1,200,577	71%
Valley	2,654,048	2,037,245	77%

The Secure Rural Schools and Self Determination Act program is an essential component of our county budgets for roads and schools.

Table 2: 2010 Secure Rural Schools Act- Highway Funding by County

County	Funding Amount	Funding Percentage
Boundary	$1,107,050	100%
Clearwater	$959,373	89%
Idaho	$5,475,081	98%
Shoshone	$1,872,786	100%
Valley	$1,336,272	100%

Face the challenges of all rural America with declining economies, employment opportunities, and populations -living below national standards. Particularly acute in counties with extensive federal forest lands

Table 3: Unemployment Data by County – Number of People

County	Unemployment, June 2010	Percentage Unemployed, June 2010	Unemployment, May 2011	Percentage Unemployed, May 2011
Boundary	772	16.7%	742	14.7%
Clearwater	601	16.7%	578	17.4%
Idaho	905	12.0%	870	11.8%
Shoshone	1,025	16.3%	931	15.2%
Valley	837	17.3%	742	17.0%

Conclusion

We are committed to advancing this concept and very much appreciate the opportunity to present this statement for the Committee record. We look forward to further discussions with the Committee to move this Community Forest Pilot Project forward.

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