

**THE IMPLEMENTATION OF THE  
SECURE RURAL SCHOOLS AND COMMU-  
NITY SELF-DETERMINATION ACT  
OF 2000**

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**HEARING**

BEFORE THE

**COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES**

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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APRIL 21, 2005

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**THE IMPLEMENTATION OF THE SECURE  
RURAL SCHOOLS AND COMMUNITY SELF-  
DETERMINATION ACT OF 2000**

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**THURSDAY, APRIL 21, 2005**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, DC.*

The committee met, pursuant to call, at 10:05 a.m., in room 1300 of the Longworth House Office Building, Hon. Bob Goodlatte (chairman of the committee) presiding.

Members present: Representatives: Moran, Jenkins, Gutknecht, Hayes, Johnson, Osborne, Pence, Boustany, Schwarz, Kuhl, Conaway, Peterson, Holden, Etheridge, Baca, Herseth, Butterfield, Cuellar, Costa, Salazar, Boswell, Davis, and Chandler.

Staff present: William E. O'Conner, Jr., staff director; Brent Gattis, Bill Imbergamo, Callista Gingrich, clerk; Ben Anderson, and Tony Jackson.

**OPENING STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA**

The CHAIRMAN. This hearing of the Committee on Agriculture to review the implementation of the Rural Schools and Community Self-Determination Act of 2000 will come to order.

I want to thank Ranking Member Peterson and each of the committee members for taking time to come to this very important oversight hearing. I would also like to welcome all of our witnesses, who have traveled great distances to be with us today, particularly in light of the difficulty we had scheduling this hearing. We were originally scheduled to conduct the hearing 2 weeks ago. An event intervened which prevented that from happening. I would like to thank everyone for their flexibility in accommodating this schedule change, and I will now proceed with my opening statement.

We are here today to hear testimony on the implementation of the Secure Rural Schools and Community Self-Determination Act. This important piece of legislation turns 5 this year, and it will need to be renewed before the end of next year.

Much of our work on the Healthy Forests Restoration Act and the Secure Rural Schools Act was a bipartisan effort. I look forward to working in that spirit as we embark on the reauthorization of a law that has stabilized payments to rural forest counties, and more importantly, has brought communities together to accomplish

projects that improve watersheds, enhance habitat, and help stimulate rural economies.

We should recall that the National Forest System was formed in 1905 from the Forest Reserves, which were established between 1891 and 1905 by presidential proclamation. By setting aside these lands, the Federal Government reduced the amount of land available for development, and diminished the potential tax base in many areas, in some cases, by as much as 90 percent. This hampered the ability of local communities to support essential community infrastructure, such as roads and schools.

In 1908, Congress passed a bill which created a revenue sharing mechanism to offset the effects of removing these lands from economic development. This revenue sharing mechanism is the foundation of the business relationship between local governments and our National Forest System. Twenty-five percent of the gross receipts, primarily from timber sales from the National Forests, were shared directly with counties, while employment in the wood products industry served as the backbone of many rural economies.

This revenue sharing mechanism and economic development model worked extremely well for most of the last century. However, from 1986 to the present, we have reduced our sustained active multiple-use management of the National Forests. Unsurprisingly, revenues have declined precipitously. Most counties have seen a decline of over 85 percent in actual revenues generated on our National Forests, and therefore, an 85 percent reduction in revenue sharing payments. As the payments decreased, forest counties usually experienced rapid increases in unemployment and economic dislocation as forest products industries closed or dramatically scaled back their operations.

In 2000, Congress passed the Secure Rural Schools and Community Self-Determination Act to stabilize the level of payments to counties and to create a new cooperative partnership between citizens in forest counties and our Federal land management agencies. This Act has empowered local communities to improve forest health and local economies.

This Act is a remarkable success story for rural forest communities. Stable funding provided through title I has restored and sustained essential infrastructures such as schools and roads.

Resource advisory committees, established by title II, are partnering with the Forest Service and other organizations to make additional investments in projects that improve existing infrastructure, enhance forest ecosystems, and restore and improve land health and water quality.

These groups are reducing management gridlock and building grassroots cooperation in counties across America. The resource advisory committees represent a true coupling of community with land managers that is good for the land and good for the communities.

The Secure Rural Schools and Community Self-Determination Act expires at the end of the next fiscal year. While this is an oversight hearing, I will note that a bill to reauthorize it has been introduced. Both Mr. Peterson and I are cosponsors of H.R. 517. We will hold additional hearings on that legislation when it is timely to do so. This law should be extended so that it can continue to

benefit the forest counties, their schools, and continue to contribute to the improving of the health of our national forests.

Let me note that several other members of Congress have asked to submit statements for the record, including Mr. Pombo, Mr. Walden, and Mr. Herger. Without objection, we will include these statements.

And it is now my pleasure to recognize the ranking Democrat on the committee, and also a cosponsor of H.R. 517, the bill to reauthorize the Secure Rural Schools and Community Self-Determination Act. The gentleman from Minnesota, Mr. Peterson, is recognized.

**OPENING STATEMENT OF HON. COLLIN PETERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA**

Mr. PETERSON. Thank you, Mr. Chairman, and I want to thank you for holding this hearing today, and also, along with you, thank the witnesses for coming a long way to be here with us.

According to a 2003 report to Congress by the Forest Counties Payment Committee, the Federal Government is the largest single landowner in the United States, which I guess a lot of us know, 657 million acres, or about one-third of the Nation's entire landmass, and Federal lands comprise 48 percent of the land area in 11 western States. Some of those, I am told by people from those States are considerably higher than that. The Federal Government owns about 5 percent of the land in the remaining 38 States.

As the Payments Committee noted, the presence of federally owned land can have profound effects, both positive and negative, on the fiscal and economic base of a community, as well as on the social fabric. It is because of the profound effects which federally owned lands can have on rural communities that contain such land that the Congress enacted the Secure Rural Schools and Community Self-Determination Act of 2000.

The rural counties that contain federally owned lands depend on this legislation to help them fund, among other activities, school programs and road projects. As section 2(b) of the Secure Rural Act states, the legislation has three purposes, to stabilize payments to the counties, for those purposes, to make additional investments in, and to create additional employment in those counties, which are having problems, because of the situation with the forests, and to improve cooperative relationships among the people that use and care for the Federal lands, and the agencies that manage these lands.

I look forward to hearing from these witnesses whether the Stated purposes of the Secure Rural Schools Act are being met through the way it is currently implemented, and what suggestions they might have.

And Mr. Chairman, I want to thank you again for holding today's hearing, and this, I know, is of great importance to many rural communities, and along with you, I think it is an act that should be extended.

Thank you.

The CHAIRMAN. I thank the gentleman, and it is now my pleasure to recognize the gentleman from Minnesota, Mr. Gutknecht.

**OPENING STATEMENT OF HON. GIL GUTKNECHT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA**

Mr. GUTKNECHT. Mr. Chairman, I want to thank you for having this hearing. I think this is an important issue. In our home State, as Mr. Peterson has already said, we have a couple of very large national forests, and as we look to the West and the South, it is an even bigger issue.

But most importantly, I want to introduce some students who are here from Dover-Eyota High School, watching—so if we are talking about schools and the importance of rural schools, we actually have some students from what some people would call a rural school, so I would like to welcome them to the committee meeting today.

The CHAIRMAN. I thank the gentleman.

Other statements for the record will be accepted at this time.

PREPARED STATEMENT OF HON. LINCOLN DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Good morning. Thank you Mr. Chairman and Mr. Peterson for the opportunity to discuss the Secure Rural Schools Act of 2000.

I think we can all agree that providing rural children access to a quality education is one of the most important things in rural America. I represent the fourth district of Tennessee. It is the fourth most rural district in the country. It also has the third highest number of blue collar workers of any district in the country. Needless to say, access to quality education is a must for the children of my district.

Without access to local schools they will not be able to compete in today's world. The Secure Rural Schools Act of 2000 has helped over 780 rural counties provide access to a quality education. To this day it remains one of the best sources of revenue for rural schools and counties.

It is my hope that today's hearing will answer any questions or concerns that committee members might have on this important piece of legislation. Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Chairman Goodlatte, thank you for the opportunity to share my thoughts on the great success of the Secure Rural Schools and Community Self-Determination Act of 2000 and the need to reauthorize this critical legislation. The County Payments Law, as it is commonly referred has been a vital asset to America's rural counties since its enactment in 2001.

From Oregon to Florida, California to Maine and points in between, counties across America are graced with the beauty of our national forestlands. These lands contribute a great deal to the scenic, commercial and economic ways of life for many Americans, especially in Oregon, where 13 Federal forests and nine Bureau of Land Management districts which they call home.

Counties containing Federal forestland are unable to generate tax revenue on these public lands which drastically reduces their tax base and budgets for critical services such as education and transportation infrastructure the latter of which is vital if the Federal lands are to be accessible for use and enjoyment.

For nearly a century the Federal Government has recognized the need to offset this lost tax base. During much of the 1900's, sharing a percentage of Federal timber receipts with affected counties worked well, all things being considered. I however, we are all aware of the precipitous decline in Federal timber sales during the last decade of the 20th century a decline that resulted in devastating reductions in receipts for counties containing Federal forestlands.

Oregon was hit especially hard when timber receipts fell. Over 50 percent of my district, Oregon's second district, is public land, and 18 of the 20 counties I represent in central, southern and eastern Oregon were impacted with the decline in Federal timber sales.

In the eastern part of my district for example, counties containing the Ochoco National Forest saw annual payments fall from \$10 million to \$309,000, an incredible

97 percent decrease over a 7-year period. This is an insurmountable reduction to absorb, especially for rural counties already facing economic hardship with closures of mills and loss of jobs.

Responding to an urgent need, Congress passed and the President signed the Secure Rural Schools and Community Self-Determination Act into law (Public Law 106-393) in 2001. The law provided a stable source of funding for counties containing Federal forestland so they could provide basic services without fearing uncertain fluctuations in Federal timber sales. I was proud to proudly support this Act.

- Providing students in rural communities with educational opportunities comparable to those in suburban or metropolitan areas;
- Contributing to the financial stability of over 4,400 rural schools and preventing the closure of numerous rural schools often located in isolated areas;
- Allowing over 780 transportation districts and road departments in rural counties to address severe backlog in maintenance projects that stemmed from budgets decimated during the 1990's;
- Strengthening the relationship between local governments, citizens, the Bureau of Land Management and the US Forest Service through the development of Resource Advisory Committees (RACs). So far, 70 RACs have studied and approved over 2,500 projects on Federal forestlands. These projects include fuels reduction, habitat improvement, watershed restoration, road maintenance and rehabilitation, reforestation, campground and trail improvement, and noxious weed eradication;
- The development of over 230 Community Wildfire Protection Plans, 34 of which are in Oregon, that are identifying and prioritizing hazardous fuels reduction projects in Federal forests;
- Programs for at-risk youth in Oregon, such as Union County's Training and Employment Consortium, educate youth on the importance of responsible forest management, establish a sense of pride for work done on public lands, and provide hope and guidance for kids who would otherwise be prone to crime.

Simply put, the County Payments Law is a success and represents government fairness in action. These are America's forestlands and America has a commitment to them and the communities that help maintain their health, beauty and accessibility.

The time has come for Congress to renew its commitment to rural communities across the country by reauthorizing this important piece of legislation. On February 2, I was proud to introduce H.R. 517, the Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005 along with you, Chairman Goodlatte, and Resources Committee Chairman Pombo, and many more colleagues from both sides of the aisle and across the country.

I look forward to working with this committee, the Congress and the President as we continue down this successful and responsible course of action.

The CHAIRMAN. We would now like to welcome our first witness, the Honorable Mark Rey, Under Secretary of Agriculture for Natural Resources and Environment of the U.S. Department of Agriculture.

Mr. Rey has frequently appeared before this committee and is well known to all of us. However, many on this panel may not realize this, but in addition to his better known previous work experience, Mark served for 5 years as professional staff for the Senate Energy and Natural Resources Committee. During that time, he was intimately involved in drafting the Secure Rural Schools Act, and so he brings a unique perspective, as one who has helped to both draft and implement an important statute. I can remember those meetings over on the Senate side, as we worked through that.

Mark, we look forward to your comments. Your full statement will be made a part of the record, and I want to bring up one other issue before we go into the testimony regarding the legislation before us.

As you, I think, are now aware, it was recently brought to our attention that there are some activities under way at the Department that were not brought to our attention by the Department,



but we rather read about them first in the news media, and these relate to—in fact, I first heard about it through a contact with my district director in my office, who heard from a supervisor in Allegheny County, Virginia. It is a pretty remote way to hear about an activity taking place in the Department. But I discovered that former Deputy Chief Tom Thompson had issued a memo to the field on March 4, directing all regional offices of the Forest Service to conduct a review of all of their recreational facilities by July 1. Now, we are keeping in mind that the President's budget said the administration would be conveying language enabling them to close and sell facilities in order to reduce the number of unused facilities and reduce costs. They have thus far failed to submit proposed legislation, but they have objected to individual bills addressing sale of unused facilities on individual forests, on the grounds that they would soon be sending proposed legislation.

So the issues that I would like to raise with you, Mr. Rey, deal with this. First of all, we would ask that you be more proactive in informing me personally and others of these politically sensitive initiatives.

Second, we would ask that we not find out about potential closure of Forest Service facilities in my district and elsewhere in the country from a local county elected official. And finally, we need to have a cooperative effort undergoing here. We are not averse to the idea that these facilities need to be reviewed from time to time, but we are concerned about the timing of such a review, as we head into this budgetary process.

So I hope that you can give us some insight into what the Department plans in this area, and if you can assure us that we will be more readily informed about these activities in the future. So sorry to start out on that note, but it is a great concern of this committee, and if you can address that as well as your other remarks, we would appreciate it greatly.

**STATEMENT OF MARK E. REY, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, U.S. DEPARTMENT OF AGRICULTURE**

Mr. REY. OK. Well, let me start with my comments on the Secure Schools legislation, and then I will finish with a summary of where we are at on the other matter.

Thank you for giving me the opportunity to present the experiences of the Department of Agriculture implementing P.L. 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000, and I will summarize my remarks for the record.

On October 30, 2000, the legislation was signed into law, in part to offset the effects of decreased revenues available to States from declining timber harvests on Federal lands. This Act authorized an alternative to a receipts-based payment system.

The Act embraced three basic objectives. First, to establish a stable payment for schools and roads that supplements other available funds. Second, to make additional investments in public and adjacent private lands, and third, to improve the cooperative relationships among the people who use and care for Federal lands, and the agencies who manage them.

Title I of P.L. 106–393 provides a stable full payment amount for eligible States to benefit public education and transportation. Of the 717 counties in 41 States that were eligible for their share of the State’s full payment amount under the Act, 550, or 77 percent of them, initially decided to accept that payment in fiscal year 2001. Under the Act, in fiscal year 2002, the counties were given another opportunity to receive their share of a State’s full payment amount. Sixty-five additional counties chose to take that payment, bringing the total to 615 counties, or 86 percent of those that were eligible.

Counties receiving their share of a State’s full payment amount are found in 39 of the 41 States that are eligible for funding. The majority of these counties are located in the western and southern portions of the country, while those that have remained under the 1908 25 Percent Fund Act are primarily in the Great Lakes area.

Payments authorized by P.L. 106–393 have totaled \$1.2 billion in total, and have averaged over \$301 million each year since the Act was implemented. Funding derived from the Treasury has provided participating counties a significantly higher payment than would have been the case under the 25 Percent Fund Act. For example, if payments were based solely on 25 percent of receipts, the total 25 percent payment for fiscal year 2005 to all States would have been approximately \$71.4 million, based upon National Forest receipts. The payment, in comparison, for the legislation for fiscal year 2005 was \$395.7 million.

Title I requires that counties that receive a share of the payment amount of greater than \$100,000 set aside 15 to 20 percent of the payment for projects under titles II and III or both. Under title II, funds may be used for a variety of projects on or near Federal lands. Title II also directs the establishment of 15 person resource advisory committees comprised of a balanced representation of stakeholder groups to recommend projects on National Forest System lands and Oregon and California Bureau of Land Management Lands, using title II funds. The committee structure included in P.L. 106–393 was the first attempt to create direct community involvement in recommending on-the-ground projects on the National Forests on a system-wide basis.

To date, we have established 56 resource advisory committees under the Act. They operate at the community level and are found in 13 of the eligible States. The resource advisory committees have recommended, and the Forest Service has approved, over 2,500 resource projects on or near Federal lands with an investment value of over \$100 million.

Interviews with resource advisory committee members, county officials, and Forest Service officials, conducted under a study by Boise State University, suggest that cooperative relationships between the National Forests and their surrounding communities are improving. All groups interviewed noted increased cooperation among the various groups that use, care for, and manage Federal lands.

Title III authorizes counties to use funds allocated under title I for title III projects for certain specific purposes, such as search and rescue, emergency services on Federal land, community service work camps, conservation and recreation easements, forestry relat-

ed after-school activities, and fire prevention and planning. Unlike title II funds, which are used to carry out projects proposed by resource advisory committees, counties decide how to use title III funds. Many counties have used these funds to establish Fire Safe councils and for other community fire planning activities.

When we examine what is working best with P.L. 106-393, I would have to go back to comments made by resource advisory members, who said that the law encourages relationship building, discourse on public policy issues, and a dialogue among groups through the interaction found on the resource advisory committees. Additionally, approximately \$88 million in title II projects and \$94 million in title III projects have been used on National Forest System lands during the Act's first 3 years. These projects have had a significant impact on improving natural resources conditions on National Forests and Grasslands.

Mr. Chairman, the Act is, in general, working quite well since, as you accurately noted, I have had a role in both drafting it and implementing it. I suspect that is a good thing, since there would be very little alternative for me to blame someone else if it wasn't working very well.

But that concludes my statement on the implementation of the legislation, and now, I will turn to the other matter that you mentioned. I think the other matter that you mentioned is a perfect illustration that the best way to get media coverage on an issue is to give a reporter a memo that he or she thinks they shouldn't have, and you can almost guarantee that then they will write a large story on it.

The memorandum from former Deputy Chief Tom Thompson to the field was a part of our ongoing recreation facility planning and inventory process, and what the memorandum required was that each National Forest unit should, by July 1, 2005, provide a schedule to complete their inventory of recreation facilities, not actually have completed the inventory. In fact, we will probably complete the inventory on roughly 20 or 22 National Forest System units this year, with the balance of the inventory work being completed in out years. But what the Thompson memo said was let us have all of your schedules together, so we know how and when these inventories are going to be complete.

The inventories are done as part of a normal business management process, to assess both the use of recreation facilities, as well as ongoing maintenance needs. Any decisions to close recreation facilities do involve the public, and at this point, we are a ways off from making those kinds of decisions, as we are simply assessing what our maintenance requirements will be, and getting a better handle on what the use levels are on some of the facilities.

As you might guess, some facilities are in better shape, maintenance-wise, than others, and some of them are used more than others, as they are more popular. The objective here is to order the maintenance priorities so that those that are in the most need of maintenance, or subject to the highest use, get a priority on maintenance dollars. But we will obviously keep the committee informed as we move forward, and as I said earlier, any decisions that are made to close recreation facilities, and there may be a few of those in the future, those would be facilities that are not being subject

to heavy use, but those decisions will be made after the public has an opportunity to comment on them.

That is the recreation issue. Now, there is a separate issue, in the ones that you discussed, and that is the proposal that we sent forward with our budget, and for which, we will be very shortly submitting legislative language, and that is a proposal to give the agency the authority to convey at fair market value excess and no longer needed administrative sites, not sites that the public uses for recreation purposes, but sites that were and are part of the Forest Service's administration of the National Forest System.

Over time, our needs in that area have changed significantly, and we are currently carrying an inventory of administrative sites, warehouses, and the like, that we no longer need, and that could be used to generate revenue to put into a working capital fund.

Just to give you a sort of an order of magnitude sense of that, the Forest Service today has a little over 30,000 employees, and a little over 40,000 facilities on the National Forest System. Some of those facilities are not of great value, but some of them are, and are excess to our current needs. And we think that we can serve the taxpayer and the management of the National Forest System both very well by conveying those at fair market value, and reinvesting the proceeds in routine maintenance. That legislative proposal will be up shortly. It is just going through review with GSA right now, since they have sort of abiding interest in how this sort of thing is done.

[The prepared statement of Mr. Rey appears at the conclusion of the hearing.]

The CHAIRMAN. Secretary Rey, thank you for that explanation. I would point out that when you undertake initiatives like that, it is a lot easier for this committee which, as you know, has been quite supportive of a number of initiatives by you and by the administration, it is a lot easier for us to defend them when we know about them.

Mr. REY. Certainly.

The CHAIRMAN. And knowing, as you acknowledged, that the news media does take this information, and make it available in places as remote as Allegheny County, VA, and we hear from constituents, local elected officials, it is again, with regard to the initiative to review those sites, helpful for the committee to be informed about those activities as they are undertaken, and I hope you would agree that that would be the course of action that your office should take in the future.

Mr. REY. Absolutely.

The CHAIRMAN. Thank you very much.

Now, to the issue at hand. In your remarks, you speak highly of the resource advisory committees and their workings. Are there steps that we should take to improve their performance?

Mr. REY. We have a couple of recommendations that we will submit to the committee for consideration, to make the work of the resource advisory committees function a little bit more smoothly.

I think one of the areas where the legislation, the combination of the legislation and our Department's own regulations for federally-chartered advisory committees, impose some strictures, are the circumstances associated with replacing advisory committee mem-

bers when either the terms of the current sitting members expire, or for one reason or another, they need to leave service. So, that is probably the major area that we will suggest some changes to you on.

The CHAIRMAN. Very good. Mark, I have been told that not one of the projects recommended or funded by the resource advisory committees has been appealed or litigated. Is that correct?

Mr. REY. That is our understanding as well.

The CHAIRMAN. That is quite a remarkable record, given what we experience in some other areas with regard to our forests.

In many areas, improvements to forest health have been the focus of RAC projects. These efforts have included controlling invasive species to reduce hazardous fuels near communities. Do you have a sense of how many acres have been covered by projects of this type?

Mr. REY. We are collecting acreage data, as these, the data on the projects come in. Our current estimates are that projects involving hazardous fuels reduction have treated roughly 42,000 acres over the last couple of years. And projects involving the removal of noxious weeds or invasive species have treated about 43,000 acres.

The CHAIRMAN. The bulk of the stabilized payments have gone to the West, with smaller payments, fewer eastern States have chosen to form RACs, or have formed them more recently. One of the findings of the County Payments Committee's report was that the success of an RAC is frequently driven by the level of consistent interest displayed by the local Forest Service official, and I wonder if you have taken any steps to encourage the field staff actively to support the development of RACs in the eastern part of the country.

Mr. REY. We started early in December 2000, with direction to the regional foresters and, subsequently, to the forest supervisors, from the chief, explaining the new program, and asking them to begin coordinating it and talking with local elected officials and community representatives on the value of forming resource advisory committees.

Subsequent to that, in early 2001, we began a series of monthly conference calls with designated regional coordinators in each Forest Service region to chart the development of resource advisory committees, and evaluate where we would highlight their effectiveness to encourage the formation of additional resource advisory committees. Those monthly conference calls continue today.

Also, over the last 2 years, we have held national annual meeting, coordinated with the Rural Forest Counties Coalition for any interested resource advisory committee members to participate, attend, share their experiences, and also for other county officials in counties that are considering the development of resource advisory committees to attend and gain the benefit of the experience in those counties where they already exist. The last such meeting was held just last week in Reno, Nevada.

One of the impediments to forming a resource advisory committee in many of the eastern or southern areas is the relatively minimal amount of money that the committee has available to spend is relatively minimal, that serves as a disincentive to go through

the effort of forming a resource advisory committee. There are, however, 31 counties who would be able to spend in excess of \$100,000 a year, who we have targeted to try to encourage to form resource advisory committees.

The CHAIRMAN. Well, as we reauthorize this legislation, we would like to work with you to see that that problem, which I think you have correctly identified, is addressed, and maybe those opportunities are enhanced for other parts of the country.

At this time, it is my pleasure to recognize the gentleman from Minnesota, Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

Apparently, there was a 2003 report to Congress from the Payments Committee, where they made 15 specific recommendations, and among them was to continue to make payments directly to the States, but to provide statutory language prohibiting the States from offsetting the State education dollars with Federal forest payments. Apparently, I guess—we don't—a lot of my folks don't get into this, because we haven't been put out of business yet. They are working on it. But anyway, is it the case now that we are giving the money to the States, and then, the States are just reducing their education payments, and substituting the Federal money. Is that what is going on?

Mr. REY. I don't think it is a case of reducing education payments.

Mr. PETERSON. Well, I mean, they are not getting any more. They are just substituting Federal dollars for State dollars.

Mr. REY. What has happened in a couple of States is that as the State evaluates how to distribute their State education dollars, they factored the Federal contribution into the total, and decided to reduce the contribution to rural school districts, in light of the Federal contribution, and put more money into urban districts.

Now, prior to the enactment of this legislation in 2000, as the Federal payments declined, many States were distributing in exactly the opposite direction. They were having to take their distribution and reallocate it more heavily to rural districts, because of the decline in the Federal support, reducing the percentage that went into urban districts.

Now, what they are doing is, in some cases, Oregon is probably the most notable, is reversing that, in light of the Federal contribution.

Mr. PETERSON. So you have looked at these recommendations, I take it, and——

Mr. REY. We have these recommendations. On this particular one, I don't believe that the administration would take a position.

Mr. PETERSON. Yes. You don't think it is a problem?

Mr. REY. I think it is a problem, but we are reluctant to try to reach into State law, and tell the State how they ought to be allocating State payments to schools.

Mr. PETERSON. Well, I think sometimes we need to tell the States, because in our State, for example, in the last 20, 10 years, the population has shifted, so now, we have 65 percent of the population in the metropolitan area. In the legislature, they are hammering us in the rural areas in a lot of a different cases, and so part of what we are trying to do here is get this money to these

rural schools, and I don't know what the situation in other States is, but in Minnesota, I wouldn't be all that comfortable allowing the State to do this, because I know a pretty good idea what is going to happen. So this is one thing I hope we can look at when we go through the process of reauthorizing this in a little more depth, and just see exactly what is going on, because part—as I understand, what we are trying to do here is provide more resources for these rural schools and this is a little bit off the field, but in our State, and I think in some other States, this No Child Left Behind, the way that has been implemented has really put these rural schools in a bind, because of all the extra costs that has been added, that in my judgment, isn't doing any good.

And we have been trying to fix that situation. So this potentially has the ability to correct some of those problems, and I—from my point of view, I would like to see this money be added on to what the State is doing, and not allow them just to substitute the money. So hopefully we can take a look at this—process, and also, as the chairman stated, to take a look at why some of these areas are not opting into the program. As I understand it, the way it works is you—once you make a decision to go in, you can't get out. And I don't know, maybe there is a good reason for that, but it looks—from what I hear, maybe that is part of the problem, is that people are concerned that they are going to get locked into something, and it may look good today, but 10 years from now, they might wish they had done something different.

So I look forward to working with you as we work through this process, and try to delve into some of these issues a little bit more.

Mr. REY. On that latter point, that is an area we would like to make some suggestions, too, to give the States more flexibility to opt in and out.

The CHAIRMAN. I thank the gentleman. The gentleman from Tennessee, Mr. Jenkins, is recognized for 5 minutes.

Mr. JENKINS. Thank you, Mr. Chairman. I don't have any questions of this witness. Thank you.

The CHAIRMAN. The gentleman from Texas, Mr. Cuellar, is recognized for 5 minutes.

Mr. CUELLAR. No questions, Mr. Chairman.

The CHAIRMAN. Moving right along. The gentleman from Michigan, Mr. Schwarz, is recognized for 5 minutes.

Mr. SCHWARZ. I have no questions.

The CHAIRMAN. The gentlewoman from South Dakota is recognized for 5 minutes.

Ms. HERSETH. Thank you, Mr. Chairman, and for having this hearing today on an important piece of legislation that has been introduced. I am a cosponsor of this legislation to reauthorize the program, and generally, Mr. Rey, what I have heard from folks back in South Dakota is generally consistent with your assessment of how well the program has been working, and the positive impact it has been having to provide some stability, albeit clearly with some problems, as Mr. Peterson pointed out, in terms of State allocations, especially in rural States like South Dakota. And we will be hearing from a distinguished superintendent and education leader, Dr. Timothy Creal, in the next panel, from South Dakota,

with the Custer School District in the Black Hills, which I know you are very familiar with.

But I would like to know, as we try to make this program even better, particularly in light of the financial hardships that many of our rural schools are facing, and despite the positive impact it is having, and how it is working well with those States that have opted in, and the impact it has on the districts, have you heard anything, in addition to what you just mentioned about giving States more flexibility on the opt-in, opt-out? Are you hearing anything that is regionally based, or from school districts, or from local officials, where there have been some problems at all, or what we might do to make it better, to address some of those localized concerns?

Mr. REY. I think the national report does a pretty good job of summarizing the concerns that seem to be surfacing on a consistent basis, in terms of the one that Mr. Peterson mentioned, as well as the need for some areas of greater flexibility in the resource advisory committees operation. I think the national report did a pretty good job of going around the country, and soliciting information from each of the affected regions.

Ms. HERSETH. That seemed to be encompassing of anything that your office has heard, any conversations that you have had with anyone locally. There was, in terms of summarizing what the concerns may be, was there anything that you felt was left out at all?

Mr. REY. No, I think we heard, as we did our own review, and we have one still ongoing, but one that is complete, that was done under contract by Boise State, I think the findings of those reviews have so far been roughly similar to the congressionally chartered national committee's work.

Ms. HERSETH. I appreciate that. And I would just like to say for my colleagues on the committee and others here today, the legislation, in my opinion, demonstrates, as you also acknowledge, given your role in drafting and implementing this program, Mr. Rey, that reasonable timber sales provide many benefits to communities in and around our national forests, and as your background material laid out, in looking at the decline of timber sales for a variety of reasons, starting in the late 1980's and continuing through the 1990's, despite some stability at far lower levels. In addition to providing good jobs and economic development for these areas, it also provides important fuel reduction functions to reduce the threats of wildfires, and the safety of the communities, as well as the local schools that receive the benefits from these programs.

And I know we have had conversations about this in the past, but I do support the Forest Service broader efforts to provide a level of predictability of the harvest and reasonable timber sale policies, not only in the Black Hills National Forest, but national forests across the country.

Thank you, Mr. Chairman. I will yield back.

The CHAIRMAN. I thank the gentlewoman. The gentleman from Colorado, Mr. Salazar.

Mr. SALAZAR. Thank you, Mr. Chairman. I have no questions.

The CHAIRMAN. You are going to be out of here in no time, Mr. Rey. The gentleman from New York, Mr. Kuhl.

Mr. KUHL. Thank you, Mr. Chairman.



Mr. Rey, do you have the information available that would provide to the members of the committee and myself the distributions of funding that have been directed under this law from its instance 5 years ago to date, and how that has been distributed by the various States?

Mr. REY. Sure. We can provide that for the record of the committee. We have State by State breakdowns.

Mr. KUHL. Do you have the breakdown from each State, as to where that money is going, county and school, also?

Mr. REY. We have it broken down to the county level, not the individual school district.

Mr. KUHL. OK. And could you provide that information?

Mr. REY. We can provide that as well.

Mr. KUHL. Thank you very much. I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. The gentleman from California, Mr. Baca, is recognized for 5 minutes.

Mr. BACA. Thank you very much, Mr. Chairman.

Has the Department evaluated the recommendations by the Forest County Payment Committee?

Mr. REY. We have, and several of those recommendations are included in suggestions that we will be providing to the committee during the reauthorization discussion.

Mr. BACA. Will they have major impact, in reference to the recommendations that will be coming forth, do you know?

Mr. REY. I think, by and large, we are in general agreement with the recommendations the committee made.

Mr. BACA. Has any steps been taken to address the situation, I guess, it has been reported the Payment Committee concludes that the Federal payment under the section Rural School Act has not reached many schools, local schools with the intent and the committee made the following finding: "While 34 percent of the States allocate 50 percent of the moneys to education, that States receive only 8 percent of the payment, and almost 56 percent of the payments go to 9 States." Gee, that is terrible, it only goes to nine States, where revenue sharing payments are reduced from State aid, and when all methods of allocating the school portions of payments made by States and counties are considered, it was determined that 63 percent of the moneys from the Secure Rural Schools Act, and 25 Percent Fund payment had no direct effect on the budget on school districts in counties where these public lands are located.

Have any steps been taken to address this situation?

Mr. REY. That question, I think, generally goes to the formula under which the payments are distributed, and that formula is based upon the historic levels of payments when they were a portion of timber sales receipts. So counties that got timber sales receipts of a certain amount get a fixed payment of roughly a comparable amount.

By its nature, that formula is not one that distributes the money equitably across all of the affected public lands counties. Those counties that had a history of a significant amount of timber harvest—timber sale and timber harvest activity, and therefore, a share of those receipts, will—and were designed to, under the 2000 legislation, get a significant amount of money.

Conversely, those counties that didn't enjoy a significant amount of timber sale activity got substantially less money under the shared receipts for those activities. That was the formula that Congress agreed on in 2000. The rationale for that formula is that the counties that were dependent upon timber sale receipts were the ones that were suffering the most as a consequence of the decrease in those receipts.

Mr. BACA. Thank you. Basically, what I am hearing from you is that maybe we have got to revisit that formula, to make sure that it—distribution. Is that correct, Mr. Rey?

Mr. REY. That would be Congress' prerogative. The administration believes that the formula, as it was developed in 2000, addresses the problem that was faced in 2000. But we would be happy to work with the committee.

Mr. BACA. What do you think? What is your opinion?

Mr. REY. I think the design of this legislation was to try to assist those counties that were most dependent upon timber sale receipts and were most affected by the decrease in receipts. A county that wasn't dependent on timber sale receipts probably wasn't as deeply affected by the loss of those receipts. So, I think the original distribution was a fair one, even though it obviously favors some States over others.

Mr. BACA. We should make some changes, probably. Thank you very much, Mr. Chair. I yield back the balance of my time.

The CHAIRMAN. I am informed by the gentleman from Kansas that he doesn't have enough trees in his district to ask a question. So, Mr. Rey, I think you are off the hook.

This all reminds me of my predecessor, whose portrait will be hanging behind me next week, along with his wife, a very nice touch. So come back to see that, but he always told me that he had a town in his district called No Trees, Texas, and always ceded to me the opportunity to handle forestry issues, but we thank you very much, Mr. Secretary.

Mr. REY. Thank you.

The CHAIRMAN. We appreciate your comments and your support of this legislation, and we also appreciate your comments on the other matter that we discussed, and look forward to working with you on those issues as well.

Mr. REY. Thank you very much.

The CHAIRMAN. We are now pleased to welcome our second panel to the table. Ms. Reta Griffith, county commissioner of Marlinton, WV, on behalf of the National Association of Counties and County Commissioners Association of West Virginia. Dr. Tim Creal, superintendent of schools, Custer School District of Custer, SD on behalf of the Forest Counties Payments Committee. Mr. Jim French, superintendent of schools, Trinity County, and chairman, Trinity County Resource Advisory Council of Weaverville, CA. Mr. Delton Butler, campground owner and chairman of the Southwest Mississippi Resource Advisory Committee of Bude, Mississippi.

Mr. Bill Turner, timber procurement manager with Timber Products Company, and chairman of the Siskiyou County Resource Advisory Committee of Yreka, California.

Ms. Griffith, we are pleased to start with you. I would advise all the members of the panel that their entire statements will be made

a part of the record, and ask you to limit your comments to 5 minutes. And Ms. Griffith, welcome, I am pleased to note that you are right across the border from my congressional district, in Marlinton. In fact, I have had the opportunity to bicycle on the Greenbrier River Rails to Trails right through Marlinton, and so I know your area well. Welcome.

**STATEMENT OF RETA GRIFFITH, COUNTY COMMISSIONER, POCAHONTAS COUNTY, MARLINTON, WV, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES AND COUNTY COMMISSIONERS ASSOCIATION OF WEST VIRGINIA**

Ms. GRIFFITH. Well, thank you. It is a very pretty area. I have been to your county many times as well, across the border in Allegheny. Good morning. Chairman Goodlatte, Congressman Peterson, and the distinguished members of the committee. My name is Reta Griffith, and I am a member of the County Commissioners of Pocahontas County in West Virginia. Pocahontas County is one of the largest counties in West Virginia. We have 940 square miles. We do have trees you can come and visit from Kansas there. It is one of the smallest populations, though. We just have over 9,000 in the last census, but over 53 percent of my county is in the Monongahela National Forest.

I am testifying today as the vice chair of the Federal Land Payments Subcommittee of the National Association of Counties. It is also my privilege to represent the County Commissioner's Association of West Virginia. This association's members include elected county commissioners from all 55 of our West Virginia counties.

I want to thank the subcommittee for scheduling this hearing on the implementation of the Secure Rural Schools and Community Self-Determination Act of 2000. And today, I just want to give you a snapshot of the way that title I and title III funds are being used to serve one rural county in the eastern United States.

Unlike many of my other National Association of Counties colleagues, county officials in West Virginia do not have the responsibility to maintain roads and bridges. Our State Department of Transportation has that job. Nevertheless, we do recognize the value of choosing to participate in the Secure Rural Schools and Community Self-Determination Act for the benefit that will accrue to our young people in the county. According to our local school superintendent, we get \$485,000 for Pocahontas County Schools that they receive under title I, and that accounts for about 5 percent of their annual operating budget, and this is clearly a significant contribution to our county.

It is even more important when you consider that we do have the rugged, mountainous topography in Pocahontas County, like many other counties covered by this legislation. That adds to our cost of transportation and educating our children. For example, another county in West Virginia, Pleasants County, their school system has about the same number of students that my county has, and they have a much smaller, more accessible geographic area. Pleasants County only needs 15 school bus drivers, while in my county, I have to employ 24 bus drivers. Those nine additional drivers alone cost our school district nearly \$350,000, not to mention the cost of purchasing and maintaining those additional buses.

Our superintendent also has noted that despite our small population and limited financial resources, Pocahontas County Schools have maintained an excellent record in student achievement, and in the 2002–03 school year, we were one of only 11 counties in West Virginia to actually meet the No Child Left Behind guidelines. Like so many other counties in rural America, we know how to make every dollar count.

The Pocahontas County Commission has voted unanimously to invest the remaining 15 percent funds of the Stabilization Act into title III projects. Specifically, our project is Pocahontas Woods, which is a nonprofit corporation chartered to promote creative and ecologically sound utilization, enjoyment and understanding of the forest resource in Pocahontas County and surrounding areas. Pocahontas Woods is currently running an educational program that provides necessary training for students and adults who are seeking to enhance their skills in the woodworking field, and this is as a means of helping to create high-end woodworking industry jobs in Pocahontas County and in our surrounding communities that will provide an economic benefit to the community.

Pocahontas Woods conducts woodworking classes for both students and adults on an ongoing basis in a temporary facility at our county high school. The classes are conducted immediately at the close of the school day, as well as in the evening, to assure that everyone interested has an opportunity to attend. To date, we have had over 120 students attend one or more of these classes. They have developed a formal apprenticeship program for prospective woodworkers, to be conducted during the summer school recess. This program places students with master woodworkers, and gives them an in-depth orientation of the requirements of owning and operating a successful business. They conducted a pilot program during the summer of 2002, and we are hoping to implement this full program in 2005.

Pocahontas Woods is working on plans for a permanent educational facility that could be used more frequently, and possibly, as a business incubator for local woodworkers. We are also working to expand the scope of the activities to include other forest-related out of school education programs, such as lumber grading for the layman, or short courses in forestry and wildlife biology.

We have received valuable assistance from Oregon counties and our local Forest Service in making sure how we are spending money, and making sure that is in compliance with the Federal laws. The Board of Pocahontas Woods has members from our local school board. There is also a county commissioner on that board. There are representatives from the timber industry and others in the community, and we also include a nonvoting representative from the Forest Service. This group is working, in addition to that, with a Rockingham Community College in North Carolina, where they have set up a program to allow students in our program of Pocahontas Woods to get a 4-year degree at their college, and continue their work in forestry-related fields. We have provided for public comment with each year's allocation, and we have been collecting reports from our grantee on how the funds have been spent, and how their budget is to be spent. We have wonderful open communication with Pocahontas Woods, and they consult the county

commission regularly, to make sure we are aware of how their program, and how those funds are being used.

We are grateful for the resources that have been made available under title I and title III. We hope that you will find us to have been very good stewards of those funds, and that we are achieving the purposes that were set out for us, when you enacted the Secure Rural Schools and Community Self-Determination Act.

Thank you.

[The prepared statement of Ms. Griffith appears at the conclusion of the hearing.]

The CHAIRMAN. Well, thank you, Ms. Griffith. Now, I am pleased to yield to the gentlewoman from South Dakota, to welcome her constituent.

Ms. HERSETH. Thank you, Mr. Chairman. As I mentioned previously, Dr. Tim Creal is with us today. He is here in his capacity, first and foremost, as a member of the Forest Counties Payments Committee, but he serves as superintendent of the Custer County School District in western South Dakota.

For those of you that had the good fortune and opportunity to visit South Dakota, and to be in the beautiful Black Hills, and the Black Hills National Forest, the Custer School District is located in that southern part of the forest, in the southwest part of the State, and Dr. Creal has not only reached out to me, my predecessors, the senators not only from South Dakota, but throughout our region and across the country, in his capacity as a leader, of the importance of this program in education, how schools like Custer impacted significantly.

So it is my pleasure to welcome you and others that have joined you in the past here today to share your thoughts and insights with my colleagues on the committee. Thank you.

The CHAIRMAN. I thank the gentlewoman. Welcome, Dr. Creal.

**STATEMENT OF TIMOTHY CREAL, SUPERINTENDENT OF SCHOOLS, CUSTER SCHOOL DISTRICT, CUSTER, SD, ON BEHALF OF THE FOREST COUNTIES PAYMENTS COMMITTEE**

Mr. CREAL. Thank you very much, Mr. Chairman and members of the committee, for this opportunity today to discuss the critical issue of payments to States and counties associated with the National Forests and Oregon and California Grant Lands. As was stated, my name is Tim Creal, and I am here today representing the Forest Counties Payments Committee, and I would like to thank Representative Herseth for her kind comments.

The Payments Committee was created by Congress to provide recommendations for a long-term solution for making payments to States and counties. The committee is also charged with evaluating payments made under the Secure Rural Schools and Community Self-Determination Act of 2000, and to make other evaluations related to impacts to communities.

A report containing the findings of our committee was submitted to the six congressional committees of jurisdiction in February of 2003. I would ask that the report be made part of my statement today.

During the 18 months of preparing the report to Congress, the Payments Committee conducted 10 listening sessions around the

country, where we heard from school officials, Federal agency employees, local elected officials, and citizens. We also met with Members of Congress and their staff, as well as officials from the administration.

The Forest Counties Payments Committee undertook a research project that provides the most current information on topics such as tax value of Federal lands, the costs and benefits of public lands to communities, and how States allocate the Federal payments between schools and roads. The Secure Rural Schools Act is an effort to have the Federal Government live up to commitments made to communities many years ago, and to hold counties and local governments harmless for changes the government makes in its program levels.

The current law, which expires in 2006, is being implemented by State and local governments, the Forest Service, the Bureau of Land Management, and private citizens through their participation in resource advisory committees under title II.

Mr. Chairman, in 2004, approximately \$507 million were made available through the legislation. The majority of this money, \$426 million, will be used for education and roads, through title I. The remaining \$80 million were set aside by counties for certain county projects and projects on public lands. Without the payments guaranteed under Secure Rural Schools Act, the amount would have been approximately \$82 million. After 4 years of experience with this legislation, it is clear these payments have allowed schools to continue to be viable in many communities. Without guaranteed payments, many rural schools would have lost their ability to provide the same quality education available in many urban schools. School officials told us they would have dropped athletic programs, music programs, honors programs, the very curricula that allow rural schools to compete with their urban counterparts for acceptance into college.

Counties and local governments have also been able to provide better maintenance on local roads and bridges, to meet critical health and safety needs, protect the water quality, and provide access to public lands. Our findings and recommendations regarding funding for education and roads can be found in the report.

One of the great experiments of the Secure Rural Schools Act is found in title II. The belief that local citizens can come together and assist in the management of the National Forests and O&C Lands was not shared by everyone when this law passed. Land management disagreements of the past 15 years caused people to draw lines in the sand, and work out their differences through appeals and lawsuits. It is remarkable how quickly some people have put aside that baggage, and jointly agreed on projects to improve water quality, fuels reduction, and wildlife habitat. There are currently 59 active resource advisory committees, and an additional 29 that have been chartered. In 2004, approximately \$41.8 million were set aside by counties to accomplish projects on the National Forests and O&C Lands.

We find a strong correlation between the amount of money a county receives and whether or not they decide to allocate any to title II and form a resource advisory committee. Given this, we recommend creating other financial incentives where payments are

not significant enough to create advisory committees. We also believe the role of resource advisory committees could be expanded beyond their current authorities.

We are also finding that many resource advisory committees accomplish public land projects by partnering with other financial resources and volunteers. In 2004, approximately \$38.6 million were set aside by counties to accomplish projects under the six categories, excuse me, in title III, authorized by the current law.

Our committee made several recommendations about title III. We commissioned a study that sampled 100 counties around the country to identify costs and benefits of Federal lands to communities. Title III allows counties and local governments to offset some of the costs associated with search and rescue operations and fire prevention created by the presence of public land. We also see a need to have some type of accountability and reporting procedures in place to ensure moneys are spent as Congress intended.

In closing, we are aware of the costs of reauthorizing these payments. Part of the costs should be borne by receipts collected from public lands, but there are not enough, nor are they stable. We evaluated the current tax value of public lands, and compared that to the payments from the Secure Rural Schools Act, and the payments in lieu of taxes law. When considering the aggregate, the tax value of those lands is greater than the combined payments from the 2 programs.

While Congress did not intend for these payments programs to necessarily compensate for lost tax revenue, it is a legitimate measure against the amount that is being paid by the Federal Government. The Forest Counties Payments Committee will continue to be available to this committee, and provide any assistance as new payment legislation is developed.

Mr. Chairman, this concludes my comments. However, I would be happy to answer any questions you or other members of the committee may have. Thank you.

[The prepared statement of Mr. Creal appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Dr. Creal. Mr. French, welcome. Mr. French and, I might add, Mr. Turner, are both from Congressman Wally Herger's district, who is not a member of the committee, but he has submitted a statement for the record, in which he welcomes both of you very much.

[The prepared statement of Mr. Herger follows:]

PREPARED STATEMENT OF HON. WALLY HERGER, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF CALIFORNIA

Mr. Chairman, thank you very much for holding today's hearing on the Secure Rural Schools Act of 2000.

As you know, this important legislation restored education and roads funding to America's rural counties and empowered local citizens to work together to protect their communities and forest watersheds from the threats of devastating wildfire.

It is a pleasure for me to recognize and introduce to you and the committee two of today's witnesses, Mr. Jim French and Mr. Bill Turner.

Mr. French and Mr. Turner, both of whom hail from the northern California congressional district which I represent, played an important role in helping to pass this meaningful legislation and now work in their communities to see that it is effectively implemented.

By serving on the Resources Advisory Committees in their home counties, both men have taken part in innovative and productive solutions to our forest health crises.

I applaud them for the leadership they have exhibited in this effort and for the commitment that they have made to protecting their communities and helping to improve the landscape.

Mr. Chairman, I thank you and the committee again for your past efforts on this issue and for the initiative you are taking today to see that the promise of this legislation and the efforts of individuals like Jim French and Bill Turner are highlighted.

The CHAIRMAN. I might add that I have had the opportunity to visit your district, and to participate in the KARE Woods Tour, which is an excellent tour, for people who are not familiar with the issues for confronting the forest products industry, and confronting the communities that surround our national forests. I stayed in McCloud, in the formerly company-owned town in the—what was the men's dormitory. Now it is a wonderful, very large bed and breakfast, and so I felt very much at home in your congressional districts. I hope you feel very welcome here today, as well.

Mr. French, we welcome your testimony.

**STATEMENT OF JIM FRENCH, SUPERINTENDENT OF SCHOOLS, TRINITY COUNTY, AND CHAIRMAN, TRINITY COUNTY RESOURCE ADVISORY COUNCIL, WEAVERVILLE, CA**

Mr. FRENCH. Yes, Mr. Chairman. Thank you for the opportunity to address the committee on Public Law 106-393, and the uses of title and title II funding resources.

My name is Jim French. I am the Trinity County superintendent of schools, and I am also the chairman of the Trinity County Resources Advisory Council. I also serve on the National Forest Counties Schools Coalition, which contributed significantly to the current law.

Trinity County is a large, rural, mountainous county in northern California, of which 76 percent is national forest. We are the second largest recipient of Forest Reserve dollars in the State of California, once being a large timber producer on national forest land. Trinity County receives a total of \$7,730,027, \$6.5 million of that is in title I, and is annually split between roads and schools, \$927,603.25 is in title II, and \$231,900.81 in title III.

Regarding funding for our schools, I have been a Trinity County educator for 29 years. Forest Reserve funding has been an integral part of Trinity County school funding for well over 40 years, and it is absolutely essential continued success. These funds provide for instructional aides in our multi-grade classrooms, implementing the Federal No Child Left Behind requirements. In my county school's office, the funds are used to provide school nurses, counselors, art, and music programs. Forest Reserve funds additionally fund underfunded special education programs, and a wide array of student programs without dedicate program funding are funded under Forest Reserve. Our annual Spelling Bee, our Academic Decathlon, our Young Author's Faire, and our Young Artist's Workshop, just to name a few.

In an era of declining student population, 24.4 percent of our students have left since 1996, and in an era of declining school revenue, without Forest Reserve funding, my schools would have to eliminate the majority of our instructional aides in programs that



I spoke of. Additionally, the four largest school districts and my county's schools office would file a qualified, or a negative budget with the State, citing the inability to meet our financial obligations. Of our total budget in our schools, it runs about 18 percent of our total funding. Our declining student population is due, in great part, to the changing forest practices, and associated local economy loss, which in turn necessitates greater need for Forest Reserve funding, and I believe that our situation is a common one in rural, resource-dependent America.

Regarding resource advisory committees, I am chairman of the Trinity County Resource Advisory Committee. Our county is the second largest contributor to both title II and title III projects in California, and we dedicate the largest amount to title II projects, by percentage and actual dollar amounts, in California. To date, we have expended \$3,356,086 on 63 RAC projects with title II funds within our boundaries.

Below are features of our successful RAC, which may serve new or future RACs. Early on, our RAC established clear, agreed-upon strategies, as opposed to just reacting to proposals. We decided to focus on fuel reduction projects, on part of that Western Forest that burns regularly, and we decided to focus on fuel reduction projects that help restore the rural communities at risk, and watershed projects that restored and reduced the sediments in our streams and rivers. 10 percent of our title II funds are distributed to other allowed projects, such as trail maintenance, and work with the Native American community in our county.

We identify ground rules for participation, that define the parameters of disagreement within our RAC. In our RAC, the rule is that you are to conduct yourself so that you could be invited to dinner by any other member after the meeting. The RAC process is really about building relationships, and then finding common ground, literally common ground, for projects. Our RAC has identified many partners to collaborate on a program of work as well as funding. We dovetail all our fuel projects with identified communities at risk, as identified by County Fire Safe Council plan, and the majority of our watershed projects have State Fish and Game or Five County Salmonid matching dollars as part of the project.

We complete as much work as possible by grants and agreements, as opposed to contracting with the Forest Service, so we are able to provide local work opportunity and economic growth. We ask our county commissioners to identify our title II funding early in the year, so our RAC has ample time to plan and implement projects. We also schedule enough time in our RAC calendar to allow the process to work. For the first 2 years, we met once a month, but now, we do most of our work by subcommittee format, and the full RAC meets up to 4 times a year to vote on projects.

Critical, ongoing, productive relationships between county government, the Forest Service, and schools are essential to RAC success. RACs should update county commissioners on projects at least quarterly with the Forest Service in attendance. Our RAC originally had two county supervisors on it, which really assisted in that relationship.

Attached for your review, besides the list of all our projects, are just a few of the many photos taken on our RAC Monitoring Field

Trips. They are representative of our many projects, with a focus on fuels projects that have generated some timber revenue. I am proud to say that starting last year, we have been able to generate some salable timber with our fuel reductions projects, reducing the overall cost of projects, as shown photos 1, 2, and 3. I view the generation of RAC approved forest products as an essential feature of our future RAC fuel projects, and a partial funding source for the reauthorization of this bill.

The fourth photo shows our Youth Crew marking saw logs from our 33 mile Mad River Fuel Break, our largest RAC fuels project. It has been important for us and many RACs across the Nation to have our future stewards of the land involved in our projects.

I might add in that photo, those are kids, during the summer, from our comprehensive high school in southern Trinity, that has 54 children in it. It is our smallest high school. I also included, as photo 5, an article on the Big Red Truck RAC project, which is credited with saving homes during the 4,000 acre SIMMS fire near Hyampom, California.

The RAC process has shown great promise for quality collaboration in our county and across the Nation. I think that the members' views of how to manage our forests have grown. Preventing catastrophic wildfire and restoring watersheds are essential to our forest futures, and our RACs stand poised to continue the work, as outlined in the Healthy Forests Restoration Act.

It is critical in my county that Public Law 106-393 be reauthorized to provide continuing benefit to our children, our forests, and communities, maintaining the compact that the Federal Government made with rural counties many years ago.

Thank you for your time and thoughtful consideration. I am happy to answer any questions.

Thank you.

[The prepared statement of Mr. French appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Mr. French. And Mr. Butler, we are pleased to have you, from Mississippi, with us today.

**STATEMENT OF DELTON L. BUTLER, CAMPGROUND OWNER  
AND CHAIRMAN, SOUTHWEST MISSISSIPPI RESOURCE ADVISORY COMMITTEE, MEADVILLE, MS**

Mr. BUTLER. Thank you, Mr. Chairman and distinguished members of the committee. My name is Delton Butler. I am a resident of Franklin County, and chairman of the Southwest Mississippi Resource Advisory Committee.

Franklin County is one of seven counties in which the Homochitto National Forest lies. In fact, the forest makes up 25 percent of Franklin County. The people in our area are excited about Public Law 106-393 for a number of reasons. The payments which it provides allows money for projects that would not be possible in a rural area such as ours with a relatively small tax base.

We, as a RAC committee, have only been in existence for about a year. We have heard three projects and completed one, and there are others in the works. We are using Public Law 106-393 as a tool to improve the forest and the surrounding areas. It is my hope that we will continue to have this tool available to us in the future.

This being said, this tool, as many right out of the box, needs sharpening, and I would hope that you would consider the points stated in my written testimony as implements to help do this.

The Homochitto National Forest has a special place in the hearts of the people who live around it. It is comprised, in many cases, of land previously owned by their ancestors. The Forest Service has names for locations like Road 147-A, and 152-C, but these same locations are known to the locals as the Land Try Place, the Buddy Mac Road, or Sam Hill School. Many of the small creeks that run through the Homochitto National Forest still bear the names of the locals' ancestors, such as McGee's Creek, Porter's Creek, Worthington Creek, just to name a few.

We appreciate the opportunity to have a voice, as small as it may be, in the management of the forest land. Public Law 106-393 allows this voice to be heard. Thank you.

[The prepared statement of Mr. Butler appears at the conclusion of the hearing.]

The CHAIRMAN. Well, thank you. Mr. Turner, welcome.

**STATEMENT OF BILL TURNER, TIMBER PROCUREMENT MANAGER, TIMBER PRODUCTS COMPANY, AND CHAIRMAN, SISKIYOU COUNTY RESOURCE ADVISORY COMMITTEE, YREKA, CA**

Mr. TURNER. Thank you, Chairman. Good morning, my name is Bill Turner, and I am from Siskiyou County, CA, at the northern border of the State. I am the timber procurement manager for Timber Products Company in Yreka, CA. And one of my other part-time duties has brought me here before you today. I serve as the chairman of Siskiyou County's RAC. Thank you for giving me the opportunity to address you this morning regarding Public Law 106-393, specifically, how the title II funds are allocated and used and their benefits.

Siskiyou County is a large and sprawling county that encompasses more than 4 million acres, of which more than 2.5 million acres is managed by agencies of the Federal Government, such as the Forest Service, the Bureau of Land Management, and the Fish and Wildlife Service. Communities such as McCloud, Seiad Valley, Fort Jones, and Happy Camp may be unknown to most of you, except for Mr. Chairman, who has been there. However, they are all communities that have been economically and socially devastated by the drastic reductions in timber management policies and the resulting job losses that occurred.

It is not my intent to dwell on the divisions, but rather, on what I see as the beginning of overcoming some of the acrimony and hard feelings that have resulted from these sudden changes.

Upon passage of Public Law 106-393, Siskiyou County's Board of Supervisors set out to form a resource advisory committee. I have to tell you, at the first meeting, there was some apprehension over whether such a diverse group, such as people from, leaders of environmental groups, union representatives, tribal representatives, timber and ranching interests, and elected officials, would ever agree on anything. But I am here to tell you that it has worked. This group has coalesced, and there have been some interesting results, and some quite unexpected.

As others have mentioned, lines of communications have been opened between the environmental groups and timber industry, and the Forest Service and ranchers that never existed before. Barriers have been broken down, and trust has started to develop, as partners have worked toward common goals.

Projects that encourage collaboration have gone through, that not only have given people real jobs in economically depressed areas, but also brought the communities a needed lift in spirit and pride.

We have been able to leverage the RAC funds to get other grants and funding from a wide range of sources, such as the California Department of Transportation, California Department of Fish and Game, the Karuk Indian Tribe, the Community Development Block Grants, and more, resulting in over 70 projects spread across the county. Projects as diverse as tree thinning, trail maintenance, riparian area restoration, fire hazard reduction, noxious weed eradication, and others.

Let me give you a specific example of what I see as a success resulting from this legislation. Happy Camp, CA is a remote rural community surrounded by dense forests of the Klamath National Forest. In 1994, the last sawmill in town closed. This was a tremendous economic blow to the area. Today, in Happy Camp, more than 70 percent of the people receive some form of public assistance. The Happy Camp Fire Safe Council put together a proposal seeking RAC funding to equip and man a 5-person crew that would do fuel reduction work around the community. The work they began is very visible, and has encouraged other landowners to participate in fuel clearing activities beyond the scope of the original project. Subsequently, this crew has not only done work in Happy Camp, but they have been hired to do similar projects in other areas of the county. This crew has been working steadily now for more than a year and a half.

This is one small example of a project that has helped one of the communities in my county. Other projects are going on simultaneously all around our county, State, region, and Nation. Currently, our RAC is in the process of reviewing and discussing what we consider a more large scale project. We are considering implementation of some plans that will have a larger impact, and treat a broader area.

The existence of the RAC and the process surrounding the project proposals and approvals has generated a focal point to bring forest health concerns and restoration forward. The affected communities are seeing positive physical results, as well as actually seeing some jobs created. In some cases, usable, merchantable material is being removed and used from the forest.

I would strongly urge you to reauthorize Public Law 106-393. If this law is not reauthorized, it will be taking a giant step backwards away from the recovery of environmentally, socially, and—take a step backwards environmentally, socially, and economically, that we are just now beginning to feel is possible. It is critical to keep that momentum going that has been started.

Thank you very much for my opportunity to comment here, Mr. Chairman.

[The prepared statement of Mr. Turner appears at the conclusion of the hearing.]

The CHAIRMAN. Well, thank you, Mr. Turner. Ms. Griffith, as I mentioned, your county, Pocahontas County, is right across the border from my congressional district, and while there are similarities in terms of our forests, there are real contrasts in terms of the economic challenges that you faced in your area, and that we have done very well on our side of the border.

I can remember, many years ago, passing through Cass, West Virginia, which is a company town, much like McCloud, CA, and when I went through it, it was right after a fire had devastated the very large lumber, sawmill operation that you had there, and I can just remember seeing all of the families of the workers in that sawmill sitting out on the porches in front of their house, because they had just been put out of work, and it was, quite frankly, at that time, a picture of Appalachia that I think some people have.

You have made a lot of progress. As I mentioned, my children and I biked on your Greenway. We have been on the scenic railroad there, and those same houses that I saw people sitting on the porches are now houses available for tourists who come to the area. But I also know, from traveling through your county, that you have magnificent forests, and could have a thriving forest products industry. And it is—I guess my question to you is, is it your hope that your educational program will help to foster such an industry in your area?

Ms. GRIFFITH. That is our hope, and timber industry, after the tourism and the service related, and of course, the public education system. Timber is a very large part of our local economy, and we do have a lot of small, or compared to North Carolina, or some other areas. They are smaller sawmills, but they are a major employer in our community. And what we see right now is that a lot of that timber is sent out wholesale. We would like to be able to retain some value there, and we are hoping, through this educational program, to encourage some wood, secondary wood products, or some high end timber-related, whether it is furniture making, or craftsmen or woodsmen, those kind of things. We want to encourage that in our community, and that takes a while. You have to really foster that development, help them work together cooperatively to market their product, and we think that having the tourism industry so strong in our community, that we have a market that we could potentially tap into for that high end product.

The CHAIRMAN. Thank you. Dr. Creal, has the Payments Committee visited any of the title II and title III projects to evaluate whether they are accomplishing the objectives that Congress envisioned?

Mr. CREAL. Thank you, Mr. Chairman. Actually, we just visited a couple projects in northern California, just this past week. What was interesting was that they are—the way they are using title II and title III funds in concert, in order to accomplish some objectives, particularly in watershed, and in hazardous fuels reduction. They are using some of the funds to plan, and some of the funds to actually get the work done to reduce hazardous fuels, that actually are really making a difference to reduce costs associated with wildfire, which we know that costs for wildfire can get as high as \$1 million a day, depending on the needs.

They have been restoring some headwaters, of a river out there called the Feather River, to reduce erosion and sediment into hydroelectric facilities, and these have—are showing great benefits to even areas distant from the location of the work.

The CHAIRMAN. Thank you. Mr. French, as I understand it, Trinity County led the country in getting your resource advisory committee up and running, thanks in large part, I think, to your efforts, and you mentioned that several title II projects that you are most proud of. But could you give me an example of ones that were most difficult to get approved by the RAC, and are there a few projects the RAC didn't approve, and if so, why in your estimation did they not get the consensus needed to get through the process?

Mr. FRENCH. Sure. We have had pretty good consensus on the majority of our projects. One that I am kind of saddened we didn't have approved ended up being on private land, but it was for the benefit of the Native American community, but the fact that it was owned by a private timber owner just caused at least a portion of our RAC not to want to be involved in it. I am happy to say that we did have other projects approved for the Native American community the following year.

Sometimes, just talking about prescription in fuels projects is a pretty sensitive area on your RAC, and talking about what canopy closure is appropriate. Should you have a shaded fuel break with a lot more shade? Should you open the crowns up more? I would say the projects where we are talking about those issues have been the most challenging. But I am pleased to say that we did make, or meet with resolution on all of those projects for the benefit of fuels reduction.

The CHAIRMAN. Thank you. Are you saying that the involvement by private timber companies would be a hindrance to getting a project approved?

Mr. FRENCH. No. I am just saying sometimes, where the actual benefit to the land is with a private timber company can be a sensitive issue sometimes, I think. The perceived benefit there.

The CHAIRMAN. Yes, I understand, but one of the most remarkable things that I have ever seen, in terms of the involvement of private enterprise with, in this case, Federal Government lands, was something I saw on that very tour in your district, where you had a tract of about 2,000 acres, and this is really true all across the West, but you have ponderosa pines, beautiful tall trees, and because of the need to fight forest fires, because of the need to fight insect and disease infestations, other species are allowed to grow up, and the area was just filled with very large 60, 70 foot tall fir trees, and then, below that, all of the brush and deadwood and debris on the ground, obviously makes the classic situation where you are going to have a Western type forest fire, where it just stair steps up through the brush into the lower stories of the lower trees, and then even taking out the ponderosa pines.

The Forest Service in the Siskiyou National Forest entered into a contract with a private company to take out just the fir trees, leave the ponderosa pines alone. Don't take any of them out of there, just the fir trees, and then go through with fire and other means to take out the underbrush afterwards and restore the forest to what, I would imagine, its natural state would be when

Mother Nature brings those forest fires through to clear out that brush. But the most remarkable thing about it to me was that the private company paid the Forest Service \$6 million for the privilege of not even touching the ponderosa pines, just taking out the unwanted species, and imagine what that did to the economy and the health of the forest at the same time. So private companies being involved in these projects seems to me to be critical to our ability to generate the resources to expand this, and make it work more for the community than it does now.

Mr. FRENCH. I would agree wholeheartedly. If I could clarify, the project we had on private ground was not a fuels. It was the restoration of a sacred site that was not on national forest, and certainly, the coordination of private and national forests for fuels reduction is critical, but when you asked me the one that I really wanted to see, I really wanted to see, for the benefit of the Nation, or our Indian nation that we work on private ground for the benefit of the tribe, but the feeling was because it was not on national ground that we should not do that. So, if I just can clarify

The CHAIRMAN. Very good.

Mr. FRENCH. It was not a fuels reduction project.

The CHAIRMAN. Are you—is the RAC or any other RACs you are aware of, giving the same kind of—the plan that I outlined to you, which actually was being implemented when I was there, has not been replicated across the Pacific Northwest because of all the litigation that has been going on there, and the fact that our Federal courts are managing our forests in that area, and it is a shame, but you are not telling me that the RACs are taking that approach, are you?

Mr. FRENCH. No. No, absolutely not.

The CHAIRMAN. Very good. Thank you.

Mr. FRENCH. Our RACs have been totally supportive of every one of our fuels projects. We have not had any of those go by the wayside. I just, again, allude to the one with the Native American community, that was near and dear to my heart.

The CHAIRMAN. I understand the sensitivity of that. The gentleman from Minnesota is recognized for 5 minutes.

Mr. PETERSON. I would yield to the gentlelady from South Dakota my time.

Ms. HERSETH. Thank you. I was hoping I would get in my question here before I had to leave, so I appreciate Mr. Peterson yielding.

Dr. Creal, a number of you have commented on title I, and you have all, in your reports, talked about how each of the titles under the program is working. But just for the benefit of the other members of the committee here, and for the record, Dr. Creal, let me just talk with you a little bit in terms of your capacity as superintendent of the Custer School District, and ask just a few general questions.

What is the enrollment in the school district, the number of students there?

Mr. CREAL. About 950 right now.

Ms. HERSETH. And that is K-12?

Mr. CREAL. Yes.

Ms. HERSETH. And do you have—have you experienced in South Dakota, or where, perhaps, your counterparts in surrounding States, that have been having the difficulty at the State level, in the school funding formula, either with this program or other programs that involve Federal payments, that Mr. Peterson was asking about earlier to Mr. Rey?

Mr. CREAL. We are seeing significant problems in South Dakota, and many of their surrounding States, which have spurred adequacy studies, and those kinds of issues are on the forefront right now.

Ms. HERSETH. So what would you anticipate, hypothetically speaking, although I think that there is a sense that this program is working well, and will be reauthorized, if we can make some changes to improve it. What if that contribution, that Federal contribution, wasn't there for the school? What would happen, in terms of the financial hardships that we are having at the State legislative level that other States are having, especially for rural schools? I mean, would you be able to find revenues to compensate, or would you have to eliminate programs? Can you just tell us a little bit about what would happen without this program, to schools like that in Custer?

Mr. CREAL. I can talk specifically about Custer. We receive about \$300,000 from this payment legislation. Right now, with a declining enrollment, being faced with declining enrollment, we are having—we are faced with about a half a million dollar shortfall for next year. Without the additional \$300,000 from the payment legislation, our district would—we would have to—I hate to even talk about it, decimation of the district, but the programs, the loss of teachers, the loss of counselors, the loss of programs that provide curriculum to students, so that they can compete out in the world with students from other areas. It would be very significant.

Ms. HERSETH. Well, I appreciate that point, because as you know, my concern about what is happening, especially with the proposed budget of this year, is the impact in rural America across the board, whether that be in healthcare, farm programs, education, housing, and I feel strongly that students who go to smaller schools, schools in rural communities, should not in any way be disadvantaged to participate and have available programs that make them the well-rounded students we want them to be, to not only compete with students, and as their urban counterparts, but to excel at colleges and universities, and any other higher education institution.

So I appreciate you sharing at least an overview from some of the specifics that you would encounter, and the hardships without the program. Thank you very much.

Mr. CREAL. Thank you.

The CHAIRMAN. The gentleman from Michigan, Mr. Schwarz.

Mr. SCHWARZ. Mr. Chairman, thank you. This, for me, this has been edifying this morning, because it is something I have not thought about. We do have national forests in Michigan, along the west shore of Lake Michigan. And I am interested, having gone through—I drive through, Dr. Creal, your area in South Dakota every summer. I have a home and property in northwest Montana, which is a long way from Michigan. But I am going to be interested



now in those counties, Flathead County, Lake County, Lincoln County, Glacier County, Montana, how much the Forest Reserve Program contributes to their schools as well.

And the reason I stuck around this morning, Mr. Chairman, was simply to learn more about the program, because there are many things that you think about here, and many things you think about in State government. I spent many years in the Michigan legislature, and by profession, I am a surgeon, but this is something I have never thought about, and had a great brief from my staff on this, and decided to sit around and sit here and learn more about this program this morning.

And so I thank you very, very much, and Dr. Creal, the area of South Dakota that you live in is beautiful, and I always manage to stop somewhere in that area, and spend a night, as I am driving out to Montana.

Mr. CREAL. Thank you.

Mr. SCHWARZ. Thank you very much.

Mr. CREAL. Well, thank you. You are certainly welcome in Custer.

Mr. SCHWARZ. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. Mr. Turner, I have one more question I would like to ask, and it sort of relates to what we were discussing with Mr. French.

I know your region has experienced drastic reductions in forest management, and closures of quite a number of forest products facilities that used to depend on Federal timber sales. Do you believe that the RAC can eventually support projects on a large enough scale to support or even revitalize that industry while still improving forest health? That is what we call a softball.

Mr. TURNER. I am not—yes, that is—well, I am not sure that was the intent of the RAC, RACs in the first place. It is more of a—because of the structure of the RACs, and the various groups that have come together, environmental groups, public officials, timber ranching, to get—it is more to get people working back out in the woods. You are right. We have had some tremendous devastation. In fact, the sawmill that was in McCloud when you were there, it closed a year and a half ago. So we are down to two mills in the county, which used to support about 20 or more, the smaller mills as well.

So, it is the will of the—I guess I am going to stumble, and stutter on this one, because it is more the NEPA process that the Forest Service has to go through to get anything accomplished, which slows things down, and then, can bring the courts involved. I don't see where the RACs can overcome that at this time.

The CHAIRMAN. Well, if you do think of anything that can be done in that regard, as we go through the reauthorization process here, with this legislation, we would welcome those ideas, because that is certainly what we envisioned for this whole program. I mean, this is about schools and roads, but the money doesn't grow on trees. It doesn't fall out of the sky. It has got to come from somewhere, and therefore, finding ways to make these programs work for the community, and certainly taking into account the concerns of environmentalists and other local groups, which we definitely want to be taking into account, the fact of the matter is that

without these committees growing in their outlook and perspective to take on larger projects, we will never get where we need to get in terms of healthier forests, and in terms of healthier economies in these areas. Mr. French wants to jump in on this, too.

Mr. FRENCH. Yes, I would just say that it seems to me that some saw logs and some timber are—should be a natural consequence of fuel reductions projects.

The CHAIRMAN. Absolutely.

Mr. FRENCH. And it is no secret that there is a Federal deficit problem. So use the words support or revitalize. That might be a tall order, but I think to assist and help in that regard is absolutely essential for RACs to continue. I don't think we will be allowed to continue to do good things without some sort of funding source. We all know the 25 percent receipts continue to decline. So I am hopeful that we will be able to do that. And right now, on a title II form, you just have one box to check. Will there be saw logs or timber? You just say yes or no. I am hopeful that there is more of a process that engages the question, can there be or should there be some level of, whether it be 10, 12 inch logs, during fuel reductions. I am hopeful that that is part of the process.

Thank you for letting me jump in, Mr. Chairman.

The CHAIRMAN. Well, thank you. I want to thank all of you. I want to thank each of the witnesses for coming to testify on this bill, and thank you for your flexibility in helping us deal with the rescheduling of this hearing following the passing of Pope John Paul. This is an important program, and I am happy to learn it is working so well, and I sincerely hope we will reauthorize this program in a timely fashion.

Without objection, and unless Joe objects, I don't think we are going to hear any, the record of today's hearing will remain open for 10 days to receive additional material and supplementary written responses from witnesses to any question posed by a member of the panel.

This hearing of the House Committee on Agriculture is adjourned.

[Whereupon, at 11:40 a.m., the committee was adjourned.]

[Material submitted for inclusion in the record follows:]

#### STATEMENT OF BILL TURNER

Good Morning, my name is Bill Turner. I am from Siskiyou County, CA at the northern border of the state. I am the Timber Procurement Manager for Timber Products Company in Yreka, CA. One of my other part time duties has brought me before you today. I serve as the Chairman of Siskiyou Counties Resource Advisory Committee (RAC). Thank you for giving me the opportunity to address you this morning regarding Public Law 106-393 (The Secure Rural Schools and Community Self Determination Act of 2000), specifically, how the title II funds are allocated and used and their benefits.

As a result of this legislation, in 2005 Siskiyou County as a whole will receive \$9,270,799 of which \$695,310 has been allocated to title II or RAC projects. Siskiyou County is a large and sprawling county that encompasses more than 4 million acres, of which more than 2,500,000 acres is managed by agencies of the Federal Government such as the Forest Service, Bureau of Land Management, and Fish and Wildlife Service. Communities such as McCloud, Seiad Valley, Fort Jones and Happy Camp may be unknown to most of you here, but they are all communities that have been economically and socially devastated by the drastic reductions in timber management policies and the resulting job losses that occurred.

It is not my intent to dwell on the divisions, but rather on what I see as the beginning of overcoming some of the acrimony and hard feelings that have resulted from these sudden changes.

Upon passage of Public Law 106–393, Siskiyou Counties Board of Supervisors set out to form a RAC. I have to tell you that at the first meeting there was some apprehension over whether such a diverse set of people (leaders of environmental groups, a union representative, tribal representatives, timber and ranching interests, elected officials and others) would ever agree on anything, let alone projects that may benefit our communities. However, I am here to tell you that this group has coalesced and there have been some interesting results, some quite unexpected.

- Lines of communication have been opened between the environmental groups, timber industry, ranchers and the Forest Service that never existed before. Barriers have been broken down and trust has started to develop as participants have worked toward common goals.

- Projects that encourage collaboration have gone through that not only have given people real jobs in economically depressed areas, but also brought the communities a needed lift in spirit and pride.

- We have been able to leverage the RAC funds to get other grants and funding from a wide range of sources such as California Department of Transportation, California Department of Fish and Game, the Karuk Indian Tribe, and Community Development Block Grants and more, resulting in over 70 projects spread across the county. Projects as diverse as tree thinning, trail maintenance, riparian area restoration, fire hazard reduction, noxious weed eradication, trail maintenance, and others

Let me give you a specific example of what I see as a success resulting from this legislation.

Happy Camp, California is a remote rural community surrounded by the dense forests of the Klamath National Forest. In 1994 the last sawmill in town closed. This was a tremendous economic blow to the area. In Happy Camp more than 70 percent of the people receive some form of public assistance. The Happy Camp Fire Safe Council put together a proposal seeking RAC funding to equip and man a 5 person crew that would do fuel reduction work around the community. The work they began is very visible and has encouraged other landowners to participate in fuel clearing activities beyond the scope of the original project. Subsequently, this crew has not only done work in Happy Camp, but they have been hired to do similar projects in other areas of the county. This crew has been working steadily now for more than a year and a half.

This is one small example of a project that has helped one of the communities in my county. Other projects are going on simultaneously all around our county, state, region, and nation.

Currently our RAC is in the process of reviewing and discussing what we consider a more “large scale” project. We are considering implementation of some plans that will have a larger impact and treat a broader area.

The existence of the RAC and the process surrounding the project proposals and approvals has generated a focal point to bring forest health concerns and restoration forward. The effected communities are seeing positive physical results as well as actually seeing some jobs created. In some cases usable merchantable material is being removed and used from the forest.

I would strongly urge you to reauthorize Public Law 106–393. If this Law is not reauthorized, it will be taking a giant step backwards away from the recovery environmentally, socially, and economically that we are just now beginning to feel is possible. It is critical to keep the momentum going that has been started.

I would be happy to answer any questions that you may have.

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#### STATEMENT OF JAMES FRENCH

Thank you for the opportunity to address the committee on Public Law 106–393, and uses of title 1,2 funding resources.

My name is Jim French, and I am Trinity County Supt. of Schools, and Chairman of the Trinity County Resource Advisory Council. I also serve on the board of the National Forest Counties & Schools Coalition which contributed significantly to the current law.

Trinity County is a large, rural, mountainous county in N. California of which 76 percent is national forest. We are the second largest recipient of Forest Reserve dollars in California, once being a large timber producer on national forest land. Trinity County receives a total of \$7,730,027 , \$6,570,523.20 in title 1 is

annually split equally between roads and schools, \$927,603.25 in title II, and \$231,900.81 in title 3 funding.

RE: TITLE 1 FUNDING FOR SCHOOLS

Forest Reserve funding has been an integral part of Trinity County school funding for over 40 years, and is essential to our continued success. These funds provide for instruction aides in our many multi-graded classrooms, implementing the Federal No Child Left Behind requirements. In my county schools office the funds are used to provide school nurses, counselors, art and music programs. Forest Reserve funds additionally fund under funded Special Education programs. A wide array of student programs without dedicated program funding are funded under Forest Reserve, our annual Spelling Bee, Academic Decathlon, Young Author's Faire, and Young Artist's Workshop to name a few.

In an era of declining student population (24.4 percent since 1996), and declining school revenue, without Forest Reserve funding, our schools would have to eliminate the majority of our instruction aides, and programs listed above. Additionally the four largest school districts, and my county schools office would file qualified, or negative budgets with the state, citing the inability to meet our financial obligations.

Our declining student population is due in great part to the changing forest practices, and associated local economy loss, which in turn necessitates greater need for Forest Reserve funding. I believe that our situation is a common one in rural resource dependent America.

RE: RESOURCE ADVISORY COMMITTEES AUTHORIZED UNDER P.L. 106-393

I also am chairman of the Trinity County Resource Advisory Committee. Our county is the second largest contributor to both title II & III programs in California, and we dedicate the largest funding amounts to title II projects by percentage, and actual dollar amounts in California. To date we have expended \$3,356,086 on title II projects within our county boundaries.

Below are features of our successful RAC, which may serve new, or future RACs.

Our RAC established clear agreed upon strategies. Early on we decided to focus on Fuel Reduction projects that helped to protect rural communities at risk, and watershed projects that restored, and reduced sediments in our streams, and rivers. Ten percent of our title II funds are distributed to other allowable projects such as trail maintenance, and work with our Native American community.

We identified ground rules for participation that define the parameters of disagreement. In our RAC the rule is: conduct yourself so that you could be invited to dinner by any member after any meeting. The RAC process is really about building relationships, and then finding common ground (literally) for projects.

Our RAC identified many partners to collaborate on program of work as well as funding. We dovetail all of our Fuels Projects with identified "Communities at Risk" as identified by our county Fire Safe Council Plan. Most our watershed projects have State Fish & Game, or Five County Salmonid matching dollars as part of the project.

We complete as much work as possible by grants and agreements to provide additional local work opportunity, and economic growth.

We ask our County Commissioners to identify our title II funding allocation early so our RAC has ample time to plan, and implement projects.

We also schedule enough time in our RAC calendar to allow the process to work. Early on we met once a month, but now do most of our work in sub-committee format, and the full RAC meets up to four times a year to vote on projects.

6. Ongoing productive relationships between county commissioners, the Forest Service, and schools are critical to RAC success. RACs should update County Commissioners on projects at least quarterly with the Forest Service in Attendance. Our RAC had two county supervisors on it.

Attached for your review are just a few of the many photos taken on our RAC Monitoring Field Trips. They are representative of our many projects, with a focus on fuels projects that have generated some timber revenue. I'm proud to say that starting last year, we have been able to generate some saleable timber with our Fuels Reduction Projects, reducing the overall cost of the projects as shown in photos 1,2,3. I view the generation of RAC approved forest products as an essential feature of future RAC Fuels projects, and a partial funding source for reauthorization of this bill.

The fourth photo shows our Youth Crew marking sawlogs from our 33 mile Mad River Ridge Fuel break, our largest RAC fuels project.

It's been important to us and many RACs across the Nation to have our future stewards of the land involved in projects.

Also included as photo #5 is an article on our Big Red Truck RAC project which is credited with saving homes during the 4000 acre SIMMS Fire near Hyampom, California.

The RAC process has shown great promise for quality collaboration in our county, and across the nation. I think that members views of the how to manage our forests have grown. Preventing catastrophic wildfire, and restoring watersheds are essential to our forest futures, and RACs stand poised to continue the work outlined in the Healthy Forests Restoration Act.

It is critical in my county that Public Law 106-393 be reauthorized to provide continuing benefit to our children, forests, and communities maintaining the compact that the Federal Government made with rural counties many years ago. Thank you for your time, and thoughtful consideration, I'm happy to answer any questions.

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#### STATEMENT OF RETA GRIFFITH

Good morning, Chairman Goodlatte, Congressman Peterson, and distinguished members of the committee. My name is Reta Griffith and I am a member of the Board of Commissioners of Pocahontas County in the State of West Virginia. Pocahontas County is one of the largest in West Virginia with 940 square miles, yet it has one of the smallest populations—just over 9,000 in the last census. Over 53 percent of the county is in the Monongahela National Forest.

I am testifying today as the Vice Chair of the Federal Land Payments Subcommittee of the National Association of Counties. It is also my privilege to represent the County Commissioners' Association of West Virginia. CCAWV members include elected—county commissioners from all 55 West Virginia counties.

I thank the subcommittee for scheduling this hearing on the implementation of the Secure Rural Schools and Community Self-Determination Act of 2000.

Today I will give you a snapshot of the way that titles I and III are being used to serve the youth in one rural county in the eastern United States.

Unlike many of my NACo colleagues, county officials in West Virginia do not have the responsibility to maintain roads and bridges. Our state Department of Transportation has that job. Nevertheless, we did, however, recognize the value of choosing to participate in the Secure Rural Schools and Community Self-Determination Act for the benefit that would accrue to young people in the county. According to our local school superintendent, the \$485 thousand that Pocahontas County Schools receives under title I is about five percent of its annual operating budget. This is clearly a significant contribution.

It is even more important when one considers that the rugged, mountainous topography of Pocahontas County—like that of many of the counties covered by this legislation—adds so much to the cost of educating our kids. For example the Pleasants County, WV, school system has about the same number of students as we do, but a much smaller, accessible geographical area. Pleasants County only needs fifteen school bus drivers, while Pocahontas County schools must employ 24. Those nine additional drivers, alone, cost our school district nearly \$350 thousand, not to mention the cost of purchasing and maintaining the additional buses.

Our superintendent also notes that despite our small population and limited financial resources, Pocahontas County Schools have maintained an excellent record in student achievement. In the 2002-2003 school year it was one of only eleven counties in West Virginia to meet all of the No Child Left Behind guidelines. Like so many other counties in rural America, we know how to make every dollar count.

The Pocahontas County Commission also voted unanimously to invest the remaining 15 percent of the stabilization funds into a title III project, specifically the Pocahontas Woods project. Pocahontas Woods is a non-profit corporation chartered to promote the creative and ecologically sound utilization, enjoyment and understanding of the forest resource in Pocahontas County and surrounding areas. Pocahontas Woods is currently running an educational program that provides the necessary training for students and adults who are seeking to enhance their skills in the woodworking field as a means of helping create high-end woodworking industry in Pocahontas County and the surrounding communities that will provide an economic benefit to these communities.

Pocahontas Woods is conducting woodworking classes for both students and adults on an on-going basis in temporary facilities at Pocahontas County High School. The classes are conducted immediately at the close of the school day as well as in the evening to assure that everyone interested has an opportunity to attend. To date, over 120 students have attended one or more of these classes. They have developed

a formal apprenticeship program for prospective woodworkers to be conducted during the summer school recess. This program places students with master woodworkers to give them an in-depth orientation of the requirements to owning and operating a successful business. They conducted a pilot program during the summer of 2004 and will implement the full program in 2005.

Pocahontas Woods is working on plans for a permanent educational facility that could be used more frequently and possibly as a business incubator for local woodworkers. It is also working to expand the scope of its activities to include other forest-related out-of-school educational programs, including lumber grading for the layman and short courses in forestry and wildlife biology.

We have received valuable assistance from Oregon counties and our local forest service to make sure we are spending funds in compliance with the Federal law.—The Board of Pocahontas Woods has members from the school board, a county commissioner, the timber industry and others in the community, including a non-voting representative from the Forest Service.—The group is also working with a Rockingham College in North Carolina to set up a program to allow students of our program to get a four year degree—and continue their work in—forestry related fields.—We have provided for public comment on each year's allocation of funds and have been collecting reports from the—grantee on how funds have been spent and are budgeted to be spent.—We have wonderful open communication with the Pocahontas Woods and they consult the County Commissioners regularly to make sure we are aware of their program and how the funds are being used.—

We are grateful for the resources which have been made available to us under title I and title III. We hope that you will find us to have been good stewards of the funds and that we are achieving the purposes you set for us when you enacted the Secure Rural Schools and Community Self-Determination Act.

Thank you.

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#### STATEMENT OF MARK REY

Mr. Chairman and members of the committee, thank you for giving me the opportunity to present the views of the U.S. Department of Agriculture regarding the implementation of P.L. 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000.

Since enactment of the law known as the Twenty-five Percent Fund Act (16 U.S.C. section 500) in 1908, the Forest Service has distributed 25 percent of the gross receipts derived from the sale or use of commodities on each national forest to the state in which each national forest is located.

Beginning in the late 1980's, timber sale receipts, the primary funding source for the 25 percent payments began a precipitous decline, which continued and then stabilized at a much lower level in the 1990's. The decline in receipts impacted rural communities in the West, particularly communities in Washington, Oregon, northern California, and Idaho. For example, FY 1998 national forest revenues were \$557 million, only 36 percent of the FY 1989 peak revenues of \$1.531 billion. In FY 2004, national forest revenues were \$281.1 million. Payments to many states under the Twenty-Five Percent Fund Act declined by an average of 70 percent from 1986 through 1998.

On October 30, 2000, P.L. 106-393 was signed into law in part to offset the effect of decreased revenues available to states from declining timber harvests on Federal lands. This Act authorized an alternative to a receipts-based payment.

The Act embraced three objectives: (1) to establish a stable payment for schools and roads that supplements other available funds; (2) to make additional investments in public and adjacent private lands; and (3) to improve the cooperative relationships among the people who use and care for Federal lands, and the agencies who manage them.

This statute provided annual payments to states for fiscal years 2001-2006. An eligible county had the option of electing to receive its share of the state's 25-percent payment or its share of the average of the state's three highest 25-percent payments from fiscal years 1986 through 1999.

#### TITLE I— SECURE PAYMENTS FOR STATES AND COUNTIES CONTAINING FEDERAL LANDS

Title I of P.L. 106-393 provides a stable full payment amount for eligible states to benefit public education and transportation. Of the 717 counties in 41 states that were eligible for their share of the state's full payment amount under the Act, 550 or 77 percent initially decided to accept that payment in FY 2001. Under the Act

in fiscal year 2003, the counties were given another opportunity to receive their share of a state's full payment amount, 65 additional counties chose to take that payment, bringing the total to 615 counties, or 86 percent of the eligible counties.

Counties receiving their share of a state's full payment amount are found in 39 of the 41 states that are eligible for funding. The majority of these counties are located in the western and southern portions of the country, while those that have remained under the Twenty-five Percent Fund Act are primarily in the Great Lakes area. Timber sale receipts for states in the Great Lakes area have resulted in 25 percent payments that tend to be higher than the full payment amounts for these states. Thus, it makes more economic sense for the counties in these states to continue receiving the 25 percent payments.

Payments authorized by P.L. 106-393 have totaled \$1.2 billion and average over \$301 million each year since the Act was implemented. Payments have varied by region of the country. For example, the FY 2004 payments distribution included approximately \$37 million to Southern states, \$14 million to the Northeast and Midwest states, \$273 million to Oregon, Washington and California and \$71 million to the other western states.

Funding derived from the Treasury has provided participating counties a significantly higher payment than would have been the case under the Twenty-five Percent Fund Act. For example, if payments were based on 25 percent of receipts, the total twenty-five percent payment for FY 2005 to all states would have been approximately \$71.4 million based on National Forest receipts that contribute to payments under P.L. 106-393 of \$285.5 million. In comparison, the full payment amount for all states for FY 2005 is \$395.7 million.

#### TITLE II—SPECIAL PROJECTS ON FEDERAL LANDS

Title I requires counties that receive a share of the state's full payment amount of \$100,000 or more to set aside 15 to 20 percent of the payment for projects under titles II or III, or both. Under title II, funds may be used for a variety of projects on, or near, Federal lands.

Title II also directs the establishment of 15- person resource advisory committees (RAC's) comprised of a balanced representation of stakeholder groups to recommend projects on National Forests System lands and O&C lands using title II funds. Under the law, RACs also may submit proposals to combine title II funds with other funds to complete projects. The role of a RAC is to solicit, review, and recommend resource improvement projects to the designated Federal official. The RAC structure included in P.L. 106-393 was the first attempt to create direct community involvement in recommending on-the-ground projects on the National Forests on a system-wide basis.

To date we have established 56 RACs under the Act. RACs operate at the community level and are found in 13 of the eligible states. RACs have recommended, and the Forest Service has approved, over 1800 resource projects on, or near, Federal lands, an investment of over \$100 million.

RACs have recommended a variety of projects including those in Tuolumne County, California where title II funds have been used to create a fuel break on private lands along Highway 120, one of the main travel routes into Yosemite National Park. This project is a cooperative effort between the Stanislaus National Forest and private landowners who live along this corridor. The newly formed Ozark-Ouachita RAC in Arkansas has committed \$335,000 of title II funds to address watershed damage and public safety needs arising from long deferred maintenance on roads within the East Blackfork drainage. The Rainey Creek Community Restoration project, in Idaho, is exploring ways to reconnect Rainey Creek to the main stem of the South Fork Snake River. This project on private land will greatly enhance fish habitat and improve watershed condition and is a good example of the leveraging effect of title II funds. The title II investment in this project is \$10,000 with \$360,000 provided by other sources.

BLM RACs in Oregon are also utilizing title II funds. In 2004 the Eugene District RAC recommended 12 projects in Douglas, Linn, and Lane counties that treated invasive weeds, provided forest jobs for at-risk youth, improved fish habitat, and restored watersheds.

Interviews with RAC members, county officials, and Forest Service officials conducted under a study by Boise State University, suggest that cooperative relationships between the National Forests and their surrounding communities are improving. All groups interviewed noted increased cooperation among the various groups that use, care for, and manage Federal lands.

## TITLE III—COUNTY PROJECTS

Title III authorizes counties to use funds allocated under title I for title III projects for certain specific purposes: search, rescue, and emergency services on Federal lands; community service work camps; conservation and recreation easements; forestry related after-school activities, and fire prevention and planning. Unlike title II funds which are used to carry out projects proposed by RACs, counties decide how to use title III funds. Many counties have used these funds to establish Fire Safe councils and for other community fire planning activities. Other counties are investing in community programs. The Boise State study asked county officials who had elected only title III funding, why their particular county decided to allocate funds for title III instead of title II. Those interviewed said in some way or another that the needs of their community were better met through the avenues presented by title III funding. Counties have used title III funds primarily for fire suppression and prevention, emergency services, or a combination of the two (though funding amounts for emergency services were usually higher). Some counties with limited funds allocated for title II discussed the amount of time and work involved in forming a RAC.

When we examine what is working the best with P.L. 106-393, I would have to go back to comments made by RAC members who said that the law encourages relationship building, discourse on public policy issues, and a dialogue between groups through the interaction found in RACs. Additionally, approximately \$88 million in title II projects and \$94 million in title III projects have been used on National Forest System lands during the Act's first three years. These projects have had a significant impact on improving natural resource conditions on National Forests and Grasslands. County officials that have placed funds into title II must feel that the funds are being spent effectively because they continue to allocate additional funding increments into RACs, thus increasing the investment to Federal lands.

We have testified previously the Department could support a Senate bill that would reauthorize the Act (S. 267) if amended with agreed-upon savings that fully offset the costs of the bill in fiscal year 2007 and beyond, and if the bill is amended to incorporate other changes.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you may have for me at this time.

## STATEMENT OF TIMOTHY CREAL

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today and discuss the critical issue of payments to states and counties associated with National Forests and Oregon and California Grant Lands. I am Timothy Creal and I am here today representing the Forest Counties Payments Committee. I am also the Superintendent of Schools for the Custer School District in South Dakota. The Payments Committee was created by Congress to provide recommendations for a long-term solution for making payments to states and counties. The Committee is also charged with evaluating payments made under the current Secure Rural Schools and Community Self-determination Act, and to make other evaluations related to impacts to communities. A Report containing the findings and recommendations of our Committee was submitted to the six congressional committees of jurisdiction in February of 2003. I would ask that Report be made a part of my statement today. During the 18 months of preparing the Report to Congress, the Payments Committee conducted 10 listening sessions in different locations around the country where we heard from school officials, Federal agency employees, local elected officials, and citizens. We also met with members of Congress and their staff, as well as officials from the Administration. The Forest Counties Payments Committee undertook a research project that provides the most current information on topics such as the tax value of Federal lands, the costs and benefits of public lands to communities, and how states allocate the Federal payments between schools and roads. Readers will also see a discussion of the history of National Forests and Oregon and California Grant Lands, appropriate in this hundredth year anniversary of the Forest Service, and an evaluation of resource advisory committees authorized under title II of the current law.

Almost 100 years ago, Congress recognized that the presence of public lands could create certain impacts on communities. The inability to collect property taxes and the scarcity of private lands for future development were among several concerns identified. Establishment of the 1908 Payment Act for National Forests, and the 1937 O&C Act for Oregon and California Grant Lands were efforts to mitigate these impacts. These payment programs, along with healthy economies generated by ac-



tive management of these Federal lands, helped ensure adequate funds for schools and roads. However, this changed as timber harvests on public lands rapidly declined. The Secure Rural Schools and Community Self-determination Act of 2000 is an effort to have the Federal Government live up to commitments made to communities many years ago, and to hold counties and local governments harmless for changes the government makes in its program levels. The current law, which expires in 2006, is being implemented by state and local governments, the Forest Service, Bureau of Land Management, and private citizens through their participation in resource advisory committees under title II.

#### TITLE I

Mr. Chairman, in 2004, approximately \$507 million were made available through this legislation. The majority of this money, \$426 million, will be used for education and roads. The remaining \$80 million were set aside by counties for certain county projects, and projects on public lands. Without the payments guaranteed under the Secure Rural Schools and Community Self-determination Act, that amount would have been approximately \$82 million. That includes payments from National Forests as well as the O&C Lands. After four years of experience with this Legislation, it is clear these payments have allowed schools to continue to be viable in many communities. Information provided by the National Education Association, the National Forest Counties and Schools Coalition, and the American Association of School Administrators indicates that without the guaranteed payments many rural schools would have lost their ability to provide the same quality education available in many urban schools. School officials told us they would have dropped athletic programs, music programs, and honors programs; the very curricula that allow rural students to compete with their urban counterparts for acceptance into college. Others expressed concerns about the way some states allocate title I funds to local school districts. This generally occurs where states have put in place equalization formulas for education funding.

Counties and local governments have also been able to provide better maintenance on local roads and bridges to meet critical health and safety needs, protect water quality, and provide access to public lands. Our findings and recommendations regarding funding for education and roads can be found in the Report. The Payments Committee is currently gathering additional information about education and road expenditures in cooperation with several organizations, and will continue to provide that to the committees of jurisdiction as it becomes available.

#### TITLE II

One of the great experiments of the Secure Rural Schools Act is found in title II. The belief that local citizens can come together and assist in the management of the National Forests and O&C Lands was not shared by everyone when this law passed. Land management disagreements of the past 15 years caused people to draw lines in the sand and work out their differences through appeals and lawsuits. It is remarkable how quickly some people have put aside that "baggage" and jointly agreed on projects to improve water quality, fuels reduction, and wildlife habitat. There are currently 59 active resource advisory committees, and an additional 29 that have been chartered. In 2004, approximately \$41.8 million were set aside by counties to accomplish projects on the National Forests and O&C Lands. Most are in the West, but some do exist in the Southeast. We find a strong correlation between the amount of money a county receives, and whether or not they decide to allocate any to title II and form a resource advisory committee. Given this, we recommend creating other financial incentives where payments are not significant enough to create advisory committees. We also believe the role of resource advisory committees could be expanded beyond their current authorities.

We find that many resource advisory committees accomplish public land projects by partnering with other financial resources and volunteers. This serves to increase the effectiveness of the title II monies identified by counties. It is also important to find ways to better determine economic benefits in terms of jobs created.

The success of resource advisory committees will be determined over time. A study recently completed by Boise State University, and an on-going study by the Sierra Institute for Community and Environment, will provide valuable information about the effectiveness of these advisory committees, and any changes that need to be made to improve their operation. The Payments Committee intends to document the results of some of these projects in the near future, and will make that available to this Committee.

## TITLE III

In 2004, approximately \$38.6 million were set aside by counties to accomplish projects under the six categories authorized by the current law. There was not a great deal of information available about title III when the Committee filed its Report in 2003, and several efforts are underway to gather more detailed information about how counties are using these funds. Our Committee made several recommendations about title III. First, we believe it is important to continue this title in future legislation. We commissioned a study that sampled 100 counties around the country to identify costs and benefits of Federal lands to communities. Title III allows counties and local governments to offset some of the costs associated with search and rescue operations and fire prevention created by the presence of the public lands. The Payments Committee and Federal agencies received many calls from counties asking for assistance to interpret whether certain projects qualified under title III. Because of these uncertainties, we see a need to have some type of accountability and reporting procedures in place to ensure monies are spent as Congress intended.

## ADDITIONAL OBSERVATIONS

In closing, we are aware of the cost of reauthorizing these payments. Part of the cost should be born by receipts collected from the public lands. But they are not enough, nor are they stable. As a comparison, we evaluated the current tax value of public lands and compared that to the payments from the Secure Rural Schools Act and the Payments in Lieu of Taxes Law. When considered in the aggregate, the tax value of those lands, if they were in private ownership, is greater than the combined payments from the two payment programs. While Congress did not intend for these payment programs to necessarily compensate for loss tax revenue, it is a legitimate measure against the amount that is being paid by the Federal Government.

The Forest Counties Payments Committee will continue to be available to this Committee, and provide any assistance as new payment legislation is developed.

## STATEMENT OF DELTON BUTLER

Good Morning. My name is Delton Butler and I am chairman, Southwest Mississippi Resource Advisory Committee.

My roots in Franklin County, Mississippi, go back 8 generations to 1790. My family once owned six sections (3,840 acres) of land that is now Forest Service land. I am 50 years old and have lived in Franklin County all of my life. I have two sons that plan to put down roots here, as well. I have worked for American Railcar Industries, a railcar repair facility located in Bude, Mississippi, for 28 years. My wife Nancy and I own and operate an RV park that is located on land that we own beside the Homochitto River.

Forests are an important part of our county, and about one quarter of our county is managed by the US Forest Service. As a Federal agency in a rural area, relationships between the Forest Service and local folks can sometimes be a bit strained. P.L. 106-393 provides an opportunity to improve these relationships.

RAC Projects and Concerns: I responded to an inquiry sent to me by the Forest Service. This inquiry spoke of Public Law 106-393 and asked if I would be interested in becoming a member of the Resource Advisory Committee (RAC). My response was "possibly". I was contacted sometime later and informed that I had been chosen to serve on the Committee.

At our first meeting I was selected to serve as chairman and I am presently filling that position.

Our RAC has been in operation for about a year. In this short time I have become convinced that Public Law 106-393 has the potential of being a very good thing for our area.

Our first project was submitted to us by the Amite County Board of Supervisors. It consisted of refurbishing and paving 10.3 miles of roads and 2 separate watershed projects on creeks that crossed the roads involved. The project met all of the criteria and was approved by the RAC.

This project has since been completed and was a big success. The Amite County Board of Supervisors have reported back to us with pictures of the finished project that look very good. The project cost \$180,000.

We have, at our latest meeting, approved two more projects. One is in Franklin County for funds to start a waste disposal system for the watershed area around a new lake (Lake Okhissa) being constructed on Forest Service land. This project

cost \$525,045. The other is another road project for Amite County consisting of 2.5 miles of road to be resealed...costing \$48,000. We have a sub-committee working on the possibility of opening an ATV trail on Forest Service land in the Homochitto National Forest. These projects are improving our access and recreational opportunities on Forest Service lands.

While we are excited about the projects being proposed, there are some concerns about certain parts of Public Law 106-393 as it is presently written.

We had a very difficult time finding RAC members from "nationally recognized Environmental Organizations. We had to go about 90 miles away to the Jackson, Mississippi area to find two people willing to serve. This is well out of the Homochitto National Forest area, and isn't within the 7 counties that should make up the RAC membership. If we must replace them every 3 years, this could be a real problem. As you consider reauthorization, it would be best to allow flexibility in naming RAC members to additional terms.

The way the votes are counted: On one of our projects, one of the two environmental members voted against the project. If the other had voted against the project, the project would not have been approved. These members do not live in the area. I do not believe that this is fair to the counties that chose to participate in this process. It is my opinion that a vote should count as a vote, as Robert's Rules of Order dictates.

There are seven counties that have Homochitto National Forest land within their boundaries. Our RAC has representatives from each of the seven counties, but only two counties have chosen the option to receive their money in the way described in this law. The way I understand the law, only the counties that chose the option should or can spend the money given to them. (See title II Special Projects on Federal Lands, Sec. 201 (1) and (2)) If this is not the case, then what incentives do the counties have to choose this option?

#### TITLE III - COUNTY PROJECTS

I'd also ask whether counties that don't elect the stabilized payment should be eligible for title III projects.

After reading this law, it is evident to me that it will be very hard for a small county in Mississippi to be able to spend this money, since in many cases the money must be spent on county reimbursements for services while the county has not budgeted for, nor has the money to budget for, these projected services. We have about \$195,000 in title III alone. In my opinion, title III of this law is written too narrowly. We need money for things like an emergency/rescue boat and dock for our new lake. Title III money cannot be used for this or any purchase of equipment. There seems to be plenty for "planning" but nothing to help after the "planning" is done.

For instance, title III funds can only be used to reimburse the county for a supervisor, not to pay the juveniles or adults that are actually doing the work. Again, for a small county, this is of little help when you don't have the money to budget in the first place. If we could use this money to pay the juveniles, we may be able to use someone already on staff to supervise them.

One of the Findings of Public Law 106-393 states "There is a need to build new, and strengthen existing, relationships and to improve management of public lands and waters." I could not agree more! The relationship between the Forest Service and the native population in my area does need improving. There is mistrust felt toward the Forest Service by many of the landowners adjoining the National Forest. In this case the definition of mistrust is: Not being able to trust them to do what is right. This is not to say that the people that work for the Forest Service are bad people. It is my opinion that these are highly trained and highly motivated individuals who are following standards laid out for them. These standards make it difficult to deal with native landowners and others, with any sense of the Golden Rule: "Do unto others as you would have them do unto you".

You need only to own a piece of property next to the National Forest to understand this feeling. 25 percent of Franklin County is National Forest; so you don't have to look too far to find a landowner that has property that is either bordered by or surrounded by National Forest. In many cases these landowners must cross National Forest to access their property, and in many cases the Forest Service must cross private property to access National Forest. There are many cases that I know of, that when all was said and done, the person dealing with the Forest Service came away feeling mistreated or bullied.

I know that there have been good reasons for all the regulations set forth by the Forest Service, including the need to prevent dumping garbage on National Forest, moving land line markers, timber theft, lop-sided land-swaps and a host of other

problems. However, as one highly respected businessman told me, “They should not treat everyone like crooks!”

In conclusion: I do not want to leave on a sour note. Quite the contrary, if it were not for this law I could not share these feeling with you and I don’t want anyone to think that we are about to revolt, for this is not the case. The Forest Service does a lot of good in our county. But if we are trying to make relationships better between the native population and the Forest Service, these things must be talked about.

I feel that Public Law 106–393 is a good thing that can, with all our help, be made better.

Thank You

### STATEMENT OF MICHAEL A. FRANCIS

Mr. Chairman and members of the committee, The Wilderness Society thanks you for the opportunity to present written testimony testify on P.L. 106–393—the Secure Rural Schools and Community Self Determination Act. P.L. 106–393 has proven to be successful in stabilizing payments to rural school systems and county governments and funding many environmentally beneficial projects on national forests. We commend the members of this Committee who helped to craft this law.

The Wilderness Society concurs with the conclusion of a recent study of P.L. 106–393 conducted by Boise State University that the legislation is effectively meeting its stated purposes. Payments have been stabilized, investments in Federal lands have increased, and cooperative relationships have improved since passage of the Act. More than 85 percent of the eligible counties have opted to participate in the guaranteed payments program established under title I. Title II of the legislation has funded hundreds of environmentally beneficial and non-controversial resource projects on the National Forests. Funding through title III has allowed many counties to begin developing community fire protection plans as well as perform other important government services. The Boise State study found overwhelming support for renewal of the legislation among Resource Advisory Committee members and county officials that oversee use of the title II and III funds.

#### TITLE II OF P.L. 106–393

The Wilderness Society was originally skeptical of title II when P.L. 106–393 was being written, believing it could promote unsustainable development of national forests; however, based on our research, title II projects have been successful so far in achieving the resource stewardship objectives established under the law.

We believe that the success of these title II projects, along with the lack of controversy about them, is due in part to the pilot program, which creates incentives for the RACs to recommend projects with the goals of conservation and restoration. Title II projects that The Wilderness Society has reviewed implement stewardship-type practices which benefit forests, as well as improve the overall health of the land. The following are a few examples of projects that we have examined:

- Late Successional Reserve Enhancement, Gifford Pinchot National Forest, Washington (2004): This project involved pre-commercial thinning located in a Late Successional Reserve, and aimed to accelerate the development of late-successional conifer habitat to benefit species dependent on this environment.
- Young Stand Density Management, McKenzie River RD, Mount Hood and Willamette National Forests, Oregon (2004): The project thinned young stands in order to maintain stand health, enhance species diversity, and provide a future source of large woody debris and shade for streams.
- North Shore Meadow Restoration, Mount Hood and Willamette National Forests, Oregon (2004): This project restored an area that had been degraded by an invasion of noxious weeds, conifer encroachment, loss of Oregon white oaks, and construction and ongoing maintenance of power lines.
- Chewaucan Watershed Monitoring, Fremont-Winema National Forest, Oregon (2002–04): A watershed restoration and monitoring program for the Lakeview Federal Stewardship Unit in the Fremont National Forest was developed and supported by a diverse collaborative group including The Wilderness Society. The monitoring project employs a crew of eight students from Lake County, supervised by a high school science teacher and expert soil scientist, to gauge the ecological health of the Chewaucan watershed. This kind of scientific monitoring is essential to build trust and develop management plans that are based on good resource data and sound science.

- Ishi Wilderness/Mill Creek Watershed Tehama County, California (2003): This project removed feral cattle from the watershed, by herding and fencing. The goals of removing the cattle were to improve anadromous fish habitat, seeps and springs, heritage resource sites, and hiking trails which were damaged and eroded. In the project's submission form, it states that it will improve and restore 77,290 acres of soil productivity, and 14 miles of stream/river and fish habitat.

#### MERCHANTABLE MATERIALS PILOT PROGRAM

The Wilderness Society's one major concern with P.L. 106-393 is the failure of agencies (Forest Service and BLM) to successfully implement the merchantable materials contracting pilot program in title II. Under section 204(e)(3) of P.L. 106-393 the Secretary "shall" establish a pilot program for implementing title II projects involving the "sale" of merchantable trees. The pilot program requires that increasing proportions—up to 50 percent by 2006—of such projects, on a national basis, be implemented using separate contracts for (a) the harvesting, and (b) the sale, of such material, commonly known as "separating the log from the logger." However, based on the Forest Service's written response to Senator Bingaman's questions at the Senate Subcommittee on Public Lands and Forests oversight hearing on February 8, 2005, less than seven percent of the 1300 projects under title II had any merchantable materials associated with them.

The Wilderness Society is concerned that the Forest Service has largely ignored the congressional directive to establish and monitor a pilot program. The intent of the sponsors was to establish an important safeguard insulating title II ecological restoration projects from economic incentives that could cause them to become ecologically damaging. Using separate contracts removes the profit motive from the design and placement of the project and helps retain the proper focus on restoration. However, the national office of the Forest Service simply never set up such a pilot program, and has failed to assure compliance with the law's separate contracting requirements. The agency's written response to Senator Bingaman's February 8th query shows that of 88 title II projects generating "merchantable materials," only six were implemented using separate contracting. Further, the Forest Service seems not to have institutionalized consistent criteria for the term "merchantable," thus making it difficult to evaluate on a region-wide basis which projects have generated only incidental "merchantable" materials, and which generated saw-timber or other non-incidental materials, or in what amounts. But even allowing for projects generating only incidental materials, the agency seems to have fallen far short of implementing the law.

A preliminary report from the Government Accountability Office (GAO) from 2003, also highlights the shortfall of pilot program projects. The GAO report on the merchantable materials pilot program stated that out of the approximately 1,300 forest-related projects at the time, 13 were expected to generate merchantable material, and six of those were to be conducted within the pilot program. The report stated that none of those six projects had been implemented at that time. However, our research shows that now one project has successfully been completed, and others will be completed by the end of this year. Two projects that were listed on the GAO 2003 report as "Density Reduction-Chetco" and "Westside Small Tree-Chetco" were submitted as two separate projects, and then combined into one: "Small Tree Treatment Project No. 111056". The status reports of these early projects are as follows (the project names have been updated since the GAO report):

- Small Tree Treatment Project 111056: The project is 28 percent completed, and consists of cutting pre-commercial and commercial (merchantable) size trees. A contract for this project was awarded 2 years ago (June fiscal year 2003), but work was not started due to a few reasons: there was a forest fire precaution restriction, the contractor was unavailable, and then the area was too wet to operate on. The actual work by the contractor started the week of 2/22/05. The contract terminates at the end of May 2005, and the project is expected to be completed at that time.
- West Side Small Tree Treatment Project 111335: The status of this project is uncertain, due to the non-merchantable material this project is producing. The original intent of the project was to thin smaller trees, and to make a fuel break along the road system. The byproduct was going to be made into mulch to leave on the ground. Miscommunication within the Forest Service led to this discrepancy, since this project was originally marked as a pilot program project.
- Waters Creek Project 112007: The mechanical work on this project was completed in April 2004, and the material was sold as of 2/16/05. The Siskiyou National Forest believes this project was a success.

- Small Tree Treatment Project 114333: This project is only 20 percent completed because there was a pullback of FY03 Forest Service funds necessary to implement the project (due to a redirection of funding to wildfire response). The project is currently being implemented, and the contractor is operating, with completion expected by fall 2005.

#### THE ROLE OF SEPARATE CONTRACTS

When a project is implemented utilizing a single contractor for removal and sale of merchantable trees, the economics of the project are tied to the value of the trees on the stump. This situation—present in the normal timber sale—inevitably militates towards pushing the project into areas of higher commercial value and into potential conflict with ecological values.

But with separate contracts, the harvester has no incentive to remove materials of higher commercial value, since he will not be realizing any of that value, and the project can thus focus on its proper restoration mission. The existing law's percentage requirement is a brake, allowing half of all such projects to be implemented with a single contract, but preventing the program from lurching onto a largely commercial course.

Pressures to commercialize are real, and present. One title II project on Idaho's Clearwater National Forest proposes to use (or has used) title II funds to pay for the cruises of two planned commercial timber sales, totaling 22–27 million board feet. These are substantial commercial sales. Paying for them with title II funding is out of step with the law's purposes of maintaining existing infrastructure, enhancing forest ecosystems, and restoring and improving land health and water quality. See section 2(b)(2). That this project was approved by the Forest Service unfortunately reinforces the perception, established by the agency's failure to initiate a pilot program or enforce separate contracting, that the agency has not always taken the congressional direction seriously.

#### THE ACHIEVEMENT OF THE RACS SHOULD NOT BE LOST

By all accounts, the Resource Advisory Committee process has been very successful in bringing together community members with divergent, strongly held views; helping them interact with, understand and accommodate each other's needs and approaches; and helping them work together to achieve agreement on project proposals that benefit the community as a whole. This is a very considerable achievement, and should not be lost.

The Wilderness Society's review of title II projects and pilot program projects has revealed significant support from the RAC members and the conservation community where the pilot program projects we reviewed are located (all of them in Oregon and California). It is crucial to recognize and value the opinions of people involved in project implementation. RAC members representing either local, regional, or national environmental groups are in strong support of the pilot program. They believe that the program facilitates decision making between the timber industry and environmentalists, especially on projects that would have originally been difficult to approve (i.e. fuels reductions). In addition, they feel that without the program there would be greater emphasis on commercial values instead of conservation, making it more complicated to achieve any outcomes authorized by title II. For example, the RACs may be presented with projects that would thin large natural stands that are economically more attractive than the plantations of smaller trees now being thinned. Conservationists strongly believe that the current merchantable materials pilot program will be essential to the continued success of title II.

In closing, The Wilderness Society believes in the future success of the Secure Rural Schools and Community Self Determination Act, and stands ready to work with the Committee when it begins the reauthorization process for P.L. 106–393.

