

A History of County Payments and the National Forest Counties and Schools Coalition (NFCSC)

Forest Reserves and the National Forest System – A Contract with Rural America

The National Forest System was formed in 1905 from the Forest Reserves, which were established between 1891 and 1905 by presidential proclamation. During that time, 153 million acres of forestlands were set aside in Forest Reserves and removed from future settlement and economic development. This imposed great hardships on those counties that were in and adjacent to these new reserves. In many cases, 65 to 90 percent of the land in those counties was sequestered in the new forest reserves, leaving little land for settlement, economic development and diminishing the potential tax base to support essential community infrastructure such as roads and schools. There was considerable public opposition in the forest counties to establishing these reserves.

In 1908, in response to the mounting opposition to the reserves in the West, Congress passed a bill which created a revenue sharing mechanism to offset for forest counties the effects of removing these lands from economic development. The 1908 Act specified that 25% of all revenues generated from the multiple-use management of our National Forests would be shared with the counties to support public roads and public schools. People in our forest counties refer to this as the "Contract with the People of Rural Counties" which was part of the foundation for establishing our National Forest System. This mitigation mechanism was and continues to be a part of the foundation of our National Forest System.

It was the intent of Congress in establishing our National Forests, that they would be managed in a sustained multiple-use manner in perpetuity, and that they would provide revenues for local counties and the federal treasury in perpetuity as well. And, from 1908 until about 1986, this revenue sharing mechanism worked extremely well. However, from 1986 to the present, we have, as a result of environmental activism, lawsuits, and legal challenges reduced our active multiple-use management of the National Forests and revenues have declined precipitously. Most counties have seen a decline of over 90% in actual revenues generated on our National Forests, largely as a result of the decline in all forms of timber harvesting, grazing, and minerals extraction.

In 1996 and 1997, the California Forest Counties School Coalition spent two years lobbying Congress to correct the inequities in the Northwest Forest Plan and extend similar benefits to Forest Counties nation-wide. They were unsuccessful and they were advised by Congressional staff to form a National Coalition to address this issue or to not come back and see them any more! In 1999, the California Forest Counties School Coalition Chaired by Dr. Marvin Locke, Tehama County Superintendent of Schools, voted to dedicate \$30,000 to underwriting the cost of bringing together school, county, and business leaders from forest counties across America. In March 1998, 80 leaders met for two days in Reno to explore and compare their common interests and challenges. One year later, over 120 persons gathered to adopt a set of Principles and to join as Charter Members a new

organization called the National Forest Counties and Schools Coalition. That week 154 Organizations signed on as members. By the summer of 1999, the Coalition had hired legislative counsel and drafted the Secure Rural Schools and Communities Act (SRSCA) legislation that reflected the Principles of the Coalition. Senators Craig and Wyden in the Senate and Congressmen Boyd and Deal in the House agreed to introduce the legislation and by that time the Coalition had grown to be 550 organizations. By late fall the SRSCA bill passed the House of Representatives and the NFCSC had grown to be 850 organizations. During the Spring of 2000 SRSCA was debated in the Senate and the NFCSC grew to 950 Organizations. In December 2000 HR 2389 – the Secure Rural Schools and Communities Act of 2000 was passed by the Senate and then approved by the House and signed into law by President Bill Clinton. By that point the NFCSC had grown to 1100 organizations.

A New County Payments System Established in 2000 – The Secure Rural Schools and Communities Act A Remarkable Success Story

The Secure Rural Schools and Communities Act (SRSCA) was enacted to address the needs of the Forest Counties of America and to focus on creating a new cooperative partnership between citizens in forest counties and our federal land management agencies (US Forest Service and BLM) to develop forest health improvement projects on public lands and simultaneously stimulate job development and community economic stability.

But most importantly, SRSCA restored the 1908 Contract between the people of rural America and the federal government. SRSCA-2000 was an enormous success in achieving and even surpassing the goals of Congress and the NFCSC.

In Brief SRSCA:

- Restored programs for students in rural schools and prevented the closure of numerous isolated rural schools. It has been a primary funding mechanism to provide rural school students with educational opportunities comparable to suburban and urban students. Over 4,400 rural schools receive SRSCA Title I Funds.
- Allowed rural county road districts and county road departments to address the severe maintenance backlog resulting from decimated road budgets from 1986 to 1999. Snow removal was restored for citizens, tourists, and school buses. Bridges were upgraded and replaced and culverts that were hazardous to fish passage were upgraded and replaced. Over 780 rural counties received Title I funds for roads.
- Over 70 Resource Advisory Committees (RAC's) were formed, under Title II of SRSCA-2000. These RAC's covered our largest 150 forest counties. Nationally these 15 person diverse RAC stakeholder committees studied and approved over 6000 projects on federal forestlands and adjacent public and

private lands. These projects addressed a wide variety of improvements drastically needed on our National Forests. Projects included fuels reduction, habitat improvement, watershed restoration, road maintenance and rehabilitation, reforestation, campground and trail improvement, and noxious weed eradication. RAC's invested funds that were allocated by County Boards of Commissioners for these purposes under Title II of SRSCA. Resource Advisory Committees (RAC's) were a new and powerful partnership between county governments and the U.S. Forest Service and BLM. They rapidly built the capacity for collaborative public land management decision-making in over 150 of our largest forest counties in America and reduced the gridlock over public land management, community by community. Each year our RAC's learned to partner more effectively with state, county, and private entities and each year the amount of outside funding leveraged with Title II RAC funding grew significantly. Today over 30% of RAC project funding comes from outside partners. Clearly, the Resource Advisory Committee mechanism was working as designed and is achieving desired results. Finally, it is important to note, that not a single project approved and completed by a RAC was appealed or litigated. A record unsurpassed by any other federal land management program!

- Title III projects on forest county lands were also authorized by SRSCA-2000 and many counties effectively invested in projects and programs under this authorization. For example:
 - Many forest counties were able to offset the rising cost of search and rescue work on federal lands. With increased recreation pressure on our federal lands, rural law enforcement has been being called upon to provide search and rescue support at a rapidly increasing rate. Without PL 106-393 support, most counties could not have met this demand.
 - Conservation easements - a number of counties during the first six years of SRSCA, used Title III funds to purchase conservation easements to compliment efforts to conserve green spaces through their county general plans.
 - Fire Prevention - a large number of forest counties invested PL SRSCA Title III funds in developing fire prevention strategies and educating citizens in fire safe actions. Since the passage of the Healthy Forest Restoration Act, hundreds of counties have been actively engaged in developing Community Wildfire Protection Plans using Title III funding. These same counties have invested Title II funds through the RAC process to implement their community wildfire protection plans through HFRA. We believe this nexus between Title II and III of SRSCA and HFRA is an example of positive synergy and effective government.
 - A number of excellent forest related outdoor education/student work programs were established with SRSCA Title III funds.

In Summary, SRSCA -2000 is a remarkable success story. These funds restored and sustained essential infrastructures such as county schools and county roads through Title I. Essential forest improvement projects were completed through Title II projects funded by forest counties, and planned by diverse stakeholder RAC committees. These groups reduced management gridlock and built collaborative public lands decision-making capacity in counties across America. Finally, essential services were supported and developed in forest counties by investing Title III funds. The legacy of SRSCA from 2000-2006 was positive and substantial. So by the end of 2006, most Forest County citizens believed that SRSCA should be extended so it could continue to benefit the forest counties, their schools, and continue to contribute to improving the health of our National Forests.

108th Congress (2004 & 2005) National Forest Management Promise Un-Fulfilled

The Secure Rural Schools and Communities Act of 2000 (SRSCA) was intended to be a short-term safety net for forest counties while the federal government, including Congress restored a level of sustainable active management to U.S. Forest Service and BLM managed lands. Such action would have restored a level of actual revenue generation that would have removed the need to extend the safety net (Title I portion of PL 106-393). Unfortunately, by the time SRSCA was to sunset (September 30, 2006), active management of our federal lands and revenue generation had declined an additional 17% for a total reduction of 87%. SRSCA clearly needed to be reauthorized!

109th Congress (2006 & 2007)

The National Forest Counties and Schools Coalition launched an effort to reauthorize the bill in 2004 by meeting with key leaders of Congress and exploring the options available. Following the election, when the 109th Congress convened, the Coalition pressed for a timely reauthorization of the Act. HR 517 was introduced in the House of Representatives by Congressman Greg Walden (R-OR) and Congressman Peter DeFazio (D-OR). HR 517 was heard, marked-up, and passed out of the House Committee on Natural Resources very rapidly. However, in the House there are dual committees of jurisdiction over SRSCA, and in order for HR 517 to move to the floor for a vote, the House Agriculture Committee needed to similarly mark-up the bill and approve it. During the 109th Congress, the House Agriculture Committee refused to hear the bill and it died in Committee at adjournment. The problem in the House was the inability of key leadership members to identify and reach agreement on federal budget offsets (adjustments) that would be used to pay for the \$3.5 billion cost of the bill over six years. This happened even after an almost two year effort to build co-sponsor support. At adjournment HR 517 had more than 160 co-sponsors in the House.

Similarly, early in the 109th Congress, Senator Larry Craig (R-ID) and Senator Ron Wyden (D-OR) introduced S-267, a measure identical to HR-517, designed to extend PL 106-393 for six years. Hearings were held by the Natural Resources Committee, but the bill was held in Committee and not

marked-up pending agreement on the offsets to be used. Twenty-seven Senators signed on as co-sponsors of S 267. S-267 also died in Committee at the close of the 109th Congress.

Despite these disappointments, the Coalition made an all-out attempt at the close of the 109th Congress to have PL 106-393 extended as part of an omnibus appropriations bill and as a part of the continuing resolution. Unfortunately, following the 2006 Congressional elections in which the majority in both houses of Congress shifted from Republican to Democratic leadership, there was little commitment to address the extension of SRSCA at that moment in time. But promises were made to address the issue on an emergency basis after the 110th Congress convened.

110th Congress (2007 & 2008)

As the 110th Congress convened in January 2007, panic was in the air across America over the failure to extend SRSCA. County and school budgets for the 2007-2008 fiscal year were being planned and layoff notices were in the process of being served on over 16,000 forest county employees. The emergency being faced by forest county governments and school districts was being communicated as clearly and vividly as possible to Members of Congress. Members of Congress on both sides of the aisle acknowledged the need, but continued to struggle with how to find the funds within the federal budget to pay for the extension. Almost immediately, Congressman Peter DeFazio (D-OR) introduced HR 17 which again provided for a six year reauthorization of SRSCA as had HR 517 in the 109th Congress. One hundred and fifty-seven co-sponsors were generated for this bill. However, the Chairman of the House Agriculture Committee remained opposed to moving the bill. He perceived it as competition for the pending Farm Bill. Similarly, in January 2007, Senators Wyden, Stevens, Murray, Smith, Cantwell, Boxer, Feinstein, and Tester introduced S 380. This bill was identical to S267 in the 109th Congress and called for a six year reauthorization based on the original formula.

However by March 2007, the Senate took a different tack under new leadership. Senate leaders based on their experience during the 109th Congress were now convinced that any bill reauthorizing SRSCA must contain a different funding distribution formula, benefiting a significantly larger number of states, in order to gain approval in the Senate. Senators Wyden, Bingaman, Reid, Baucus, Feinstein, and Murray introduced an amendment (SA 709) to the Emergency Supplemental Appropriations Act in March 2007. That amendment hereafter referred to as the Wyden/Reid Senate amendment, called for a five year reauthorization of SRSCA using a new funding distribution model. This amendment called for a ramp-down during the five year reauthorization and also included a provision to fully fund PILT (Payment in Lieu of Taxes) for the final four years of the bill. The amendment was approved in the Senate on a 74-22 vote. Clearly a super-majority of the Senate had agreed on a new funding formula for SRSCA.

House Leadership was unfortunately not in agreement with this new approach and recommended only a one year emergency extension of SRSCA in the Emergency Supplemental Spending bill based on the SRSCA-2000 formula. This difference, however, was of no significance, since the President vetoed the bill.

All during May 2007 both sides of Congress wrestled with the appropriate language for a second emergency supplemental appropriations bill. The Coalition and its member organizations lobbied vigorously for including the five year SRSCA extension language set forth in the Wyden/Reid Amendment. The Senate agreed, the House did not, and in the Conference Committee, Leadership agreed to include a one year emergency extension of SRSCA in the Emergency Supplemental Appropriations bill. The President signed the bill in June 2007 and funding was extended for SRSCA to September 2007. After an almost year long fight to convince Congress of the need to extend SRSCA, Counties and Schools, received a safety-net payment for 2007. In the spring of 2007, over 15,000 school and county workers received layoff notices, most of which were rescinded in June 2007.

Almost immediately in July 2007, Congressman DeFazio (D-OR) and Congressman Rahall (D-WV) introduced HR 3058. This bill incorporated much of the language included in the Wyden-Reid Senate Amendment, including the full funding of PILT provisions. Strategically, HR 3058 did not include a reauthorization of Titles II and III of SRSCA, in order to avoid the bill being referred to the House Committee on Agriculture. A hearing was conducted by the House Resources Committee in July 2007. Mark-up of this bill is was conducted in September 2007 so the bill could later be moved to the floor and then either voted on as a stand-alone bill or attached as an amendment to another larger measure moving through Congress.

In late July 2007, on a parallel track, House Member DeFazio (D-OR), prior to the August recess amended the House Energy bill to include a provision giving SRSCA Resource Advisory Committees an advisory role in monitoring biomass energy projects on federal lands. The Energy bill of 2007 was being considered by a Conference Committee. Coalition officers were told that it is the intent of Senate leadership to use this as an opportunity to try to insert the Wyden/Reid Amendment into the final Energy Bill Conference Report. While this was not a sure thing, it had some possibility of success.

A One Year Extension SRSCA at the end of 2007 But in Early 2008 – No Reauthorization

Throughout the summer and fall of 2007, the NFCSC and county commissioners and school leaders lobbied long and hard to convince Congress to approve a multi-year extension of SRSCA. So, in the fall of 2007, the NFCSC continued to actively advocate for a multi-year extension of SRSCA, in a very difficult budget climate, in a Congress deeply divided by presidential and congressional election partisanship, and consumed by a national focus on the effects of the war on Iraq. It was an uphill battle with monumental challenges. Yet the citizens of our forest counties and the over 9 million children that attend the schools in these 780 counties were depending on us to win this battle. At this point we had to remind ourselves that we can achieve a victory over the next year and provide these citizens, counties, and children with some security over the next six years. In order to do so, we must not allow ourselves to become weary, we must remain committed, and stay focused on sending a clear message to Congress and the President that “Rural America Does Matter”!

In December 2007, a four year extension of SRSCA was included in the House Energy bill as part of the tax extender package. One week before Christmas, the Energy bill failed to get 60 votes in the Senate (we got 59) needed to shut down a filibuster. As a result, the tax package, including SRSCA, was stripped out of the Energy bill. The remaining Energy bill was passed by both sides of Congress and signed by the President before Christmas, but without the SRSCA included. Hope was in short supply!

So, as we entered 2008, SRSCA was not reauthorized, and the Coalition was pressing hard to achieve either a multi-year extension or if need be, a single year extension. We were urging members of Congress to attach SRSCA to any legislation moving through Congress in an attempt to achieve reauthorization before personnel layoffs were finalized in the spring. If SRSCA was not reauthorized, it would be tantamount to the federal government walking away from the contract they had agreed to in 1908. We all felt that while the federal government still retained the forest lands, that they also retained the obligation to mitigate the economic effects of owning these lands for counties and schools through either adequate revenue sharing or some other alternative mitigation mechanism such as SRSCA.

As we moved through the 2008 legislative year, multiple attempts were made by Congressmen and Senators to attach a multi-year reauthorization of SRSCA to various types of legislation. The major stumbling block continued to be finding funding offsets in the federal budget to pay for the cost of a multi-year extension. None of these attempts were successful.

By late 2008, the election had happened, a new President, Barack Obama had been elected, as had a record number of Senators and Congressmen from the Democratic Party. At the same time the financial crisis was deepening and the threat of a deep recession and possible depression was feared. Fortunately, the Majority Leader of the Senate, Harry Reid, the Chairman of the Senate Finance Committee, Max Baucus, and the Chairman of the Senate Energy and Natural Resources Committee, Jeff Bingaman remained committed to a multi-year reauthorization of SRSCA and achieving their long-time goal of full funding for PILT. And, in December 2008 an omnibus legislative package, HR 1424 the Financial Stabilization, Tax Extender, and FDIC Augmentation bill was debated, voted on and passed by Congress. It was signed into law by President George W. Bush. It included a four year extension of SRSCA and five years of full funding for PILT.

In January the following message was communicated to all Members of Congress:

“On behalf of the over 3 million families that reside in the 800 National Forest Counties of America, allow us to thank you for your support of HR 1424 the Financial Stabilization, Tax Extender, and FDIC Augmentation bill.

Please know that your actions have protected and preserved the equal education opportunity for over 9 million rural school children. The four year extension of the Secure Rural Schools and Communities Act, contained in this bill, will allow forest county school districts and county governments

to rehire over 16,000 employees that were laid-off last spring because of the uncertainty about the extension of this act.

Rehiring these employees will restore essential and vital services to children and families and have an over \$3.5 billion economic stimulus impact in these rural counties. This restoration of economic stability in 800 of America's most rural counties will restore hope, economic security, and equal opportunity to the over 3 million families of our forest counties.

Finally, the full funding of the Payment in Lieu of Taxes (PILT) for the first time since this program was passed in 1976, also provides additional essential unrestricted revenues to rural public lands counties that have been so hard hit by the recent economic downturn. These funds will allow rural counties to begin to restore important public services that were eliminated in spring 2008 due to severe budget shortfalls.

We the citizens of America's 800 national forest counties want to take this opportunity to thank you for your vision and commitment to rural America. We will long remember your leadership at this historic moment. “

Today, the NFCSC Coalition is an umbrella organization of over 1,500 local, state, regional, and national organizations concerned about the long-term sustained management of our National Forests and the economic and social stability of forest counties and communities. The Coalition includes local and county government, public school districts, road districts, organized labor, business and industry, and forest user groups.

Partnership for Rural America Campaign – An Initiative of the NFCSC to Achieve a Long-term Extension of SRSCA (2010-2012)

In January 2010 the National forest Counties and Schools Coalition launched a new legislative initiative called “The Partnership for Rural America Campaign”. This campaign is a two year legislative effort aimed at achieving a long-term reauthorization of the Secure Rural Schools and Communities Act that would provide 8 to10 years of funding at the FY 2010 level. It also seeks to extend the secure Rural Schools Resource Advisory Committees and to restore some of the services authorized under Title III in the original SRSCA legislation. This campaign is being designed and built nationally on a strong local ground-roots basis with increased representation and participation from States and Counties that were not as involved in the 2000 and 2008 campaigns.

April 2010