

**Statement of Christopher Kearney
Deputy Assistant Secretary for Policy and International Affairs
U.S. Department of the Interior
On S.267**

**Reauthorization of the Secure Rural Schools and Community Self-Determination Act (P.L.106-393)
Subcommittee on Public Lands and Forests
Senate Committee on Energy and Natural Resources
March 8, 2005**

Thank you for the opportunity to testify at today's hearing on S.267, the "Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005." The underlying Act, the Secure Rural Schools and Community Self-Determination Act of 2000 (P.L.106-393) will expire on September 30, 2006. S.267 extends the authorization of P.L.106-393 from 2006 until 2013. The Department could support 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. The Administration would be pleased to work with the Subcommittee and the appropriations committees to address this and other amendments to improve the bill.

Background

As we testified at the Subcommittee's February 8, 2005, oversight hearing on implementation of the Act, in addition to the rangeland managed by the Bureau of Land Management (BLM), the agency also manages 55 million acres of forests and woodlands on the public lands, some 2.5 million of which are located in the 18 western Oregon counties covered by the "O&C Act" (Revested Oregon and California Railroad and Reconveyed Coos Bay Wagon Road Grant Lands Act of 1937.) Of the public lands managed by the BLM, the Secure Rural Schools Act applies exclusively to the 18 O&C counties in western Oregon.

Congress set the stage for the long and close association between the BLM and the O&C counties when, in the O&C Act, it directed the Department of the Interior to manage the O&C lands for "the purpose of providing a permanent source of timber supply, protecting watersheds, regulating stream flow, and contributing to the economic stability of local communities and industries, and providing recreational facilities." The O&C counties receive approximately 50 percent of the receipts from timber harvested from public lands in the counties.

By the late 1980s and early 1990s, litigation regarding the northern spotted owl resulted in steep reductions in timber harvests in the Pacific Northwest, and correspondingly steep reductions in income to counties that depended on revenues from timber harvests on public lands to fund essential local government services. In the years between 1989 and 1993, income to O&C counties from timber harvests dropped by nearly 30 percent, to approximately \$79 million. In response to this, Congress enacted "safety net payments" to stabilize income flow to timber-dependent counties during this tumultuous period, through the Omnibus Budget Reconciliation Act of 1993 (P.L.103-66).

In 2000, Congress repealed the "safety net payments" and enacted the Secure Rural Schools Act to set a stable level of payments to counties. The Act provided the O&C counties with the option of receiving a full payment amount equal to the average of their three highest timber receipt years from 1986 through 1999. In addition, under the Act the counties elect the percentage of the payment (80-85 percent) to be distributed directly to the counties (Title I), and the remaining percentage (15-20 percent) to be allocated between Title II projects (administered by the BLM), Title III projects (administered by the counties), or returned to the Treasury.

Under Title II, funds are used to support cooperative projects, under the guidance of Resource Advisory Committees (Committees), to restore healthy conditions on public lands or on private lands for the benefit of public land resources. Such projects include wildfire hazard reduction, stream and watershed

restoration, forest road maintenance, and road decommissioning or obliteration, control of noxious weeds, and improvement of fish and wildlife habitat. Under Title III of the Act, counties may use funds for emergency services, community service work camps, purchase of easements for recreation or conservation, forest related after-school programs, and fire prevention activities.

The Resource Advisory Committee process authorized by the Act has served as a catalyst to bring together diverse groups and individuals with the shared goal of improving the condition of our public lands. In projects selected through collaborative decision-making, the BLM has worked in partnership with state and local governments and stakeholders to improve the condition of the O&C lands and support the development of community-based strategies to protect these communities from catastrophic wildfire.

To date, the BLM's five Resource Advisory Committees have recommended for approval over \$33 million in Title II restoration projects on public lands or for projects on private lands that enhance public lands. The Act has allowed the BLM to undertake a greater amount of on-the-ground restoration activities than would otherwise have been possible. Reauthorization of the Act, under S.267, will strengthen these efforts.

S. 267

Section 2(a) of the bill extends the payments authorized under all three titles of the Act from 2006 to 2013. As amended, the payment authorities would sunset on September 30, 2013, and any funds not obligated by September 30, 2014, would be returned to the Treasury.

Section 2(b) of the bill amends, among other things, Section 103(b)(1) of the Act to extend the counties' election to receive 50 percent payments through fiscal year 2013, and adds language to that Act that authorizes the Secretary of the Treasury to give counties the opportunity to elect in writing during the last quarter of fiscal year 2006 to begin receiving the 50 percent payment effective with the payment for fiscal year 2007.

Section 2(c)(2) of the bill amends the Act to state that if the Secretary of the Treasury determines that a shortfall in revenues is likely, all revenues, fee, penalties and miscellaneous receipts, subject to certain limited exceptions, shall be reserved to make payments to the counties for that fiscal year. We believe this section is unnecessary and concur with the Forest Service in recommending that it be removed from the bill.

Section 2(e) of S.267 amends the "Merchantable Material Contracting Pilot Program" authorized by Section 204(e)(3) of the Act to authorize the Secretary to establish a pilot program at the request of a Resource Advisory Committee to implement one or more the projects recommended by the Resource Advisory Committees. While we have no objection to the amendment, we urge the Subcommittee to consider whether the goals of the Pilot Program can be more effectively reached using Stewardship Contracting authority to implement Title II projects with merchantable materials.

Section 2(f) of the bill amends the Act to add notification requirements by counties receiving funds under the Act. Specifically, it requires participating counties to submit to the Secretary written notification specifying each project for which the county obligated funds during the fiscal year. The Secretary is then required to review the notifications to assess the success of participating counties in achieving the purposes of the bill. Additionally, Section 2(f) amends the Act to require the Secretary to prepare an annual report containing the results of the most recent reviews conducted by the Secretary. We have concerns about this provision as it requires the Secretary to monitor and report on the use of these funds.

To address these and other concerns, the Administration would like to work with the Committee on other technical and substantive amendments which we will be providing. As stated earlier, the Department could support S. 267, if amended with agreed-upon savings that fully offset the costs of the bill in fiscal year 2007 and beyond.

I would be happy to answer any questions.