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**Statement of Laura Falk McCarthy, Forest Trust
Before the Hearing of the
Subcommittee on Forests and Forest Health
Regarding
Issues Affecting Jobs in the Forest Industry
February 4, 2004**

Thank you for the opportunity to testify today. I am here representing the Forest Trust, a forest conservation organization based in New Mexico. The Forest Trust's mission is to protect the integrity of forest ecosystems and improve the livelihoods of rural people – a mission that reflects our belief that it is important for forests to provide people with jobs. The Trust operates several programs including a research center, technical assistance to forest-dependent communities and small businesses, and consulting forestry on private lands. We have first hand experience with the issues that affect forest-related employment.

My testimony focuses on the role of federal forest and fire policy in providing rural employment and business opportunities. I will address five points as follows: (1) key mechanisms in the National Fire Plan that created jobs in rural communities; (2) the need for environmental protection to assure sustainable forests and jobs; (3) challenges facing small- and micro-size forest businesses that Congress can help address; (4) solutions proposed in the Community Based Forest and Public Lands Restoration Act; and (5) monitoring the effects of federal forest and fire policies and the role of the National Community Forestry Center.

1. Key Programs in the National Fire Plan Created Jobs in Rural Communities

Three provision of the National Fire Plan have been important to forestry job creation in rural communities. First, the National Fire Plan gave the federal land management agencies authority to give preference to contractors who would hire local workers. Second, the plan included programs to build community capacity by expanding the government's ability to engage non-profit agencies in fuels reduction work, such as economic development organizations and youth corps. Finally, the National Fire Plan Economic Action Program (EAP) invested 12.6 million dollars in marketing and utilization projects to bring new jobs and manufacturing to forest-dependent communities. These combined provisions resulted in modest employment gains in forest-dependent communities. Unfortunately, the Healthy Forests Restoration Act failed to include any of the provisions for rural communities that were so successful in the National Fire Plan.

A handful of studies have shown that National Fire Plan programs in 2001 and 2002 brought jobs to rural communities. These studies looked at two kinds of employment -- firefighting and fuels reduction (thinning and slash disposal). The research was conducted by Dr. Cassandra Moseley at the University of Oregon's Ecosystem Workforce Program, and focused on the economic effects of the National Fire Plan in Oregon, Washington and northern California. In firefighting, Dr. Moseley found that most of the new agency fire suppression jobs went to people from nearby areas. In contrast, the Oregonian reported that most contract fire suppression jobs were awarded to five national companies that sent workers around the country to fight fire. In addition, many of these national companies also received large fuel reduction contracts. The profits made in firefighting make it possible for the large contractors to be the low-bidders in fuels reduction, thereby filling jobs that would otherwise have gone to local residents.

A new report by the National Association of State Foresters and partners contributed additional information about the barriers keeping local workers from being employed in regional firefighting. This report documented that local fire departments were frequently forced to sit on the sidelines while their communities' burned because of federal policies about firefighter deployment. This inefficiency has raised firefighting costs because of transportation expenses and delayed the fire response time.

Dr. Moseley's studies of fuel reduction contracts in the Northwest found that the National Fire Plan employed more local people than other forms of service contracting, but that contractors from small rural

communities still captured only a small percentage of the total funds awarded. The studies also determined that local employment was most likely when service contracts required the use of heavy equipment, and that most of the labor-intensive jobs were still awarded to non-local operations.

The gains for rural communities in the National Fire Plan were initially significant but have declined in the last several years. The special contracting authorities giving preference to contractors that hire local workers and allowing non-profits to compete for fuel reduction contracts were only temporary, authorized through the Interior and Related Agencies Appropriations bills in 2001, 2002, 2003, and hopefully, though I have not confirmed it, the 2004 budget. Funding for the Economic Action Program declined significantly in 2003. The National Fire Plan portion of EAP was zeroed out in the President's 2004 budget and was not restored by Congress. Regrettably, the provisions of the Healthy Forests Restoration Act and funding in the 2004 Budget have not replaced these temporary authorities and programs.

Community Needs: The programs that stimulated rural jobs in fuels reduction and restoration and were temporarily authorized through Appropriation Bills should be continued through more permanent legislation. Specifically, rural communities need the agencies to level the contracting playing field with authorities that benefit local workers, to make non-profit agencies and youth corps eligible for fuels reduction work, and to fund investments in marketing and utilization through an effective mechanism such as the Economic Action Program.

2. Conflicts over Environmental Protection Distract from the Root Problems

Studies examining the claim that environmental laws are responsible for a decline in forest-related jobs have not found evidence of the connection. Eight reports by the Government Accounting Office and two reports by Northern Arizona University's Ecological Restoration Institute have shown that fewer than 2% of fuels treatments are litigated and less than 20% are appealed. Of the projects that are appealed, the GAO found that implementation usually begins within 90 days, which is about the time it takes to award a contract. According to NAU's studies, endangered species are not the most common subject of appeals.

In my work in New Mexico, I have had community members tell me repeatedly that we need the environmental laws to guarantee sustainable management and a community voice. They tell me they would rather work within the existing legal framework than relinquish full control to the federal agencies, which is what they believe will happen if NEPA and the Endangered Species Act are dismantled, and where they think HFI will lead us. Communities use the appeals process to gain a seat at the decision-making table and they fear that without it, the agencies will stop listening to their concerns.

When forest-dependent communities are asked to describe the challenges they face, environmental laws are usually low on the list. Instead, local contractors say they are concerned that land management agencies have received insufficient funding to carry out fuels reduction and that, as a result, they cannot get steady work. For the last three years, I have talked to District after District about planned projects, and found out later that the projects were shelved because there was no money for implementation. Some of the funding gaps are a result of fuel reduction funds being transferred to pay for firefighting, and some are because of insufficient funding. The agencies annual reports to Congress showed that they only achieved about 60% of their fuel reduction targets in 2001 and 2002. Last week, the President announced he will seek \$760 million for fuels reduction and restoration activities. This funding is a promising start, but allocation of the funds in the appropriations process needs to benefit rural communities.

Community Needs: It is time for Congress to focus on the real problems of funding the agencies to restore fire-prone forests and stopping the vicious cycle of fire suppression and greater fuel accumulation. How many more studies will be needed to show that NEPA, appeals, and ESA are a distraction from the root problems? Congress should watch carefully as the expedited processes in the Healthy Forests Initiative are implemented before concluding that further rollbacks of environmental protection are needed.

3. Small- and Micro-size Forest Businesses Face Many Challenges

Forest-dependent communities are struggling to stay out of poverty and to achieve the standard of living that most Americans take for granted. Many people suffered when timber processing plants pulled out of their communities. Nationally, the highest unemployment rates are in forest-dependent communities. In some communities, the closing of mills has been followed by a decision to rebuild community capacity, to become more self-reliant, and to form local businesses that will put people to work in the woods, restore degraded forest conditions, and manufacture new value-added products.

Yet many complex issues confront these community-based businesses, which are usually small and micro-sized by the Small Business Administration's definition. First, the businesses are often in communities, with little or no remaining forestry infrastructure – including processing facilities and transportation networks. Second, the small enterprises often find themselves shut out of competition for federal restoration projects, because of inappropriately sized contracts and policies that favor large contracts. Third, the businesses do not have sufficient access to technical assistance, cutting-edge technology, or product development research. And, finally, the businesses find it difficult to access capital for high-tech equipment and processing investments because of an uncertain supply of raw material.

Community Needs: Community-based foresters have identified the barriers to new businesses and need help from Congress to find permanent solutions to the identified problems. Chief among these are continuing the National Fire Plan policies that supported rural community businesses and ensuring consistent and long-term planning and budgets.

4. Community-Based Forestry Act is Needed to Provide Solutions

Forest-dependent communities are not well represented in the political process, but they have the most at stake when it comes to jobs in the forest industry and the larger picture of public forest management. Community forestry workers from western states have joined together with a range of other partners to outline a Community-Based Forest and Public Lands Restoration Act that will provide solutions to the problems I have just described. The bill was introduced as S.2672 by Senators Craig and Bingaman in the 107th Congress and passed the Senate.

The essence of the Community-Based Forest and Public Lands Restoration Act is to direct land management agencies in the Departments of Agriculture and Interior to conduct ecosystem restoration and maintenance activities using community-based approaches. The bill addresses all aspects necessary for forest restoration to succeed, from the watershed to the woodshop, and integrates the various mandates of the land management agencies under one umbrella. The six key parts of the bill are: (1) restoring ecosystem integrity with clear direction and contracting mechanisms to carry out restoration; (2) concrete mechanisms for collaboration with communities to rebuild trust and move beyond confrontation; (3) monitoring by agencies and stakeholders to ensure accountability and corrective action based on lessons learned; (4) technical assistance and local enterprise development to rebuild forest infrastructure where jobs are most needed; (5) contracting and other authorities to stimulate local workforce capacity; and (6) applied research to benefit rural communities and businesses.

Community Needs: Community forestry workers are seeking support in the House for the ideas expressed in this legislative proposal. We have been working with forest industry groups, the Western Governor's, State Foresters, Counties, and environmental groups, and have found common ground in the interests of rural communities. We urge you to engage in this important discussion about how to generate the investment needed to have healthy forests and healthy communities.

5. Monitoring is Needed to Document Outcomes of Federal Forest and Fire Policies

Discussions about sustaining the economic benefits of the National Fire Plan, the effects of environmental laws on the ability to carry out forest management, and the need for investments in rural communities and forestry infrastructure, are complicated by the fact that the federal land management agencies perform very little monitoring and evaluation of the outcomes of their programs. Studies of employment like the ones I previously cited are sponsored by the University of Oregon, with partial agency funding, but they are limited to the Pacific Northwest and therefore cannot provide an accurate picture of the job situation for the nation. Similarly, the agencies are not conducting ecological monitoring, except in the context of evaluating post-fire effects. Communities are extremely interested in monitoring, as the stewardship contracting pilot projects discovered, but the agencies are paralyzed by the challenges of conducting scientifically credible monitoring and utilizing multi-party groups for evaluation.

I will conclude by telling you about the important work of the National Community Forestry Center. The Center was started by the National Network of Practitioners four years ago in a groundbreaking effort to improve the well-being of communities and forests by helping rural people access, produce, and use information. The program was funded through a national competitive, peer-reviewed grant program administered by USDA Cooperative State Research, Education and Extension Service. The Center has played a key role in helping communities to monitor the National Fire Plan and to assess barriers to implementation. So far, more than 28 communities have partnered with the Center, resulting in over 60

publications and numerous workshops, newsletters, and internet resources. Some of the facts I have raised in this testimony were derived from research that was carried out by the Center and its partners.

Community Needs: Communities value the Center because it builds capacity in communities and lets residents become the experts, instead of funding outside experts to come into the community and then take their knowledge away when the funding ends. Funding for the National Community Forestry Center will end in December 2004 and more support is needed to extend this innovative and successful effort.

SUMMARY AND CONCLUSIONS

1. The National Fire Plan had beneficial effects on forestry sector jobs and rural economies because of three key authorities and programs that Congress built into the plan. Unfortunately, two of these authorities were only temporarily authorized through Appropriations in 2001, 2002 and 2003, and the third received no funding in 2004. The temporary authorities that stimulated rural jobs in fuels reduction and restoration should be made permanent, and investment in marketing and utilization should be funded through an effective mechanism such as the Economic Action Program.
2. The claim that environmental laws are responsible for a decline in forest-related jobs has not been substantiated, and forest-dependent communities do not cite environmental laws as their number one problem. Congress should focus attention on the more pressing need to fund the agencies to implement fuel treatments and to provide consistently adequate funding for wildfire suppression.
3. Forest-dependent communities are struggling with poverty and high unemployment. Many communities have recognized that they can rebuild their capacity, become more self-reliant, and form local businesses that will put people to work in the forest industry. Yet, these small enterprises face tremendous barriers and need help from Congress to find permanent solutions.
4. Community forestry workers from western states have joined together with a range of other partners to outline a Community-Based Forest and Public Lands Restoration Act that address the problems facing forest-dependent communities. A broad coalition is forming and House members are urged to engage in the discussion about how to generate the investment needed for healthy forests and healthy communities.
5. Communities are extremely interested in monitoring the effects of federal forest policy, but the land management agencies are paralyzed by the challenges of conducting scientifically credible monitoring and utilizing multi-party groups for evaluation. The National Community Forestry Center has taken steps to monitor the National Fire Plan and to assess barriers to implementation. Funding will end in December 2004 and more support is needed to extend this critical resource for forest-dependent communities.