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Before the U.S. House Committee on Natural Resources,
Subcommittee on National Parks, Forests, and Public Lands

Locally Grown: Creating Rural Jobs with America's Public Lands

July 15, 2010

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to speak before you today about the ways we can create and retain jobs through the restoration and maintenance of public lands. I want to discuss how well-crafted federal land management, contracting, and economic development policies can support high quality jobs, foster robust small enterprises, and create wealth in rural public lands communities.

I direct the Ecosystem Workforce Program in the Institute for a Sustainable Environment at the University of Oregon. Founded in 1994, the Ecosystem Workforce Program seeks to build ecological health, economic vitality, and democratic governance in rural forest communities in the American West. We address these interconnected issues with applied research and policy education related to rural communities and federal forest management. I am a founding participant of the Rural Voices for Conservation Coalition, a group that is focused on finding policy solutions that link the long-term health of the land and well-being of rural communities. Over the past nine years, I have undertaken a number of studies about the rural community benefits of Forest Service and Bureau of Land Management (BLM) contracting, the working conditions of federal contract forest workers, and the use of stewardship contracting.

Today, I am going to discuss:

1. Historical precedents for the Forest Service role in creating local economic benefit
2. Opportunities to create jobs in public land communities today
3. Strategies for creating conservation-oriented economic development
4. Place-based and regional strategies and examples of what is working
5. Challenges limiting public land communities' participation in and benefit from the conservation of public lands
6. Recommended policy changes

1. Caring for the Land, Serving the People: Historical precedents for the Forest Service role in creating local economic benefit for public land communities

When beginning a conversation about how public lands can play a role in creating prosperity in rural communities, one can easily ask whether this should be a focus or obligation of these agencies. It is worth briefly considering the founding of the Forest Service. At the turn of the 20th century, Teddy Roosevelt, Gifford Pinchot, and other Progressives advocated for forest reserves and later the Forest Service as agencies that would conserve timber, water, and rangelands immediately and into the future. As part of this vision, they saw local economic well-being as a fundamental part of national forest management. The first regulations of the National

Forest Reserves (the 1905 Use Book) laid out “protecting local residents from unfair competition in the use of forest and range” as a central purpose of the reserves. Since then, Congress has repeatedly created programs to focus the Forest Service’s attention on the creation of local economic benefit from sustainable management of the national forests. In the past 60 years, we have seen the Sustained Yield Forest Management Act of 1944, which authorized the Forest Service to create units where sustained yield timber harvest was to benefit the local community; special salvage timber sale and small business timber sale programs; and obligations under the National Forest Management Act to analyze the economic impact of management. More recently, appropriations associated with the National Fire Plan, Secure Rural Schools, and stewardship contracting all focus the attention of national forests on creating local community economic benefit while managing lands for the long term good of the Nation. For a century of its history, the Forest Service has had to simultaneously address national interests and local benefits; and balance current needs and long-term well being.

2. Forest and watershed restoration and biomass utilization: Opportunities to create jobs in public land communities today

Now more than ever, we understand the key roles that national forests and other public lands play in securing clean air, water, biodiversity, and carbon now and into the future. Federal lands also provide places for recreation, retreat, renewal—critical roles in a nation that struggles to unplug and unwind; and even more significant for today’s youth, who are facing an epidemic of obesity.

Despite their importance, our national forests and other public lands face a significant and growing need for management to recover ecosystem function, reduce fire hazard, and prepare for and adapt to climate change. These lands and forests need hazardous fuels reduction, improved wildlife and fish habitat, road decommissioning and maintenance, and updated recreation facilities. Although funds from the American Recovery and Reinvestment Act (ARRA) have helped to reduce the backlog, much still needs to be done. The need to actively restore our national forests and grasslands is great, as is the need to create economic opportunity for the businesses and workers in communities who live adjacent to public lands.

Investments in forest and watershed restoration create jobs and economic impacts similar to investments in infrastructure projects such as building roads and bridges. In a recent economic impacts study, we found that forest and watershed restoration activities create between 15.7 and 23.8 jobs per \$1 million invested in Oregon. The economic multipliers are in the range of 1.4 and 2.4.¹ Employment numbers tend to be higher for labor intensive activities such as hand thinning, tree planting, and site preparation and lower for equipment-intensive jobs such as construction of instream habitat and mechanical thinning, selective logging and the like. However, the equipment-intensive jobs usually created more total economic impact. The majority of the companies we interviewed were quite small—nearly two-thirds had annual revenues less than \$1 million.²

Forest restoration activities such as hazardous fuels reduction and thinning have the potential to generate small diameter trees and other woody biomass that can be used to create wood products and energy. These products are wide ranging and include posts, poles, furniture, animal bedding, landscaping projects, paper, and engineered wood products and energy including heat and electricity. Developing utilization businesses located near the national forests can reduce treatment costs for the federal government and other landowners, as well as create local business and employment opportunities.³

3. Restoration and biomass utilization: Strategies for creating conservation-oriented economic development

As ARRA winds down over the coming year, the central challenge will be to translate the economic opportunity of forest and watershed restoration and the utilization of byproducts into economic reality for rural communities over the long term. During the recession, federal policy has been focused on stimulating the economy by creating immediate jobs. In many ways, this is an appropriate strategy for encouraging recovery and avoiding deflation. However, many public lands communities have longer-term, underlying economic weaknesses that will not be resolved when the national economy recovers. Beyond short-term stimulus, many rural public lands communities need to develop economically. There are several key dimensions of successful conservation-oriented economic development:

- *Wealth creation and retention:* The development of local businesses that provide restoration and stewardship services or energy products need to be scaled to meet local market demand and be part of an integrated economy that includes value-added manufacturing and local ownership to ensure that the money generated circulates through the local economy.
- *Diversity and adaptability:* In small rural economies, the businesses that can provide a diversity of services and evolve as needs change will be best able to withstand changes in economic or environmental conditions. In natural resource-based economies, seasons, natural disturbance, and commodity markets are constant sources of change. In the face of climate change and the need for renewable energy development, creating integrated, diverse strategies will allow rural communities to withstand change and perhaps even prosper because of it.
- *Robust small businesses:* Local ownership and hybrid ownership models that create not only jobs but also local business opportunities can help create local wealth along with jobs.
- *High quality jobs:* Focusing on high quality jobs is critical to overall community well being. Job creation efforts that focus on securing a large number of jobs do not always consider whether those jobs will enable workers to support their families. Equally problematic, rural communities often do not have the population available to take advantage of large-number-low-quality-job strategies, so the jobs and the economic benefits will go to outsiders. Strategies that focus on creating high quality, longer duration jobs will better help rural businesses strengthen their efforts to create more sustained positive economic impacts.

4. Place-based and regional strategies and examples of what is working

What does it take to transform the need for forest and watershed restoration into rural wealth, diverse and flexible enterprises, and jobs? Across the West, communities and their agency partners have been working together to foster economic development around forest and watershed restoration and biomass utilization. Over time, a set of strategies are emerging that foster success. These include:

- Collaboration
- Community-based organizations
- Best value and stewardship contracting and contractor development
- Promotion of quality jobs
- Integrated value-added manufacturing and biomass utilization
- Regional strategies and networks

Collaboration

Since the mid-1990s, collaboratives that include front line staff from federal agencies, local government officials, local citizens, environmentalists, and industry representatives have emerged in the West to resolve conflict over federal land management, find common ground, and develop and implement projects. By starting small, using demonstrations and field tours, and monitoring project implementation, many collaborative groups have built sufficient trust to move toward landscape-scale restoration. Now, established collaborations are taking on increasingly large and complex projects. Initially, collaboration can be slow to develop. Strengthening and expanding collaboration is an iterative process, where each project builds on the last. But the benefits of collaboration include innovative solutions to complex problems, reduced tensions, and more financial and technical resources to implement a project. These collaborative approaches are critical to the effective and efficient management of our public lands and to restoring social harmony in the communities that have born the brunt of conflict over national forest management. Collaboration has proved itself to be an essential strategy to developing and implementing durable solutions.

Community-based organizations

Alongside collaborative processes, in many western communities, community-based organizations have emerged to help facilitate collaborative groups, assist the agencies with project planning and implementation, and support business and workforce development for both restoration and value added manufacturing and biomass utilization. Organizations such as such as Wallowa Resources (Enterprise, OR), Lake County Resources Initiative (Lakeview, OR) and the Watershed Research and Training Center (Hayfork, CA) develop partnerships with local entrepreneurs, agencies, and community leaders to strengthen small local business development and to increase the flow of benefits from forest management to local communities and workers. In addition, regional organizations such as Sustainable Northwest are playing a pivotal role in networking these organizations, providing technical and facilitation assistance, and helping entrepreneurs access urban markets. Place-based, regional, and even some national organizations have become essential in achieving conservation and rural development objectives. These are the entities that create neutral forums of diverse stakeholders for the agencies, provide technical assistance to support local community and business efforts, and foster innovation and hope that federal agencies cannot create on their own.

Best value and stewardship contracting and contractor development

Direct Federal employment, procurement contracts, timber sales, stewardship contracts, and cooperative agreements are the central ways that the Forest Service generates economic activity through land management. Examining ARRA awards in the West based on recipient location (rather than project location) suggests that the U.S. Departments of Agriculture and the Interior have been the lead funders in many of the hardest hit-rural counties in the West. This is

despite the relatively small amount of ARRA funding obligated to land management agencies, suggesting that funds from these agencies can and do reach businesses in the rural West.⁴

The ways contracts and agreements are structured impacts whether local contractors can readily compete for them. Best value contracting, in particular, can reward contractors who perform high quality work, have well-trained workers, or use low impact equipment. In addition, for much of the last decade the Forest Service has had the authority to consider local benefit when awarding stewardship and many service contracts. These authorities can help increase awards to local contractors.⁵

In addition, cooperative agreements between land management agencies and community-based organizations, especially in communities with limited contracting capacity, can help increase local benefit. For example, in Hayfork, California, where there are virtually no contractors left, the Watershed Research and Training Center and the Shasta Trinity National Forest have entered into cooperative agreements for restoration projects that employ and train local workers. This approach serves to create local jobs now while building local workforce capacity for the longer term.

In addition to best value contracting and cooperative agreements, stewardship contracting has become a very effective tool for undertaking public lands restoration and creating a diversity of local benefits. For example, in Northern California, the BLM and Forest Service have entered into ten-year stewardship agreements with the Trinity Resource Conservation District to collaboratively manage the Weaverville Community Forest. These agreements have turned a conflict into a broadly-supported strategy to reduce fire hazards, while improving recreational opportunities, protecting cultural resources, and sending logs to the local sawmill. On the Fremont National Forest, a 10-year stewardship contract is being used to implement broad agreement about forest restoration and keep the local sawmill open, saving dozens of milling and logging jobs. In Central Oregon, stewardship contracting has enabled contractors to acquire new equipment and identify new markets for biomass utilization. In Southwest Oregon, the Rogue Siskiyou National Forest has used stewardship agreements to quickly implement ARRA projects and create more than 35 jobs conducting hazardous fuels reduction. Over the last several years, Forest Service Region 6 has invested in training their staff, members of collaborative groups, and contractors in understanding how to use tools like stewardship contracts. These initial steps and leadership from the Regional Office have positioned national forests in Region 6 to take advantage of stewardship contracting authorities.

Promotion of quality jobs

Poor job quality has been a long-standing problem for labor-intensive workers such as those that work on thinning and tree planting projects. Often Hispanic migrants, these workers are subject to frequent verbal abuse and safety and labor violations. Changing these conditions requires shifting the dynamics in the labor and contracting markets. In recent years, the Forest Service and Department of Labor have come together to collaborate to increase enforcement of labor, safety, and contracting regulations. More recently, Region 6 of the Forest Service has begun to collaborate with state and Federal agencies and worker organizations to pursue more consistent enforcement and create a cultural change within the agency that supports staff in recognizing and acting on labor and safety violations as they would timber theft or abandoned camp fires. Although there is still a long way to go before labor-intensive forest workers will experience consistent changes in their working conditions, these recent steps are promising.

Integrated value-added manufacturing and biomass utilization

A number of biomass development strategies are emerging, which integrate value-added manufacturing, and electrical and heat generation. These approaches create projects that are energy efficient, scaled appropriately to local forest conditions, and structured to allow public land communities to capture as much benefit as possible. In Wallowa County, for example, a number of business, nonprofit, and county partners are developing an Integrated Biomass Energy Campus. Already, it has created 14 new jobs utilizing woody biomass that otherwise would have been left in the woods after thinning to be piled and burned. With planned additions to the campus, including a new combined heat and power plant that will provide electrical and thermal energy to the co-located companies, total employment will rise to 26-30 jobs (nearly 1% of non-farm workforce in the county) and annual biomass purchase will increase to 50,000 tons – value of about \$1.2 to \$1.5 million annually. This project will support additional jobs in the woods and help sustain the economics of private working forestlands. This new local market will help support about 7,000 acres of forest restoration / fuel reduction annually. This model reduces transportation costs, creates partnerships, and has the potential to provide sustained community economic development.

Regional strategies and networks

Although community-based approaches to economic development promise to maximize local benefit, in communities dominated by public lands, the reality is that politics and markets operating regionally and nationally greatly affect the ability of community-based efforts to succeed. Increasingly, community-based organizations are realizing that they need to work across communities and regionally to affect economic development locally.

For example, the Ecosystem Workforce Program, Sustainable Northwest, Wallowa Resources, and the Watershed Research and Training Center are collaborating on a regional economic development project focused on sustainable forest stewardship in a dry forest zone covering 15 counties of eastern and southern Oregon and northern California. By strengthening community-based organizations and regional networks, the project will develop a model to increase the viability of sustainable forest stewardship in which rural communities participate and prosper. Our strategy involves: (1) creating multiple value streams supporting sustainable forest stewardship; (2) developing integrated biomass utilization and renewable energy; (3) building community and business capacity to achieve forest and economic resilience; (4) creating the policy conditions to support sustainable forest stewardship on public and private lands; and (5) documenting and communicating lessons in the zone, regionally, and nationally.⁶ Grants from the U.S. Endowment for Forestry and Communities, the USDA Rural Development, and several other sources are funding this project.

5. Challenges limiting public land communities' participation in and benefit from the conservation of public lands

This model of integrated land management and economic development—collaborative land management planning and implementation, robust community-based organizations and networks, healthy adaptable contracting and wood/biomass processing businesses—is showing promise across the West. But, this model faces considerable policy challenges. For example:

- Collaborative agreement about how and where to conduct forest and watershed restoration exceeds the financial and organizational capacity to plan and implement

projects within the land management agencies, private sector, and nonprofit organizations involved in this work.

- Local entrepreneurs seeking to develop businesses that use biomass for wood products and energy production face a number of barriers including lack of access to capital, concerns about biomass supply, viable local ownership models, and need for risk sharing.⁷
- High-speed Internet connections have become a de facto requirement of contracting with the federal government. However, many rural businesses in the West that wish to work with the government are hampered by lack of broadband.
- Although the Forest Service’s Washington Office and Region 6 Office have provided direction and training for front line personnel to collaborate, and we are seeing increased front line commitment to collaboration, there remain institutional structures—particularly systems of budget formulation and allocation and performance measures—that can create strong disincentives to collaborate.⁸
- Federal land management agencies and economic development agencies do not work together consistently. Through the Northwest Economic Adjustment Initiative, the Pacific Northwest developed successful models of sophisticated collaboration among state and federal economic development and natural resource agencies. Unfortunately, these networks have weakened over time due to sustained downsizing and reorganization and a lack of focus.
- Quality jobs continue to be allusive for many workers performing labor-intensive forest work, and the markets for manual thinning are highly competitive.

6. Recommendations

- A. Reauthorize stewardship contracting*** to allow for continued use of one of the most effective tools available to the Forest Service and BLM for undertaking forest restoration, encouraging business innovation, and creating local benefit.
- B. Support community-based organizations and collaboration in public lands communities*** by creating a grant program administered by the national forest system to allow national forests and community partners to foster community, business, and land management agency capacity to collaboratively work to integrate climate change adaptation, public lands restoration, and rural community development.
- C. Develop Forest Service budget structures that meet today’s challenges*** by allowing for integrated management of national forest system lands. The President’s proposed Integrated Restoration and Resource line item moves in the right direction.
- D. Develop strategies for performance evaluation that reflect the complexity of federal land management and the interconnected goals of ecological health and community well being.*** Over the past several years, the Forest Service has revamped their performance evaluation system, particularly associated with fire and fuels management. Their performance measures are more sophisticated and their data collection systems are

more fully developed. Yet, this target-driven system of performance measurement fails to capture the complexity of the problems facing the agency and fails to credit the agency when they develop and implement innovative solutions to those problems. Moreover, the system, while better at measuring biophysical outputs and outcomes, still lacks measure of socioeconomic outcomes. The recent tracking system created to monitor ARRA jobs and economic impact outcomes could be part of a strategy to incorporate socioeconomic measures into the current accountability system.

E. Focus on job quality as a central component of green economic development. We need to focus attention on equal access to worker protection across all types and classes of workers in order to create quality jobs for workers and a level playing field for businesses contractors. This will require sustained attention on the part of Congress, the Federal government, and worker organizations.

Endnotes:

¹ Max Nielsen-Pincus and Cassandra Moseley, *Economic and Employment Impacts of Forest and Watershed Restoration in Oregon*, EWP working paper # 24, Ecosystem Workforce Program, University of Oregon. Available at, <http://ewp.uoregon.edu/downloads/WP24.pdf>

² Autumn Ellison, Fraser Macdonald, Max Nielsen-Pincus, and Cassandra Moseley, *The Business of Restoration: A Profile of Restoration Contractors in Oregon*, EWP working paper # 23, Ecosystem Workforce Program, University of Oregon. Available at, <http://ewp.uoregon.edu/downloads/WP23.pdf>

³ Becker, Dennis, and Joel Viers. "Matching the Utilization of Forest Fuel Reduction by-Product to Community Development Opportunities." In *People, Fire, Forests*, edited by Terry Daniels, Matthew Carroll, Cassandra Moseley and Carol Reich. Corvallis, OR: OSU Press, 2007.

⁴ Max Nielsen-Pincus, Josef Gordon, and Cassandra Moseley, *Monitoring the American Reinvestment and Recovery Act in the 11 Western States*, EWP briefing paper #24, Ecosystem Workforce Program, University of Oregon, 2010. Available at, http://ewp.uoregon.edu/downloads/BP_24.pdf

⁵ Cassandra Moseley and Nancy Toth. "Fire Hazard Reduction and Economic Opportunity: How Are the Benefits of the National Fire Plan Distributed?" *Society and Natural Resources* 17, no. 8 (2004): 701-16.

⁶ Emily Jane Davis, Cassandra Moseley, and Max Nielsen-Pincus, eds. *State of the Dry Forest Zone and Its Communities*. Ecosystem Workforce Program, University of Oregon, 2010. Available at, <http://ewp.uoregon.edu/downloads/DryForestZoneAssmt.pdf>

⁷ Dennis Becker, Sarah McCaffrey, Dalia Abbas, Kathleen E. Halvorsen, Pamela Jakes, Cassandra Moseley, "Conventional Wisdoms of Woody Biomass Utilization on Federal Public Lands," *Journal of Forestry*, forthcoming.

⁸ For additional ideas how about to foster front line collaboration, see Cassandra Moseley, *Strategies for Supporting Front Line Collaboration: Lessons from Stewardship Contracting*. IBM Center for the Business of Government, forthcoming.