

Economic Stimulus Proposal: The First Steps Towards Building a Rural Green Economy

Many of our nation's current economic systems are built on unsustainable practices. As we look toward implementing an economic stimulus package that will lead us out of our current economic crisis, we should create enduring, sustainable economic systems throughout our nation. Restoring and maintaining the "green infrastructure" of our nation – its watersheds, airsheds, forests and grasslands – will be a key component of these new economic opportunities. Ecological restoration and stewardship offers a high growth job sector for our national economy with a payback in ecological benefits that provide billions of dollars in economic value far beyond jobs such as supplying clean water, clean air, renewable energy and climate change mitigation.

America's rural communities should be at the core of any effort to rebuild and maintain our "green infrastructure." Rural communities are the stewards who live in close proximity to our natural landscapes and are best positioned to provide restoration and stewardship services. Building sustainable resource-based economies in our rural communities offers a chance to strengthen struggling rural economies and build lasting sustainable economic systems that support rural families and provide benefits to urban communities in the form of clean water, clean air, domestic sources of building materials, and renewable energy.

This proposal emphasizes the opportunities available through active forest restoration and stewardship, focusing on short-term opportunities for an economic stimulus package that will build a long-term forest restoration and maintenance component of a green economy. While the total economic benefits and jobs created through a green economy initiative are difficult to quantify, the Collaborative Forest Restoration Program (CFRP) in New Mexico offers some insights. CFRP attempts to build a forest restoration economy in rural communities throughout New Mexico based on a collaborative forest restoration model. In its first five years, the CFRP granted \$22 million and achieved the restoration of 19,392 acres (\$1135 per acre) and 464 full-time jobs (\$47,500 per job) – including job training and business assistance expenditures. The demand for this program was almost three times (\$62.5 million) the total amount available.

ECONOMIC BENEFITS OF HEALTHY FORESTS

- **Water:** Forest Service economists have estimated the annual value of consumptive uses of water from national forests is \$27 billion.¹
- **Fire Suppression/Recovery Cost Savings:** The net economic benefits from an acre of fuels treatment in high risk forests is \$1,402; 100 million acres of federal, state and private land are estimated to be at high risk to wildfire: total net benefit = \$140+ billion dollars.²
- **Recreation:** Forest Service recreation contributes at least \$7.49 billion to the economy directly and \$98 billion to the GDP.³
- **Climate Change Mitigation:** "Forest management practices would provide the lowest-cost offset option in most regions (of the United States). Active timber management... is by far the least costly of the forest management practices, with total levelized costs of \$45 per hectare per year." Active management could provide 30 megatons of offset.⁴
- **Forest Products:** In Washington State the forest products sector contributes \$6.3 billion average annual Gross State Product (109,000 jobs) with an opportunity through active forest management to increase this number by 8% or more.⁵

1 United States Department of Agriculture, Forest Service, Forest Health Protection, Forest Insect and Disease Conditions in the United States 2006: Healthy Forests Make A World of Difference. June 2007.

2 Mason, Larry; Lippke, Bruce; and Zorbrist, Kevin. Rural Technology Institute. Fact Sheet #28 Investments in Fuel Removals Avoid Future Public Costs. May 2004.

3 Moskowitz, Karen. Economic Contributions and Expenditures in the National Forests. January 1999.

4 McKinsey & Company. Reducing U.S. Greenhouse Gas Emissions: How Much at What Cost? U.S. Greenhouse Gas Abatement Mapping Initiative, Executive Report, December 2007.

5 Mason, Larry C. and Bruce R. Lippke. Jobs, Revenues, and Taxes from Timber Harvest; An Examination of the Forest Industry Contribution to the Washington State Economy. Rural Technology Initiative. September 2007.

RURAL GREEN ECONOMY INITIATIVE

1. **Create and fund a \$5 billion Rural Green Economy Initiative** to train and develop a workforce and rural business assistance program to accelerate restoration and stewardship in America's forests and watersheds. The Rural Green Economy Initiative will provide short-term economic activity through active forest restoration and maintenance in a manner that builds the foundation for a long-term sustainable restoration and maintenance economy in rural communities throughout the nation.

WHO WE ARE

The Rural Voices for Conservation Coalition is comprised of western rural and local, regional, and national organizations that have joined together to promote balanced conservation-based approaches to the ecological and economic problems facing the West. We are committed to finding and promoting solutions through collaborative, place-based work that recognizes the inextricable link between the long-term health of the land and well being of rural communities. We come from California, Oregon, Washington, Idaho, New Mexico, Montana, Arizona and Colorado.

2. **Who Should Lead It?** The Forest Service and the Bureau of Land Management, under the authority of the Department of Labor, should administer the program to provide career training and education to prepare a workforce to perform a wide range of restoration and stewardship-oriented green jobs on federal lands. The Forest Service will administer the green jobs program, in consultation with the Bureau of Land Management and the U.S. Fish and Wildlife Service and under the authority of the Department of Labor.
3. **Goals:** This initiative should focus on creating long-duration, well paying green job careers in our nation's rural communities through activities that include hazardous fuels reduction, woody biomass utilization, watershed and stream restoration, road and trail maintenance, forest stand inventories, stewardship of forests and grasslands including rehabilitation and reforestation, invasive species control and eradication, endangered, threatened and rare species recovery efforts, and the maintenance and greening of recreation sites and facilities.
4. **Initiative Components:** 1) Job retention, creation and training in restoration and stewardship, 2) Retain and build rural business capacity for restoration and stewardship, and 3) Implement restoration and stewardship work in forests and watersheds.
5. **Immediate Job Impacts:** This initiative offers the opportunity to provide more than 70,000¹ jobs nationwide.

RURAL GREEN JOBS INITIATIVE COMPONENTS:

1. Create a Restoration and Stewardship Job Retention, Creation and Training Program (\$250 Million).

- 1a. *The Forest Service, in partnership with nonprofit and other nonfederal entities, will provide career training and grants* to educate and prepare a workforce to perform a wide range of restoration and stewardship oriented green jobs within existing businesses and new enterprises.
- 1b. *Direct the agencies to use a variety of existing authorities and programs* (such as the Economic Action Program) to ensure that this national program is customized to the needs and realities of communities, forests, and watersheds at the local level.
- 1c. *Direct the Forest Service and the BLM to contract aspects of planning and design elements of project development*, such as pre-NEPA work, stewardship sale preparation and the preparation of other kinds of contracting to augment their internal capacity and to leverage expertise and partnership opportunities. Training in these activities and the increased authority to acquire these services from nonprofit and private entities will enhance the capacity of the FS and BLM to deliver more projects and employment opportunities to local community business applicants in a timely manner, while creating a trained workforce that can supplement the agencies' own limitations on personnel available for these purposes.

¹ Based on review of federal agency economic stimulus proposals, personal communication with agency staff and academic researchers specializing in restoration and wood products employment, we believe this is a conservative estimate for job creation.

2. Create a Rural Green Business Program Within the Initiative to Retain and Create Business Capacity to Perform and Capitalize on Restoration and Stewardship Work by Offering Strategic Grants and Technical Assistance (\$250 Million).

- 2a. *The Forest Service, through its Economic Action Program (EAP), will initiate a Rural Green Business Program*, in collaboration with the USDA Rural Development Program and the US Small Business Administration, to assist existing and new restoration and stewardship oriented businesses, to access capital and other business support services offered by the federal government.
 - i) The Rural Green Business Program will provide grants to finance eligible small businesses and offer services such as, but not limited to; specialized grant writing assistance and instruction, bonding access, federal bidding procedural instruction, and introductions to meeting accountability requirements.
 - ii) The Rural Green Business Program will, coordinated through the Small Business Administration,² establish a \$50 million fund to provide direct low-interest loans and zero-interest short-term line of credit (to assist with carrying inventory and other short-term credit issues caused by the current economic down turn) to eligible businesses in forest and watershed restoration and stewardship related enterprises. Eligible businesses will be those owned and operated in a rural county and/or can show that a significant portion of their workers are permanent residents of a rural county.
 - iii) Rural business assistance grants will be offered on a competitive basis and include start up support for wood to energy programs including appropriately scaled biomass feedstock removals, plant construction, and other utilization of restoration byproducts in value added processing and manufacturing opportunities.
3. **Fund the Land Management Agencies to Implement Restoration and Stewardship Work in Forests and Watersheds (\$4.5 Billion).** Job training and business assistance must be done in tandem with investments in and competitive grants for landscape scale restoration; without increased investment in restoration and management activities we will not have jobs to offer those who receive training and business development assistance and funding.
 - 3a. *Restoration and stewardship activities should be implemented on a landscape scale – including federal, state and private land.* The Forest Service and Bureau of Land Management should utilize existing authorities to implement the highest priority restoration activities in a manner that builds a restoration workforce and economic activity in rural communities.

² Alternatively, this loan and short-term no-interest line of credit could be provided through the Department of Agriculture using authorities provided under the National Forest-Dependent Rural Communities Economic Diversification Act of 1990, 1990 Farm Bill, Subtitle G, Rural Revitalization through Forestry.

3b. Invest in forest assessments and stand inventories. Forest stand inventories, wildlife population and habitat surveys, rangeland riparian surveys, stream surveys, and other such natural resource data collection are necessary for the National Environmental Policy Act (NEPA) process and other resource planning processes required prior to project implementation. Biomass utilization opportunities require reliable estimates of available local forest resource supply. Additionally, the Cooperative Forestry Assistance Act as amended in the 2008 Farm Bill³ requires all states to complete forest resource assessments in the next two years in order to qualify for funding.

3c. Invest in monitoring. Monitoring the ecological and economic impacts of this initiative offers an additional opportunity for job training and creation. Natural resource monitoring is a specialized skill that can be applied in a variety of settings on private and public lands. Local workforce development for monitoring tasks should be pursued at every opportunity and should be done in cooperation with the Forest Service Research Stations, community colleges and other academic and research entities involved in applied research.

3d. Implement funds through contracts and grants. Because the funding provided under this Initiative will be a short-term infusion of funding, the Forest Service and the BLM should be required to expend 65% of the total implementation funds through contracts and grants.

RURAL GREEN ECONOMY INITIATIVE ANTICIPATED OUTCOMES

This \$5 billion dollar investment will result in:

- Restored and maintained health, productivity, and long-term sustainability of our nation’s forests, grasslands, stream systems, and wetlands.
- Healthy, sustainable economies in our nation’s rural communities.
- Increased community and business capacity in rural America.
- Family-wage, stable green jobs careers in rural communities, allowing our rural communities to flourish and our young people to live and work in these areas.
- Reduced uncharacteristic wildfire and carbon dioxide emissions that contribute to global climate change.
- Reduced wildfire suppression costs.
- Contributions to America’s efforts to become energy independent.
- Protection and enhancement of ecosystem services such as clean water supplies, species diversity, and carbon sequestration.
- Increased outdoor recreation and the opportunity for physically challenging occupations that can improve the health of America’s youth.

3 Title VIII, Section 8002 of The Food, Conservation, and Energy Act of 2008.

Rationale for Investment

1. Rural communities are experiencing high unemployment, loss of infrastructure, and are losing their most skilled natural resource professionals.

- 189 of the 200 poorest counties in the nation are rural.
- Unemployment rates in many Western and Southern rural counties are above 9%.⁴
- Over the last two decades, New Mexico lost over 76% of its wood products industry infrastructure.⁵
- From October 2006 to 2008, Oregon lost 17% of its wood products manufacturing jobs and logging jobs, most of them in the last 12 months.⁶

2. Forest Service restoration and maintenance backlog.

The Forest Service is experiencing a crisis of serious proportions in the condition of its lands, facilities and roads. This crisis can be turned into opportunity – the opportunity to put thousands of Americans to work through well paying jobs and the development of small businesses. The following are just some of the facts regarding the Forest Service restoration and maintenance needs.

- 50 million – 90 million acres (est.) of national forest land in need of hazardous fuels restoration (USFS treated 3 million acres in 2008)⁷
- \$467 million worth of recreation facilities backlog⁷
- At least \$224 million backlog of trails work⁷
- \$8 billion road maintenance backlog⁸

TYPES OF GREEN JOBS

- Hazardous fuels reduction
- Reforestation and post-fire rehabilitation
- Watershed and stream restoration
- Restoration and enhancement of wildlife and fish habitat
- Noxious weed and invasive species control and eradication
- Road and trail maintenance
- Stand inventories and other natural resource data collection
- Wood bridge repair and construction
- Stewardship of forests and grasslands
- Maintenance and greening of recreation sites and facilities
- Small business development in wood to energy programs including biomass feedstock removals and plant construction
- Small business development in utilizing the byproducts of restoration for value added processing opportunities

4 Bureau of Labor Statistics, Local Area Unemployment Statistics, Unemployment Rates by County, October 2007-September 2008, <http://www.bls.gov/lau/maps/twmcort.pdf>, accessed 12-7-08. <http://www.qualityinfo.org/olmisj/AllRates>, accessed 12-7-08.

5 Backus, Perry. Forestry experts warn against following path of Southwest, Missoulian, September 18, 2006.

6 Oregon Employment Department, Current Employment Statistics, <http://www.qualityinfo.org/olmisj/CES>, accessed 12-3-2008.

7 Personal communication, Forest Service Budget Director, November 2008

8 United States Department of Agriculture, Forest Service. 2004. Fiscal Year 2005 Forest Service Budget Justification. sec. 10, p.33.

POLICIES AND MECHANISMS TO IMPLEMENTATION

The Forest Service and the BLM have a number of existing authorities to ensure that work is done in a manner that maximizes high-quality, long-term employment. Expedient use of these existing authorities should be pursued in implementing this initiative. However, due to the unique nature of funds coming through the economic stimulus package and the need to ensure we are spending funds in a manner that will have immediate and long-duration impacts, we recommend that specific direction be provided to the land management agencies to allow for new authorities and the effective use of all existing authorities to ensure that the goals of job creation, environmental improvement, and financial accountability are achieved. Below are our recommendations.

1. New Authorities

1a. Ensure local benefit by requiring Best Value criteria for all Economic Stimulus funding. In administering contracts using funds from this Initiative the Forest Service shall offer these projects on a best value basis using current Stewardship Contracting authority and/or on a best value basis using at least the following non-price criteria: Economic benefit to the county closest to the project can be demonstrated through the creation or retention of local jobs, local processing and utilization of the material, and achievement of the ecological objectives of the project, including minimizing soil impacts.

1b. Give the National Forest System the authority to administer grants. The National Forest System (NFS), as part of the Forest Service, currently does not have the authority to provide grants, instead they must run their money through State and Private Forestry, which can be a time consuming and cumbersome internal process for the agency and the grantee. To reduce internal transaction costs and ensure that funds are expediently dispersed to communities and enterprises that are positioned to assist the agency in implementation of the Rural Green Economy Initiative we recommend that the NFS be provided direct granting authority to help expedite and efficiently partner with non-profits and other non-federal entities, including tribes who leverage these federal resources.

1c. Establish a Restoration and Stewardship Line Item in the Forest Service budget. Existing Forest Service budget structures are outdated, left over from the era of large timber sales. These old structures stovepipe activities leading to inefficiencies in administrative procedures and difficulty linking expenditures to outcomes. These outdated structures should be integrated to achieve landscape scale restoration and stewardship objectives. The establishment of a restoration and stewardship budget line item will facilitate expenditures that directly restore or maintain federal lands, as well as providing an opportunity for increased transparency in agency allocations for this purpose.

2. Existing Programs and Authorities

2a. Economic Action Program. The Economic Action Program is a suite of programs for integrating natural resource management and rural community assistance. Economic Action Programs were authorized to help rural communities create and expand natural resource-based businesses, focusing on those that contribute to forest health and resource stewardship, and implement forest products technologies and increase commercial use of small diameter and woody biomass. Authorization was provided through the

National Forest-Dependent Rural Communities Economic Diversification Act of 1990, 1990 Farm Bill, Subtitle G, Rural Revitalization through Forestry.

2b. Community Wood Energy Program. The Community Wood Energy Program provides grants to state and local governments to develop community wood energy plans and to acquire or upgrade community wood energy systems. The program is authorized in the Food, Conservation, and Energy Act of 2008, Section 9013.

2c. Youth Conservation Corps. The Youth Conservation Corps is a summer employment program for young men and women age 15 through 18, from all segments of society, who work, learn, and earn together by doing projects on public land. Since 1970 the Youth Conservation Corps program has operated as a work-earn-learn program for youth as provided for in Public Law 91-378, 1970, as amended. The program is administered by the U.S. Department of Agriculture - Forest Service, U. S. Department of Interior's Fish and Wildlife Service and the National Park Service.

2d. Job Corps Centers. The Forest Service operates 18 Job Corps Centers on National Forest Land in partnership with the U.S. Department of Labor. Title I-C of the Workforce Investment Act of 1998 authorizes Job Corps. It is recommended that if Job Corps Centers are utilized under this Initiative, that direction is provided to those Centers to provide a certain percentage of assistance to individuals from rural communities adjacent to federal lands and to authorize provision of assistance to citizens of all ages rather than just youth.

2e. Partnerships and Agreements. The Forest Service, under various legal authorities, has the ability to enter into partnerships, agreements, contracts and grants with other entities, including tribal governments, and non-profit organizations.⁹ For example, the Forest Service recently developed a Memorandum of Understanding between the National Association of State Foresters, National Association of Conservation Districts, and the U.S. Department of Agriculture Natural Resource Conservation Service to strengthen cooperation among the parties for coordinated interagency delivery of forestry-related conservation assistance to private landowners. This type of agreement, coupled with grant funding, can be used to engage partners to help ensure provision of training services in areas where the partner organizations may be the strongest entity to provide such services.

2f. Resource Advisory Committees. Congress established Resource Advisory Committees (RACs) as a new mechanism for local community collaboration with federal land managers in recommending projects to be conducted on federal lands or that will benefit resources on federal lands. The RAC members review project proposals and make recommendations on spending the county-designated funds to the Secretary of Agriculture and Secretary of the Interior. RAC members represent a variety of interests and are committed to working collaboratively for the long-term benefit of public lands and local communities. RACs were established under Section 205 of the Secure Rural Schools and Community Self Determination Act of 2000 (Public Law 106-393).

⁹ For more information on the various legal authorizations for grants, agreements and contracts, visit <http://www.partnershipresourcecenter.org/resources/partnership-guide>.

2g. Stewardship Contracting. Public Law 108-7 granted the Forest Service ten-year authority to enter into stewardship contracts or agreements to achieve agency land management objectives and meet community needs. This represented an extension of the Forest Service's authority to 2013. Some of the features of the authorizing legislation include allowing the Forest Service to: apply the value of timber or other forest products removed as an offset against the cost of services received; apply excess receipts from a project to other authorized stewardship projects; select contracts and agreements on a "best value" basis, and; award a contract or agreement for up to ten years which may stimulate long term investment in the local community. Stewardship contracts may be used for treatments to improve, maintain, or restore forest or rangeland health; restore or maintain water quality; improve fish and wildlife habitat; and reduce hazardous fuels that pose risks to communities and ecosystem values. These practices can be bundled into single contracts, which reduce the number of entries into certain areas of the forest and provide for an efficiency of management as opposed to numerous smaller contracts for this work. (For more information visit www.sustainablenorthwest.org/quick-links/resources/rvcc-issue-papers/2008TalkingPoints-%20stewcontracting.pdf)

2h. Wyden Amendment. The Wyden Amendment (Public Law 109-54, Section 434) authorizes the Forest Service to enter into cooperative agreements to benefit resources within watersheds on National Forest System lands. Agreements may be with willing Federal, Tribal, State, and local governments, private and nonprofit entities, and landowners to conduct activities on public or private lands for the following purposes: Protection, restoration, and enhancement of fish and wildlife habitat and other resources, and/or reduction of risk from natural disasters where public safety is threatened. This authority was initially provided in FY 1998 and has been extended through the end of FY 2011.

2i. Best-Value Contracting. Best value contracting is a mechanism that the Forest Service, the Bureau of Land Management, and other federal land management agencies can use to effectively implement projects with multiple objectives. It allows the federal government to acquire goods and services from the businesses that offer the best value to the government, not simply the lowest price. (For more information visit www.sustainablenorthwest.org/quick-links/resources/rvcc-issue-papers/Best%20Value%202007.pdf)

2j. Tribal Forest Protection Act. The Tribal Forest Protection Act of 2004 (Public Law 108-278) authorizes the Secretaries of Agriculture and Interior to give special consideration to tribally proposed projects on agency lands bordering or adjacent to Indian trust land. TFFPA was passed in July 2004 in response to devastating wildfires that crossed from Federal onto Tribal lands the prior summer. TFFPA provides a tool for tribes to propose work and enter into contracts and agreements with the Forest Service or Bureau of Land Management to reduce threats from Federal lands adjacent to Indian trust land and Indian communities. The Forest Service and Bureau of Land Management coordinated on development of policy to implement the Act. (<http://www.fs.fed.us/forestmanagement/projects/stewardship/tribal/index.shtml>)

ACCOUNTABILITY FOR RESULTS

The Forest Service should design and implement an aggressive accountability system that monitors results in achieving the goals of the Rural Green Economy Initiative. The system should be based on reporting the long-term outcomes of this initiative. The accountability system should be integrated into the Forest Service's normal accountability systems, but should ensure that the results of implementing this initiative can be tracked and reported on.

The Forest Service should be required to monitor and report on integrated, long-term outcomes on the degree to which the agency improves and maintains healthy functioning watershed conditions, contributes to economic systems that support their mission, works collaboratively with rural communities, interest groups, tribes and state and local governments. Congressional guidance and oversight should focus on:

- Establishing consistent allocation criteria at the national and regional level to guide funding decisions.
- Requiring the agencies to track and report outcome-oriented measures consistent with allocation criteria.
- Ensuring the availability and maintenance of reliable, publicly accessible datasets to support measurements.
- Requiring the development of performance measures that measure the effectiveness and benefit of restoration work and assistance provided to rural, public lands communities.

Monitoring Results Could Include the Following Measures:

Economic

- Green jobs created (account separately for federal government jobs and private sector employment)
- Green jobs retained (account separately for federal government jobs and private sector employment)
- Number of small businesses related to restoration and stewardship created
- Number of small businesses related to restoration and stewardship retained

Social

- Restoration and stewardship-based workforce contribution to rural community economic vitality (as percentage of economic activity)

Restoration and stewardship

- Acres restored to fully functioning condition
- Acres where full restoration is initiated
- Acres maintained in fully functioning condition

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