TESTIMONY of
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UNITED STATES DEPARTMENT OF AGRICULTURE—FOREST SERVICE
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Concerning
REAUTHORIZATION OF THE SECURE RURAL SCHOOLS PROGRAM

Madam Chairman, Ranking Member and Members of the Committee, thank you for the opportunity to appear before you today to discuss the reauthorization of the Secure Rural Schools program. My testimony today will focus on implementation of the program by the Forest Service as well as the views of the United States Department of Agriculture (USDA) regarding S. 430 and S. 1643. Because management of the Payments In Lieu of Taxes (PILT) program is the responsibility of the Department of the Interior (DOI), we defer to their testimony for discussion of matters regarding PILT payments.

OVERVIEW

Since 1908, when Congress enacted what is commonly known as the Twenty Five Percent Fund Act (16 U.S.C. 500) to compensate local governments for the tax-exempt status of the national forests, the Forest Service has shared 25 percent of gross receipts from national forests within states. The “25 percent payments” were distributed to the states for the benefit of public schools and public roads in the counties in which national forests are located. The allocation of the funds between schools and roads varies according to state laws. The receipts, on which the 25 percent payments are based, are derived from timber sales, recreation special uses, other land use fees, minerals, and grazing.

In the late 1980s, the 25 percent payments began to decline significantly and fluctuate widely. This was largely the result of a significant decline in timber sales, particularly in western states. The declines and fluctuations created hardships for local officials charged with providing services to communities near the national forests. To address this concern, Congress provided “safety net payments” to counties in California, Oregon, and Washington for fiscal years (FYs) 1994 to 2003. The safety net payments were enhanced payments structured to decline annually and intended to help the counties transition to the reduced amount of the 25 percent payments.

Before the safety net payments expired, Congress enacted the Secure Rural Schools (SRS) and Community Self-Determination Act in 2000 (P.L. 106-393), the SRS Act, to establish safety net payments through 2006. The SRS Act directs that Title I funds be used to fund county schools and roads. It further directs that Title III funds may be used on county projects, including (1) to carry out activities under the Firewise Communities program (2) to reimburse the participating county for search and rescue and other emergency services, including firefighting and law enforcement patrols (3) to cover training costs and equipment purchases directly related to the emergency services previously described in clause (2); and (4) to develop and carry out community wildfire protection plans.

The SRS Act also provides choices to counties for funding resource improvement projects on the national forest where the county is located. Title II funds are used by the Forest Service to carry out projects in eligible counties to further protection, restoration, and enhancement of fish and wildlife habitat, and other resource objectives consistent with the purposes of the SRS Act on Federal land, and on non-Federal land where projects would benefit the resources on Federal land. Title II funds are used for active forest management projects such as road maintenance, trail maintenance, invasive weed control, restoration of wildlife habitat, and streams and watershed improvements. These projects often provide opportunities to promote youth and volunteer engagement in our national forests and grasslands.

SRS Act payments were most recently reauthorized by Congress for FY 2017 and FY 2018 under the Consolidated Appropriations Act, FY 2018 (P.L. 115-141). Earlier this year, the Forest Service issued payments to states for FY 2018 under the SRS Act. The SRS payments were sent to 41 states and the Commonwealth of Puerto Rico and distributed to 742 counties to fund schools and roads. With SRS Act payment authority currently expired, the Forest Service will still make payments to states under the 1908 Twenty Fire Percent Fund Act, at significantly lower levels, although many of the counties currently benefitting from SRS payments will see an increase in their payments from the Department of the Interior under PILT, as occurred in FY 2018 following a one-year lapse in authorization for SRS payments.

SECURE RURAL SCHOOL RESOURCE ADVISORY COMMITTEES

Title II of the SRS Act established Resource Advisory Committees (RACs) to recommend projects that improve existing infrastructure, implement stewardship projects, and restore and improve forest health. Currently, there are 102 RACs across 41 states and over 700 counties. RACs are an important asset to our rural communities, supporting collaborative work on our National Forests; including projects that increase active management, strengthen forest health, reduce wildfire risk, and improve access to the lands on which these communities rely.

The USDA filed a new charter for the RACs on October 17, 2019, and the Forest Service is taking steps to reduce timeframes for vetting nominations and to provide additional outreach resources and training to all SRS RAC points of contact. We are working to recruit members for the RACs by taking full advantage of Section 8702 of the Agriculture Improvement Act of 2018 (P.L. 115-334) (the Farm Bill), which modified the requirements for RACs to reach a quorum by lowering the members required to reach a quorum to not fewer than nine members. In June, the Forest Service issued a Federal Register notice seeking nominations for RACs pursuant to the SRS Act in accordance with the changes in the 2018 Farm Bill.

In addition, the 2018 Farm Bill directed the Forest Service to conduct a pilot program for Regional Foresters to appoint RAC members in Montana and Arizona. Using this pilot program, the Forest Service has already filled 9 of the 12 RAC vacancies in Montana and 2 of the 4 RACs in Arizona.

To provide better customer service, the Secretary approved the recommendation by the Forest Service to consolidate 13 RACs down to 5 RACs in the most recent national RAC charter. These consolidations occurred in six states including California, Colorado, Utah, Washington, Wisconsin and Wyoming. These consolidated RACs will be better able to efficiently implement the Act.

S. 430

S.430 would authorize SRS payments to states for FY 2019 and FY 2020, instead of payments under the 1908 Twenty Fire Percent Fund Act. S.430 also extends the deadline for RACs to propose Title II projects to September 30, 2022. The Forest Service would be required to obligate Title II project funds by September 20, 2023. Similarly, S.430 extends the deadline for Title III projects to be initiated to September 30, 2022, and for funds to be obligated to September 30, 2023.

USDA recognizes the contribution that SRS payments and revenue sharing with counties has made to the fiscal condition of local governments. The Administration has not proposed reauthorization of SRS payments as proposed by the sponsors of S. 430. We have concerns related to the cost to the Treasury of SRS reauthorization. We are committed to fulfilling our role of being a good neighbor to local communities and will work to continue to ensure efficient and effective management of the program. We also look forward to working with Congress and state and local stakeholders to increase active management and timber development on National Forest System lands, improve the health of our nation's forests, and ultimately create a more sustainable future for our forests and local governments in timber country.

The Forest Service has concerns regarding the requirements for RACs found in the SRS Act. In particular, Section 205 indicates that RACs and charters established before September 29, 2018 must meet the requirements of the Act. This suggests that committees or charters established after this date are not considered to be filed for purposes of the SRS Act. Since new RACs are occasionally formed through consolidation of existing committees or as new charters are signed, the legislation is not inclusive of all RACs or recent charter activity.

As currently authorized, the SRS Act requires an eligible county that received a share of the SRS formula payment greater than $100,000 to allocate a portion of its payment for titles II and III each year. However, since the SRS payments for FY 2013, these elections have been locked in by subsequent reauthorizations. S. 430 also locks in the county allocations. The Forest Service periodically receives requests from counties to change their allocations, as some county's preferences have changed over time and because the authorized uses of Title III funds also have changed.

If SRS payment authority is extended for two years as proposed in S. 430, we look forward to exploring potential changes to the administrative provisions implementing the Act, including the lengthy RAC member nomination process, in order to enhance community involvement and program delivery under Title II.

S. 1643

S.1643 seeks to provide a stable source of funding for SRS payments to States. USDA generally supports the goal of providing more stability and predictability for payments to forest counties. However, as with S. 430, we have concerns about the cost to taxpayers of SRS reauthorization and would like to work with Congress and state and local stakeholders to increase active management and timber development on National Forest System lands. In addition, if SRS were to be reauthorized, we have concerns about the impacts associated with the repeal of Title II and the reduced ability to apply such funds to accomplish projects that benefit communities and improve the condition of National Forest System lands.

Section 2(a) of S. 1643 would add a new chapter to title 36, United States Code, that establishes a federally chartered, nonprofit corporation to oversee a Natural Resources Permanent Fund (Fund) that also is established by the bill. The corporation would manage, invest, and distribute payments to states and counties, as calculated by the Secretary.

Starting with the payment for FY 2019, the bill would change the type of elections that counties would make. Under the SRS Act, counties made elections to receive either a share of the State's formula payment, as calculated under section 101(a), or a share the State's 25-percent payment. Counties electing a share of the State formula payment were required to use 80 to 85-percent of their distributive shares for the purposes in the Title I and were to allocate the remaining amounts to Title II for projects on national forests lands, to Title III for county projects, or to both. The county payment elections and allocations have been "locked in" since FY 2013.

Under the bill, the counties would elect to opt-in to the payment made by the Corporation or opt-out. The opt-in payment would be the county's adjusted share of the State's formula payment calculated using a new formula. The opt-out payment would be a share of the State's 25-percent payment to be paid by the Secretary. The county's allocation of the opt-in payment would be set by the bill: 85 percent of distributed funds each year would go towards Title I purposes (schools and roads) and the remaining 15 percent would be applied towards Title III purposes. Title III funds would encompass a broad range of new uses including forest health projects, economic development activities, and projects approved by a RAC. No funds would be allocated for Title II projects and that Title would be repealed.

The bill would require the Forest Service, on a county-by-county basis, to report information regarding timber sales, volume sold, road work, reforestation and several other related activities. Reporting at the county level would be a significant administrative burden and expense given current reporting is organized by Forest Service unit (e.g., district, forest, region, Washington Office). In addition, any reporting at the county level would be based on estimates rather than actual accomplishments.

Section 4 amends the SRS Act. The amendments would change the formula for calculating the State payment under section 101(a) of the Act and would continue to require the Secretary to calculate the formula payment but would reflect that the State formula payment would be made by the Corporation from the Fund. Additionally, section 4 would repeal Title II of the SRS Act. USDA supports offering a broad range of stakeholders the opportunity and incentive to collaborate regarding decisions that affect the public lands that are important to their communities, and we continue to improve the RAC process through our implementation of the Farm Bill amendments. USDA supports maintaining the strong capacity to advance locally developed active management projects that benefit national forest lands.

CONCLUSION

Since 2000, the SRS Act has provided payments to eligible states and counties to help stabilize funding for public schools, roads and other local needs. In addition, Title II and Title III projects, have provided employment in rural communities, created a forum for community interests to participate collaboratively in the selection of natural resource projects on the national forests, and assisted in community wildfire protection planning. The Administration looks forward to continuing its efforts to work with Congress and state and local stakeholders to increase active management and timber development on National Forest System lands, improve the health of our nation's forests, and ultimately create a more sustainable future for our forests and local governments.

Thank you for the opportunity to discuss this program with the Committee.